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# FINANCIAL CHRONICLE

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## Peacetime Problems Of The Aviation Industry

By HARRY WOODHEAD

President, Consolidated Vultee Aircraft Corporation

In forecasting the peacetime prospects of the aviation manufacturing industry, it is necessary to consider the uses to which



Harry Woodhead

planes may or may not be put after the war. This involves a discussion of military, commercial transport, private and business fields. The manufacturer has been and always will be dependent on orders. It will be necessary for all airframe builders to conduct promotional and educational campaigns to counteract a distorted wartime impression on

(Continued on page 2277)

## Managing Managed-Money

J. H. Wood, Sees Vast Reshuffling of Deposits When Peace Comes and Prices of Government Bonds Holding Up

In an address delivered before the meeting of the Virginia Bankers Association at the Jefferson Hotel in Richmond, last week, Jabez H. Wood, partner of the New York investment counsel firm of Van Cleef, Jordan and Wood, declared that the vast increases in bank deposit currency resulting from the deficits of the past ten years "will continue to rise during the war and may rise after the war even after the Federal budget has been brought into balance."

Speaking on "Managing Managed-Money," Mr. Wood predicted that there will be a vast reshuffling of deposits in the banking system during the period of conversion from war to peace and that the large volume of deposits will make the public more self-financing than ever before. He also expressed the belief that there will be no significant increase in money rates in the immediate future and consequently little likelihood of a substantial decline in the prices of long-term Government bonds.



Jabez H. Wood

Mr. Wood further asserted that the "majority of banks can safely protect their earning power by using long-term, high-grade bonds," with the deposit structure of the individual bank determining the best investment program. Mr. Wood's address follows in full:

The opportunity to join in your discussions here affords me a special kind of satisfaction. It was just fifty years ago that my

Grandfather made his home in Richmond. In those years Americans had their problems, too. There was panic and great financial stress. But somehow the world did not come to an end in 1893. And here we are—the children and grandchildren of those years—some of us perhaps wondering whether our way of life can survive the problems of today.

However, we are faced with a different set of problems from those of fifty years ago. Times have changed and our problems have changed with them. Perhaps I can illustrate something of the changes which have occurred in banking problems by the old story about the Negro bank down South. A client of this bank was visiting relatives in Virginia and, while here, drew a check on the Southern bank in the amount of \$8.40. The check was returned marked "insufficient funds." Highly indignant, the issuer protested to the local bank that she had deposited enough money to cover the check before leaving on her trip.

So, the Virginia bank sent the check back again for collection and duly noted the client's claim. An answer was received promptly from the Southern bank, signed by the President. It read: "Gentlemen: Our client, Mrs. Jackson, is telling the truth about depositing the money in our bank. However, when we mark a check 'in-

(Continued on page 2272)

## 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:

E. G. ROHRBOUGH

Member House of Representatives (West Va.)

I am particularly pleased to know that some people at least are aware of the exceedingly dangerous financial position into which we have gone. I think we appreciate fully the importance of giving every financial support possible to the prosecution of the war, but we are seeing many expensive ventures that have little or no connection with military needs being fostered by men in high places in the Government. Tremendous sums have been demanded in the



E. G. Rohrbough

name of war emergencies which have little connection with military activities. The closing sentence of the article, had it been heeded by its author, would have done much to avoid a most dangerous financial crisis.

WALTER KUTZLEB  
New York, N. Y.

There can be but little disagreement with Dr. Saxon on his splendid presentation, and the statistics he furnishes.

Many of our present troubles were wished on us by Lord John Maynard Keynes, and it will be difficult to rid ourselves of them. The world may forgive Lord Keynes when he has courage enough to admit his errors, for he must know that only productivity will help mankind, and "pump-

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**Electronics And Research\***  
 By R. R. BEAL  
 Radio Corporation of America  
**Reveals Marvels Wrought by Science of Electronics. Made Possible New Microscope That Magnifies Blood Corpuscle to Size of Two Foot Pillow.**  
 No doubt you have learned that until the experiments of J. J. Thomson revealed the existence of the electron, in 1896, scientists believed that the atom was the smallest division of matter. The discovery of the electron disproved this theory. It showed that atoms are divisible, and further research led to the determination that atoms are composed of an internal nucleus and a system of electrons. The electron of the atom, a single electron, is an infinitesimal particle carrying a negative charge of electricity. It is much smaller than the atom, and it is 1,840 times lighter than the hydrogen atom, the lightest of all atoms.  
 In the atom the electrons travel in orbits about the central nucleus, the proton, in much the same way as the planets move around the sun. Electrons pervade all matter. Fortunately, they can be liberated from the atoms of matter to which they are ordinarily bound. They may be distilled into a vacuum by heating the filament in a radio tube; or they may escape under the influence of light as in the photo-electric tube; or they may be freed from some substances by methods of bombardment. Electronics deals with liberating electrons. In all research, electronics broadly means the art or science which relates to the flowing of electrons through a vacuum, a gas, or vapor.  
 An electron tube is a device which employs liberated electrons to perform functions. Radio tubes are electron tubes.  
 When research disclosed that electrons could be freed from the atoms and brought under control to perform unprecedented tasks, a major contribution was made to progress.  
 In the parlance of Wall Street, one may think of the electron as a bullish factor for promising new (Continued on page 2274)



R. R. Beal

*\*Editor's Note—In view of the increased interest in and the attention given to electronics, the New York Institute of Finance is conducting a series of lectures by men outstanding in the field. The article by Mr. Beal is the fourth in the series.*

**Y. E. Booker To Be Alex. Brown Partner**  
**Washington Business of Two Firms to be Combined**  
 WASHINGTON, D. C. — Announcement has been made that subject to final approval by the New York Stock Exchange, Y. E. Booker, head of the investment banking firm of Y. E. Booker & Co., will become a general partner of Alex. Brown & Sons on July 1st. The business of his firm will be combined with that of the Washington office of Alex. Brown & Sons and conducted under the direction of Mr. Booker as Resident Partner of Alex. Brown & Sons in the offices now occupied by the Booker firm in the American Security Building. The entire personnel of the two organizations (Continued on page 2266)



Yelverton E. Booker

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**Helicopter Air Bus Service Planned By Greyhound Corporation**  
 Air Bus Service, a nation-wide helicopter passenger transportation system, became a postwar possibility when an application for this type of airline was filed on June 15 with the Civil Aeronautics Board by the Greyhound Corporation, operators of highway buses.  
 The application states that the Greyhound Lines propose to operate helicopters or similar aircraft of large carrying capacity to provide passenger, mail and express service over their present bus routes which cover some 60,000 miles of highway. Plans will be developed to coordinate this new air service with bus lines and, in addition, to act as a "feeder" to companies engaged in the present type of airline service.  
 The most novel feature of the project and one for which helicopters are ideally fitted is the plan to adapt present bus terminals, bus garages and other facilities close to central sections of cities and towns as landing ports and maintenance hangars. The adaptability to commercial uses will necessarily be a matter of development by the operators in collaboration with the aircraft manufacturers, a parallel procedure in the manner in which the modern highway bus reached its present stage of perfection.  
 In setting forth qualifications to develop the Air Bus Service, the Greyhound Lines pointed out in (Continued on page 2277)

**Bioren & Co. Absorbs Business Of Keen Co.**  
 PHILADELPHIA, PA. — Announcement has been made of the dissolution of the New York Stock Exchange firm of Keen & Co., and the acquisition of their business and organization by Bioren & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges.  
 The following sales representatives, all formerly associated with Keen & Co., have become associated with the Bioren & Co. organization: Lieut. Gordon L. Keen, U. S. N. R. (leave of absence), Howard W. Arrison, Jr., Jesse K. Johnson, J. Sellers Kite, William Macdonald, James C. Martin, Samuel McCreery, Albert M. Odgers, Frederick C. Reigner, Frank L. Smith, Robert G. Taylor, John L. C. Ulrich and Sterling J. Whitcomb.  
**C. C. Clayton Co. Opens**  
 (Special to The Financial Chronicle)  
 BOSTON, MASS. — Charles C. Clayton has opened offices at 113 State Street to engage in a general securities business under the firm name of C. C. Clayton & Co.

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**Harry Sheely Heads Balt. Traders Ass'n**

BALTIMORE, MD.—The Baltimore Security Traders Association has announced that Harry M. Sheely, of the firm of Harry M. Sheely & Co., was recently elected President of the Association to fill the unexpired term of G. Hudson Quarles, of Stein Bros. & Boyce, who resigned to accept a position in a different field of endeavor. At the same time, Preston A. Taylor, of Mead, Irvine & Co., was elected Vice-President for the unexpired term to fill the office formerly held by Mr. Sheely.

**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 areas 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.

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**Reports On Repurchase Plan of Quarterly Income Shares, Inc.**

B. E. Lawson, President, of Quarterly Income Shares, Inc., announced yesterday that after one month of operation under the new repurchase plan recently instituted, Quarterly Income Shares, Inc. has repurchased less than 1/2 of 1% of its outstanding stock. He said, "Since the plan has been in effect the over-the-counter market price for the shares has approximated 80% of net asset value. This appears to confirm the management's contention that the institution of such a plan would improve the secondary market for the shares, which in the past have sold at a price as low as 58% of net asset value."

"On May 10, 1943, when the plan became effective, the Fund had 2,350,409 shares outstanding held by 28,313 stockholders, or an average holding of 83 shares, and net assets amounted to more than \$18,000,000. Under the plan the Fund will repurchase any of its outstanding stock tendered at 80% of net asset value, without limit as to time or the number of shares which will be purchased. This insures stockholders a dependable minimum figure at which they can dispose of their stock. Of course, stockholders are free to sell in the open market, if such market provides a higher price than the price at which the Fund will purchase."

"This plan is a distinct advantage to stockholders who must dispose of their holdings because, as stated above, the stock has sold in the past as low as 58% of net asset value. The plan is also beneficial to stockholders remaining in the Fund, because discounts taken by stockholders selling to the Fund are earned by the Fund, thereby enhancing the asset value of the remaining outstanding shares."

**Kirby Vidrine In Los Ang.**

(Special to The Financial Chronicle)  
 LOS ANGELES, CALIF.—Kirby L. Vidrine is now engaging in the securities business under the firm name of Kirby L. Vidrine Company from offices in the Board of Trade Building. Mr. Vidrine for many years has been doing business in Phoenix, Ariz.

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**National Security Traders Ass'n Announces Annual Meeting Of Council And Committeemen**

Will Be Held In Chicago August 20 and 21

Wm. Perry Brown, Newman, Brown & Co., of the National Security Traders Association, announces that the annual meeting of the Association is to be held at the Palmer House, Chicago, Illinois, on



Wm. Perry Brown



Edward H. Welch



Ralph G. Randall

Friday and Saturday, August 20th and 21st. This will be the annual meeting of the Executive Council and also that of all National Committee men. (Continued on page 2280)

**Post-War Prospects Of The Oil Industry**

By HENRY M. DAWES  
 President, the Pure Oil Company

In my opinion, it is not safe nor desirable to be dogmatic about the post-war prospects of the oil industry, or in fact any industry, until government attitudes have been determined. If it is assumed, however, that at least some of the traditional freedom of action is to be left and all of the rewards of incentive are not destroyed, one may look upon the conduct of the oil industry after the war with reasonable confidence.

The factors to which the greatest importance should be attached are in the main clear. Due to war necessities, refineries have been enlarged and new techniques developed which will have the effect of increasing greatly the number of products that they will produce, and decreasing costs. Much of this is the result of scientific progress, especially along chemical lines. The industry will be able to turn out

higher octane gasoline, which will serve not only to promote the development of aviation, but will also effect economy in the operation of automobiles. During this war period there has been a constantly increasing utilization of diesel engines, with the consequent greater demand for fuel and lubricants. The extent to which rubber and plastics will be produced by the oil industry opens up a field which had only been touched upon a few years ago. Added transportation facilities made as a result of wartime necessity will increase the availability of products and decrease their costs in the years to come.

The oil industry has not, however, been able to increase its reserves of crude oil to replace the drains which have been made upon it by the wartime demand. It seems to be the opinion of the industry that this is due almost en-

(Continued on page 2277)



Henry M. Dawes

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This advertisement is not, and is under no circumstances to be construed as, an offering of the above securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

**STANY Ambulance Fund Contributions Mount**

Contributions to the Security Traders Association of New York drive to raise funds for ambulances for the United States Armed Forces are pouring in, the Committee in charge reports, and it is believed that the results between now and the end of the month will be amazing. Checks for contributions should be made payable to the Security Traders of New York Ambulance Fund and may be sent to any member of the committee, of which Walter Saunders of Dominion Securities Corporation is chairman.

**Contributors to Date**

- |                               |  |                                  |
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**Tomorrow's Markets**

**Walter Whyte**  
**Says—**

Monday's reaction breaks bullish pattern. Rally indicated but don't look for much strength or for it to last long.

By **WALTER WHYTE**

The first signs of a crack in the bullish dam that I was afraid of, and which led me to veer around so rapidly in last week's column, appeared in the past few days. True, the break, or rather the dribble, was not serious. But it was ominous enough to warn of the possibilities that might lie ahead.

To say that this reaction removes the clouds or improves what is called a "technical" situation is of course sheer nonsense. First of all Monday's reaction did not assume any so-called corrective proportions and secondly the tax date fell too patly into place to worry many people who are already overextended in their market commitments. And while on the latter you might be interested to learn that this overextension is not just a figment of the imagination. Brokers admit that debits have increased (Continued on page 2267)

**OUR REPORTER'S REPORT**

Gulf, Mobile & Ohio Railroad plans to call for sealed bids for a total of some \$15,400,000 of new bonds early next month, with proposals to be opened around July 20.

The road has arranged a program for refinancing an issue of \$8,780,000 of its notes held by the Reconstruction Finance Corporation, and plans at the same time to refund \$9,719,000 of bonds due to mature in 1950.

Indications now are that the calls on the \$3,975,000 of first mortgage 5½s and \$5,744,000 of series "C" 5s will be announced around the end of July for payment some two months later.

Projected new bonds will include two series, one \$6,700,000 of series "A" which would be repayable serially in from one to ten years, and \$8,700,000 of series "B" with the maturity on that issue set for August 1958.

In connection with the latter issue a sinking fund would provide for the retirement of \$100,000 of the issue annually for the first ten years, rising to \$250,000 annually in the ensuing four years.

Directors have authorized \$23,100,000 of new series "C" 5% bonds to be used for the purpose of collateralizing the new issue.

Although the company has commitments for the new bonds, it is the road's intention, to call for bids, presumably to obviate any possible objections to negotiated sale, and of course, get the benefit of resultant competition.

**Panhandle Eastern 2¾s**

Market circles expect, that providing there is no holdup in obtaining release from the Securities and Exchange Commission, the \$10,000,000 of ten-year 2¾% debentures of Panhandle Eastern (Continued on page 2267)

We maintain an active market in

**Citizens**  
**Utilities Co.**  
**Income 3s, 1955**

Currently Traded: 58-59

Our recent report tells why this is an especially attractive situation for brokers and dealers.

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**Jamestown, Franklin & Clearfield Looks Good**

Jamestown, Franklin & Clearfield 4s of 1959 offer attractive possibilities according to the current railroad letter being distributed by Leroy A. Strasburger & Co., 1 Wall Street, New York City. Copies of the Letter, describing the issue and also containing monthly and yearly net operating income figures of leading railroads, will be sent to dealers upon request by Leroy A. Strasburger & Co.

**New England Public Service Situation Of Interest**

The \$7 and \$6 cumulative prior lien preferred and cumulative plain preferred of New England Public Service Co., offer an attractive situation according to an interesting memorandum of the company contained in the current issue of "The Preferred Stock Guide," issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of the "Guide" containing the discussion of New England Public Service and giving comparative quotations on public utility issues may be had upon request from G. A. Saxton & Co.

**Ins. Stocks Look Good**

The upward trend of casualty and fire stocks continued during the month of May, according to the Index prepared by Mackubin, Legg & Company, 22 Light St., Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of the Index and interesting memoranda on American Surety Co., Insurance Company of North America, Maryland Casualty Company, National Union Fire Insurance Company, and Providence Washington Insurance Company may be had upon request from Mackubin, Legg & Company.

**Branch Office Problems?**

Draft proof individual with constructive imagination and successful experience with Wall Street problems, particularly those peculiar to out-of-town business,—absent for several years in war office—is available for the rejuvenation of branch office and wire correspondent situations that have gone sour because of lack of supervision or other causes. National broker and dealer acquaintance. Box D 16 Commercial & Financial Chronicle, 25 Spruce St., New York.

# REORGANIZATION RAILS

Inquiries Invited

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# 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.**—M. Leo Coyne has joined the Massachusetts sales organization of R. M. Horner Co., 30 Broad Street.

(Special to The Financial Chronicle)  
**BOSTON, MASS.**—Edmond M. Webb is now with Charles A. Day & Co., Inc., Sears Building.

(Special to The Financial Chronicle)  
**CHICAGO, ILL.**—Harry B. Hamilton is now connected with Sills, Troxell & Minton, Inc., 209 South La Salle Street. Mr. Hamilton was previously with A. C. Allyn & Co. and prior thereto was with Bond & Goodwin.

(Special to The Financial Chronicle)  
**DENVER, COLO.**—Dedrich N. Cooper has been added to the staff of Amos C. Sudler & Co., First National Bank Building.

(Special to The Financial Chronicle)  
**LONG BEACH, CALIF.**—Daniel S. Secord has become affiliated with Hill, Richards & Co., Farmers & Merchants Bank Building.

(Special to The Financial Chronicle)  
**LOS ANGELES, CALIF.**—Clinton H. Perkins has joined the staff of Crowell, Weedon & Co., 650 South Spring Street.

**PHILADELPHIA, PA.**—John P. Murphy, formerly of Keen & Co., is now associated with Penington, Colket & Co., 123 South Broad St.

(Special to The Financial Chronicle)  
**QUINCY, ILL.**—Lawrence L. Dee is with Slayton & Co., Illinois National Bank Building.

(Special to The Financial Chronicle)  
**SAN DIEGO, CALIF.**—Thomas H. Golden has been added to the staff of Bankamerica Company, 625 Broadway.

(Special to The Financial Chronicle)  
**SAN FRANCISCO, CALIF.**—William L. P. Jackson, previously with Shaw, Hooker & Co., is now with The Anglo California National Bank, 1 Sansome Street.

(Special to The Financial Chronicle)  
**SAN FRANCISCO, CALIF.**—James Ebert and Jules D. Herman

have become associated with H. R. Baker & Co., Russ Building.

(Special to The Financial Chronicle)  
**SAN FRANCISCO, CALIF.**—William J. Gallick, formerly with Walston, Hoffman & Goodwin and Merrill Lynch, E. A. Pierce & Co., is now with Mitchum, Tully & Co., 405 Montgomery Street.

## N. Y. Finance Institute 8-Wk. Summer Course

The New York Institute of Finance, 20 Broad Street, New York City, announces a series of summer courses beginning June 21.

Courses will include:  
Basic Stockbrokerage Procedure, under John H. Schwieger, Department of Member Firms, New York Stock Exchange.

Introduction to Financial Statement Analysis, under Walter S. Morris of Wellington & Co.  
Work of the Cashier's Department, under George E. Rieber of the National Association of Securities Dealers.

Work of the P. & S. Department, under F. Warren Green, head of P. & S. Department, Hallgarten & Co.

Work of the Margin Department (including an analysis of Regulation T), under Paul C. Fitzgerald, Hirsch, Lillenthal & Co.

## Schroeder Now V.-P. Of Lee Higginson

Frederick H. Schroeder, manager of the statistical department of Lee Higginson Corp., 40 Wall Street, New York City, has been elected a Vice-President of the firm.

## 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.

## Chicago North Western

Income 4 1/2s, 1999  
"When Issued"

What the cash accumulations mean to this  
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# Railroad Securities

In recent periods of fairly general, although not spectacular, easiness in all sections of the rail list, apparently occasioned by the development of somewhat of a peace psychology, the securities of the Gulf, Mobile & Ohio have given a good account of themselves. There have been various reports that the company has been discussing with bankers the feasibility of a major refunding operation and some such step would appear as a logical move at this time. The system has outstanding \$9,719,000 of the first mortgage 5s and 5 1/2s of the old Gulf, Mobile & Northern due in 1950 and an \$8,780,000 loan from the RFC maturing in the same year. A refunding operation would eliminate the problem of near term maturities as well as reducing system fixed charges. The reduction in charges would presumably be augmented by a reduction in the total face value of debt outstanding as the company is certainly in position to meet a portion of the bonds from cash if a refunding is undertaken.

The balance sheet of March 31 showed cash items of \$10,865,000, up \$3,748,000 from a year earlier, and \$1,583,000 miscellaneous accounts receivable. Utilization of \$3,000,000 to \$4,000,000 of this for debt retirement would still leave the company with more than adequate funds for working purposes. Retirement of the Gulf, Mobile & Northern 1st 5s and 5 1/2s would, in turn, improve the investment position of the Gulf, Mobile & Ohio 1st 4s, 1975, which would then have a blanket first mortgage on the entire owned lines.

Any refunding operation undertaken should result in reduction in present fixed charges of \$1,417,000 by at least 20% to around \$1,100,000. Even as they are, the fixed charges are considered conservative, the interest applicable to the old Mobile & Ohio properties having been reduced sharply in the reorganization which accompanied consolidation with Gulf, Mobile & Northern. It is notable that when the consolidation was under discussion it was officially estimated that increased earnings arising from the consolidation alone would amount to \$1,555,000 based on pre-war traffic. In part this was to come from the longer system haul of traffic and in part from operating economies.

Even aside from the refunding possibilities the junior securities—Income 5s, 5% preferred, and common—are considered as having attractive speculative potentialities. A refunding would improve their position materially. The income bonds are outstanding at only \$6,025,800 with annual interest charges of \$301,290. The possible interest saving through

## Jamestown, Franklin & Clearfield 4s, 1959

Our current Railroad Letter describing the above issue, also containing monthly and yearly net operating income figures of leading railroads, will be sent to dealers upon request.

**LEROY A. STRASBURGER & CO.**  
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## MINNEAPOLIS & ST. LOUIS RAILROAD

(in reorganization)  
Minneapolis & St. Louis 6s 1932  
Minneapolis & St. Louis 5s 1934  
Minneapolis & St. Louis 4s 1949  
Minneapolis & St. Louis 5s 1962  
Iowa Central 5s 1938  
Iowa Central 4s 1951  
Des Moines & Fort Dodge 4s 1935

**Frederic H. Hatch & Co.**  
Incorporated  
63 Wall Street New York, N. Y.  
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refunding would be equivalent to the entire income bond requirement. Moreover, this income bond issue is unique among the recent and prospective crop emerging from reorganizations in that the interest is not preceded by any additions and betterment fund—it comes directly after fixed charges. The contingent interest is covered in full when fixed charges are earned no more than 1.30 times. Payment of the interest is mandatory to the extent earned and is cumulative up to 15% whether or not earned.

There are only 284,425 shares of the preferred stock outstanding and 590,421 shares of the common. In the past two years dividends of \$2.50 a share have been paid on the preferred and nothing on the common. As the preferred dividend is now cumulative it is generally expected that the full \$5 will be paid this year but any distribution on the common seems unlikely. This is particularly true if the company is going to use any substantial proportion of its cash

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for debt retirement. Earnings on the preferred and common last year amounted to \$13.99 and \$4.32 a share, respectively, and in the first four months of 1943 there was a year-to-year rise of 50% in net operating income. Despite this further improvement, however, it is estimated that earnings for the full year may well dip below the 1942 level because of the potential excess profits tax liability which was not a factor in 1942.

Aside from the justification for higher prices implicit in the current earnings power, the stocks are considered attractive by many rail men on the better-than-average outlook for the properties after the war. Secular industrial growth of the territory, which was apparent in traffic reports prior to the war, is one of the big factors in this opinion. Secondly, the full economies of operation contemplated from consolidation have not as yet been fully realized, having been interrupted by the incidence of the war boom. This will provide the company with an important expense cushion in the post-war era. Finally, what loss there is of war traffic should be offset to a considerable degree by the resumption of normal foreign trade through Gulf ports. Such trade will be augmented by the continuation of our "Good Neighbor" policy.

## Spokane International Railroad

Escrow Receipts for  
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Our report on the significance of Special Master Taylor's  
Reorganization Plan for the

## SEABOARD AIR LINE

will be ready for distribution early next week.

Copies gladly furnished on request

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## MARKETS

Old Ben Coal 1st 6/1948 w. s.  
Old Ben Coal Income Debenture 7½/1953 w. s.  
Consolidated Dearborn 3/1950  
St. Louis Public Service Income 4/1964  
Portland Electric Power 6/1950  
St. Louis Public Service "A" common  
Kansas City Public Service common  
Kansas City Public Service preferred  
Consolidated Dearborn  
Steel Products Engineering  
Chicago, Wilmington & Franklin Coal common

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Cleveland Traders  
Hold Annual Outing

(Special to The Financial Chronicle)

CLEVELAND, OHIO — Conforming to their war program, the Cleveland Security Traders Association held a very simple, but very enjoyable spring outing on June 12 at Rod Gillis' farm in Macedonia. Nothing was done on an elaborate scale but food and drink were not lacking and all contests were a la trader—unrehearsed.

Baseball, horseshoes, badminton were featured with some clever verbal tennis. Rod Gillis and Jim Russell, ably assisted by Harry Gawne and Everett King, took care of arrangements and fixed things with the weather man so that the fifty participants had a wonderful time.

We have a continuing interest in

Central Coal & Coke Corp.  
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## Missouri Brevities

The municipal market in Missouri continues to be very quiet with a paucity of offerings but a good demand. Revenue bonds are becoming increasingly popular here as evidenced by the excellent interest in the Lower Colorado River Authority offering. Flood conditions in the Mississippi Valley failed to effect the markets for bridge revenue bonds although some of these structures were forced to cease operations for a period of about two weeks.

Highlighting events of the past few weeks in banking and investment circles here the Wartime Business Conference of the Missouri Bankers Association was held in St. Louis, June 10 and 11. Problems relating to the war effort, such as government financing, ration banking, and smaller war plants were discussed. Dinner in the Gold Room of the Jefferson Hotel was followed by a University of Chicago Round Table discussion of the subject, "Who Lends the Money?"

Promotion of Joseph A. Glynn, Jr., to Assistant Trust Officer of Mercantile-Commerce Bank and Trust Company, St. Louis is of particular interest to his many friends in the investment banking field. Until his connection with the "Mercantile" several months ago, Mr. Glynn was assistant manager of the municipal bond department of the former firm of Francis, Bro. & Co.

Another young St. Louis banker last week received national recognition for his services to the field of banking when the American Institute of Banking elected David L. Colby as its President. Mr. Colby is Assistant Vice-President of the Boatmen's National Bank of St. Louis and has been active in AIB work.

St. Louis bank stocks have receded slowly from the new 1943 highs reached about two weeks ago. Stocks of the downtown banks are viewed with favor by dealers active in these issues who point to the attractive yields obtainable based on recent dividend declarations. Boatmen's National 34½-35½; First National 39½-40; Mercantile-Commerce 128-129½; Mississippi Valley 34½-35½; St. Louis Union 44-45.

The Security Traders Club of St. Louis will hold its Annual Field Day and Fish Fry June 18 at the Creve Coeur Farmers Club. It is generally conceded that most of the boys will feel more at home there this year due to close association with the soil, weeds, and did you say, "vegetables?" in their Victory Gardens. The entertainment committee, consisting of Hermie Zinser, Dempsey Tegeler, and Co.; Clarence Maender, G. H. Walker & Co.; and Mel Tay-

lor, Paul Brown & Co., tell us they have provided a very full program.

Outstanding performer among local industrial stocks for some time has been National Candy selling around 25-26 compared with a 1943 range of 27½-14½ and a low of 5¼ as late as 1941. Earnings in 1942 were \$6.45 per share of common stock versus \$4.74 in 1941 and \$0.35 in 1940. Estimated results for the first quarter of 1943 amounted to \$1.40 per share. These favorable operations were almost entirely a reflection of the activities of the company's corn products subsidiary, the Clinton Company of Clinton, Iowa. Strength in National Candy, common recently has been accompanied by reports that a large food products company was interested in acquiring the corn products division. Regular and extra dividends paid total \$1.25 per share so far this year.

Speculative interest in local real estate securities continues unabated although prices have advanced sharply on several of the more actively traded issues. Local dealers report an increased out-of-town interest in some situations. Coronado Hotel units are 25 bid compared with about 17 a month ago and 12 in January of this year. Lennox Hotel 1st income 5s are 43 bid against bids of around 30 in February. Jefferson Hotel Income 6s have held in a narrow range with per cent market 65-67. With the exception of Coronado Hotel units which trade in fair volume, offerings of local real estate securities are scarce.

Increased interest in brewing stocks, resulting from the good operating figures shown in 1942 and apparent ability of the industry to meet capping, transportation and ingredient problems, has been reflected in higher prices for the leading stocks in the St. Louis market. Anheuser-Busch (actual) is quoted 69 Bid; Anheuser-Busch, (T.E.I.) 66 Bid; Columbia Brewing 9¾ Bid; Falstaff 10½-11; Griesedieck-Western 23-24; Hyde Park 30 Bid.

To Dealers:

Are you seeking a sound, underpriced bond for retail?  
If so, take a look at

## Associated Electric 4½'s and 5's

A study which brings this situation up-to-date (including outstanding facts revealed by the company's recently published annual report) furnished to dealers on request.

## PELTASON, TENENBAUM, INC.

803 Landreth Building

St. Louis

## McGuire With Taussig Day

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Taussig, Day & Co., Inc., 506 Olive St., members of the St. Louis Stock Exchange, have added Leslie T. McGuire to their staff.

## Missouri Dealers Recommend

Baum, Bernheimer Company, 1016 Baltimore Avenue, Kansas City, will furnish quotations on Long-Bell Lumber Co., Gleaner Harvester Corporation, Western Light & Telephone Co., and Kansas City Stock Yards Co., which they will be glad to furnish upon request.

Peltason, Tenenbaum, Inc., Landreth Building, St. Louis have an interesting study on Associated Electric 4½s and 5s bringing data on this situation up-to-date (including outstanding facts revealed by the company's recently published annual report.) Copies will be furnished to dealers upon request.

E. W. Price & Co., Inc., 1004 Baltimore Avenue, Kansas City, will furnish late data on Central Coal & Coke Corp., W. S. Dickey Clay Manufacturing Co., Employers Reinsurance Corp., Gleaner Harvester Corp., and Oregon-American Lumber Corp. in which they have a continuing interest.

Scherck, Richter Company, Landreth Building, St. Louis, will

furnish recent information and quotations on Old Ben Coal 1st 6/1948 w. s. and 7½/1953 w. s.; Consolidated Dearborn stock and 3s of 1950; St. Louis Public Service Income 4s of 1964 and "A" common; Portland Electric Power 7s of 1950; Kansas City Public Service common and preferred; Steel Products Engineering, and Chicago, Wilmington & Franklin Coal common.

Stern Brothers & Co., 1009 Baltimore Avenue, Kansas City, will send quotations on Municipal and Local Corporate Securities upon request.

Stifel, Nicolaus & Co., Inc., 314 North Broadway, St. Louis, members of the St. Louis Stock Exchange, will supply data on all Listed and Unlisted securities.

G. H. Walker & Co., 503 Locust Street, St. Louis, members of the New York and St. Louis Stock Exchanges and other principal exchanges, will furnish quotations and information on all St. Louis Securities.

Friedman, Brokaw Co.  
To Admit New Partners

ST. LOUIS, MO. — Friedman, Brokaw & Samish, 711 St. Charles Street, members of the New York and St. Louis Stock Exchanges and other leading national exchanges, as of July 1st, will admit to general partnership in their firm Samuel E. Fleischmann, William H. Hartnett, Edward H. Morfeld, and Morris M. Moss; Agnes F. Baer will become a limited partner in the firm. Mr. Moss and Mr. Morfeld have been associated with the firm as managers of the trading and sales departments, respectively.

## Slayton Adds Callahan

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Joseph E. Callahan has become associated with Slayton & Co., Inc., 111 No. Fourth St. Mr. Callahan was previously in the advertising business.

## Gleaner Declares Dividend

Gleaner Harvester Corporation has declared a dividend of 25c per share payable June 30 to stockholders of record June 25. The company reports business well ahead of last year.

## Safety Car Attractive

The current situation in Safety Car Heating & Lighting Co. offers attractive possibilities, according to a circular just issued by Fitzgerald & Co., 40 Wall Street, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Y. E. Booker To Be  
Alex. Brown Partner

(Continued from page 2262) will be associated with Mr. Booker.

Harry W. Finney, a general partner in Y. E. Booker & Co., will continue as office manager of the Washington office and Myles H. Quail, also a partner of Y. E. Booker & Co., will head the Trading Department and act as representative on the Washington Stock Exchange.

Frank L. Smith, manager of the Washington office of Alex. Brown & Sons, will be in charge of institutional sales.

Thus will be combined the businesses in Washington of two firms; the one which since its foundation by Mr. Booker seventeen years ago has attained a leading position in the capital's financial community, and the other, one of the oldest banking houses in the country.

Alex. Brown & Sons was established in Baltimore in 1800. Two of the present partners are of the sixth generation of the family of Alex. Brown, its founder. Active as an underwriter and distributor of investment securities, the firm is a member of the New York Stock Exchange, Associate Member of the New York Curb Exchange and a member of the Baltimore Stock Exchange. Its main office is in Baltimore, branches being maintained in New York and Washington.

### Tomorrow's Markets Walter Whyte Says—

(Continued from page 2264)  
recently and, at this writing  
are still increasing.

In any case after Monday's sell-off which carried the Dow industrials down to 138.86, the next day's market rallied up to 139.58. The sigh of relief could be heard all over the customers rooms. Now the long awaited reaction was over; now they would go up. Unfortunately markets are seldom so obliging. If you take a look at the action from the fifth of June to the twelfth of June you will see a gradual lowering of the highs as against a firmness of the lows. According to chartists such a formation spells the beginning of a new up move. So far so good. But last Monday the lows made for a week, lows which were holding, were suddenly broken. That day, Monday they closed at 139.09. Tuesday (tax date) they rallied and closed at 139.39. But during the day stocks sold under the previous day's lows and at their best figures were under the previous day's highs. Such action does not augur good market action. It does however point to further extension of rally before a resumption of decline.

As this is being written the market is rallying, which is nice to see, but as I have pointed out above, it means little. From what I can see I believe the rally will carry the Dow industrials to about 141 or even 142. I don't think they will do more. Of course there is the possibility of a sudden news break which can upset the entire business. But that is an eventuality I can't guard against. All I have to go on is market action. And market action says slightly more rally then down again.

All this brings us down to the list of stocks I recommended two weeks ago. You will recall that there were eight of which four were available in the price range given. These are Bethlehem Steel at 64½, National Distillers at 31, Newport Industries at 16 and Raybestos-Manhattan at 29.

Bethlehem Steel was to be held for 67 with a stop at 63.

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### Treasury Opens Talks On Currency Plans

The first group gathering to consider world currency stabilization was held at the Treasury Department in Washington on June 15 when representatives of 19 of the United Nations met.

The delegates, who have already singly discussed with the Treasury the United States stabilization scheme known as the White plan, are understood to have compared it with the British plan devised by Lord Keynes, according to Washington advices to the New York "Times."

Present were delegates from Australia, Belgium, Brazil, Canada, China, Czechoslovakia, Ecuador, Egypt, France, Luxembourg, The Netherlands, Norway, Paraguay, The Philippines, Poland, Russia, The United Kingdom, Venezuela and the United States.

Details of the White plan were given in these columns April 8, pages 1300 and 1305, while the Keynes plan was referred to on page 1388, in our April 15 issue.

### 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.

It broke the stop when it sold down Monday to 62½.

National Distillers was to be held for 33. It rallied to 32¾ and then reacted to 31¾. The stop was 28½. At this writing it's still above that figure but now I suggest lifting it to 30½.

Newport Industries was to be held for 17½. It rallied to 16¾ and reacted to 14¾. Your stop still remains at 14.

Raybestos-Manhattan was to be held for 30½. It rallied to just under 30 and is now at about where you bought it. The stop at 27 should now be lifted to 28 and a "get-out" should be just across 30.

I realize there were losses. But better small losses at this stage of the market cycle than larger losses later on. I suggest now that pending further market developments you go back to the sidelines.

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.]

## Michigan Brevities

The entire world had its eyes on Detroit after the death of Edsel Ford, wondering whether it signaled the beginning of the end of the Ford Motor Company as a family-owned institution.

With control of the giant motor company still safely in the hands of the family by virtue of ownership of the voting stock and Edsel's huge holdings of non-voting shares passed along to the Ford Foundation, the eventual pattern of ownership becomes more clear.

Wall Street anticipated a bonanza through liquidation of Ford stock in order to raise money for estate taxes, but it is almost a certainty that Wall Street has been cheated of that forever.

Eventually, the Ford Foundation will hold about all of the non-voting stock in the company and the family will retain only that minor share of voting control. It is Henry Ford's own way of accomplishing what the Government attempts through excessive estate taxes—return of the Ford Fortune to the people.

It is even reported that the Foundation is so set up that eventually title to all it holds will revert to the people of Michigan.

Turning from the Ford Motor stock to the Manufacturers National Bank of Detroit, in which Edsel was the largest stockholder, brokers in the Detroit area anticipate the eventual sale of that in the not too far distant future.

Whether this will be done is questionable, but some brokers have actually attempted to get firm offers for the block of stock which reportedly aggregates nearly half of the outstanding 60,000 shares. They felt that if they could get a good, firm bid, Mrs. Ford could then be approached on the possibility of sale.

All this had little effect on the stock in the Manufacturers and a \$2 a share dividend was paid a week ago. The National Bank of Detroit also paid the usual semi-annual dividend of 50 cents a share.

Bank stocks moved up slightly

### Our Reporter's Report

(Continued from page 2264)

Pipe Line Company will reach market some time next week.

A new money offering, the public sale of this issue will reimburse the company for part of the expenditures involved in carrying through its construction program for the current year, estimated at about \$11,500,000.

Judging by discussion arising in dealer circles, coincident with the filing of the necessary registration, this issue appears likely to find a ready market when it is offered. The term and coupon, they hold, make it quite attractive.

### Los Angeles Issue Moving

The spread between the winning bid and that of the nearest competing group for the \$22,775,000 of City of Los Angeles Department of Light & Power revenue bonds was a bit wider than has been the rule recently on municipal issues but close enough.

The successful bid was on a 1.967% interest cost basis, while the next highest was 2.027%, and the third bid on a basis indicating a 2.14% interest cost.

Holding out the earliest maturities from 1944 to 1949 the successful group reoffered the balance of the issue and reports indicated the response was good with well over a third of the total moving out Tuesday.

### Quiet Spell Ahead

Once the forthcoming Panhandle Eastern Pipe Line deal is completed, underwriters are inclined to anticipate a quiet spell probably carrying over the July 4 holiday.

This week, of course, embracing

during the last 30 days and latest over-the-counter prices follow:

National Bank of Detroit	35¼ - 36½
Manufacturers National	135 - 145
Commonwealth Bank	120 - 124
The Detroit Bank	66¼ - 68

Kelsey Hayes Wheel Corporation's five-year loan of \$10,000,000 aroused considerable comment locally.

The loan was negotiated from the Equitable Life, of course, but there was considerable conjecture—particularly in banking circles—as to whether it offered advantages or disadvantages when compared with the usual bank V-loan.

Nash-Kelvinator Corporation confirmed the reports of the helicopter contract and now local gossip is that Norge division of Borg-Warner is going to announce some sort of helicopter work within the next few days.

Resignations of Frank Pierce and W. R. Armstrong, vice-presidents in charge of sales and manufacturing of Nash-Kelvinator, caused considerable conjecture as to whether a general shakeup was being undertaken. The trade seems to think that President George Mason's desire to resume active and complete control of the company was the cause.

Hiring of the ex-Ford vice-president, A. M. Wibel, the day before the others resigned, added fuel to the fire. Ford had announced that Wibel resigned because of ill health a few days previously, but his Kelvinator connection was announced "effective immediately."

As it did the date for payment of the second quarterly instalment on the Federal income tax, was more or less sidetracked so far as even secondaries were concerned.

As a matter of fact the seasoned markets, both investment and equity, indicated considerable taking of profits by people with sizeable tax liabilities to be provided for.

Yet bankers who handled the deal encountered little difficulty in disposing of a block of 35,000 shares of R. H. Macy & Co. Inc. common stock in the secondary market at a price of 27¼ net. The entire block moved out within about an hour after books were opened.

### Seize Buying Opportunities

Insurance company buyers enjoyed another of those rare opportunities this week, of having certain selected bonds, chiefly among the medium-grade rails, ease down to prices in keeping with their ideas.

The setback which developed on Monday found the market enjoying considerable in the way of support buying from such sources on the basis of resting orders.

The dip at the same time presented the opportunity for carrying out switches which had been in contemplation.

### 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.

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**Connecticut Brevities**

The past month has seen the Connecticut bond market at its peak for some time. There is a distinct shortage of state and municipal issues, the shortage being the most acute for many years. With potential demand exceeding the supply, prices have been forced to high levels, probably the highest in all time.

The state and its subdivisions seem to be working well within their budgets, and reports indicate that they are, in general, building up substantial surpluses which will serve them well in the post-war period.

There seem to be no new state or municipal issues under contemplation at the present writing.

Insurance stocks have given a good account of themselves during the past month. Fire stocks, particularly, have been strong and in demand for investment buying. Inquiry leads to the belief that many purchasers consider these issues an interesting hedge against inflation, and are buying on this basis.

During the past few weeks, the life insurance stocks have also exhibited considerable market strength, such issues as Aetna Life, Connecticut General, and Travelers having reached higher prices than they have attained since 1937.

Industrial stocks have been generally strong. Colt's, which within the past month declined to lower levels about the time the company announced its intention of placing operations on the basis of two shifts a day instead of three, has rallied from its recent lows.

The stock of New Britain Machine Co., also has recovered from the shock sustained as a result of the minor selling wave among stocks of machine tool companies.

Local institutional and individual investment buyers have evidenced much interest in the new stock of Philadelphia Electric, and it is believed that sizable orders have been placed.

The local utility stock market is off a little, possibly due to a shift to more active issues.

Probably every manufacturing community in the country has at least one company which has made a total conversion of its processes from the manufacturing of peace-time products to an entirely different war product. Such changes have often taxed the ingenuity of factory workers and operators to the utmost, but the results reported to date have, in many cases, been amazing.

Symbolic of hundreds of Con-

necticut companies which have made a drastic change in its product is the International Silver Company of Meriden. Today, at this plant, known throughout the country for its silverware, over 100 different war products are being made. Instead of fine plated and solid silver ware, the company now makes shells, rifle parts, incendiary bombs, surgical instruments, magazines, cartridges, clips, mess kits, bomber parts, to mention a few.

Few firms have had to make as radical change as did International Silver. In putting ten different factories to work on a wide variety of new products, complete conversion was necessary in both man power and equipment.

In one factory, for instance, starting from scratch without knowledge, experience, or equipment on the new product, the plant is now producing 20 millimeter shell cases in large volume. As a matter of fact, the first contract was completed four months ahead of schedule. The personnel of this plant had been trained only in the blanking, stamping and finishing of knives, forks, and spoons—processes which have no relation to the drawing, tapering, trimming, and other operations of shell manufacture. These workers mastered their new occupations in a remarkably short time.

One of the company's plants, originally making nickel silver, now produces shell brass, and its output has increased four times over.

International converted quickly on many essential war products that were ready to go, as well as on others that had to be developed from the start.

To the human element, a fine spirit of cooperation between manager, foremen, and workmen, must go a great part of the credit for the successful experience of the company in this latest venture.

Combined sales of electric power by Connecticut's four major utility companies during the month of April amounted to 190,867,000 kilowatt hours, an increase of 10% over that produced in April 1942. Connecticut Light and Power showed a 10.35% increase, United Illumi-

We are always interested in:

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United Illuminating Co.  
Security Insurance Co.

and other Connecticut issues.

Inquiries Invited

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nating Co. 9.9%, Hartford Electric Light 11.9%, and Connecticut Power 5.2%. These four companies furnish 90% of the electricity in the state.

It has recently been announced that the Security Insurance Company of New Haven plans to increase its capital from \$2,000,000 to \$2,500,000 by issuing 50,000 new shares of \$10 par value stock. In filing the certificate of registration with the Securities and Exchange Commission, the new issue price was not disclosed. Rights to subscribe will be issued in the ratio of one new share for each four held.

The Sikorsky Aircraft Division of United Aircraft will soon operate the first airport in the United States designated for the exclusive use of helicopters at Bridgeport.

The Sikorsky Division is the first company to develop the helicopter of today successfully. It is now engaged in building machines for the U. S. Army.

Belding Hemingway Company reports net profit of \$151,140 for the first three months of 1943, compared with \$154,234 for the corresponding period of last year.

**Finland Pays U. S. On World War Debt**

The Government of Finland resumed payment on her war debt to the United States on June 15, turning over to the Treasury \$168,945, according to an Associated Press Washington dispatch, which further said:

"Finland never missed a payment on its war debt to the United States until it became involved in war with Russia.

"After Finland became involved in hostilities with Russia Congress granted the Baltic republic a moratorium. When the United States entered the war, however, and Finland continued at war with Russia, the moratorium was not extended. It expired last December."

Plans for this payment were noted in our issue of May 20, page 1876.

**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.

**Markets for Dealers in:**

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

(Continued from first page)

priming" in order to get "spending" money will reverse the process, since no government can maintain prosperity by impoverishing its own citizens, and make them even face food shortages when no necessity exists for that, at least so far as our country is concerned. Wonder is whether he practices deficit-financing in the liquidation of his personal bills, although it should not be considered a miracle that he has built up a following for his remarkable theories, inasmuch as he has managed to attach himself to moneybags, or establishments with the power to pass on the kind of money to be used.

Anything that increases the cost of production is detrimental to the average man, and to the welfare of the nation at large.

Even John L. Lewis recognizes that but he would not admit it. He seems to be prepared to let the laboring man suffer, because the surest way to increase misery and aggravate the struggle for existence, and the struggle to win the war, is to "unwarrantedly" raise the price of labor, since every advance, every shortening of hours, make the necessities harder to get, place them more out of the reach of those that need them, and thus hamstring the purchasing power of the masses that have to pay taxes, and of the government that is in duty bound to increase taxes in order to supply the necessities.

It is true that the increasing of expenditures and indebtedness, and the consequently higher taxes, as well as higher costs of production will make for higher prices, and bring these artificially to a level which may maintain a higher figure in national income.

On the other hand, the war cannot last forever, at least we should hope so, and the question at issue is to cover part of the post-war period.

Hence, it is also true that high prices do not necessarily mean prosperity, and they may pauperize the nation, and especially the workingman himself.

It is a well known fact that prosperity means plenty—abundance of everything for everybody—whereas high prices mean scarcity. Therefore, if high prices mean scarcity, and prosperity means plenty, can it be said that high prices mean prosperity, unless scarcity means plenty. When we recognize that, there need be no arguments on the subject of standard of living.

Dr. Saxon has rendered a great service to the public by his article. He has tackled a big, long-drawn-out job, and it is to be hoped that he will give us more of his broad thinking-powers. Of particular interest will be taxes and the saving of waste.

There cannot be, nor should there be, the least doubt as to our ability to meet our obligations. The amount above stated may be high, but it must be our goal to find a means for its liquidation in good faith. We owe it to ourselves to see that it is done, and no one outside of our own borders will help us do it. Dr. Saxon's reminders of events in the past are worthwhile pondering over. He has supplied an answer to about all the questions he has raised in support of his arguments.

He has not offered a suggestion as to how to reach the minds of the masses, and have them realize practically, so as to better understand, the problems listed by him, and which are confronting the whole world, not only ourselves. We shall all have to help.

Every thinking man and woman should, and will want to make Dr. Saxon's article a part of their economic catechism.

The establishment of governmental lotteries should not be given much consideration. The governments that have used them,

have invariably undermined their countries' circulating medium.

Let us hope that obedience to the Laws of Nature will be restored to the world by the men in high places. It will abate the burden to be carried, and dreams of Utopias may become good subjects for bed-time stories.

**WM. W. FARRELL**

President, Mercantile National Bank of Chicago

I think Dr. Saxon handled a very difficult question very ably, and I enjoyed reading what he had to say. As a matter of fact, I have read it several times and I sincerely hope he will turn out to be a good prophet.

**JOS. S. THOMPSON**

President, Pacific Electric Mfg. Corporation, San Francisco

I have read with interest the article of Dr. Olin Glenn Saxon and can only wish that the Doctor had stated somewhere in the article, in order to make it all-conclusive, a statement such as: "So long as we are committed to the policy of fostering land speculation and the private collection of a publicly created value, we will be forced to hamper and discourage industry and service. The public collection of the publicly created income would go far towards solving the problems noted herein."

It is interesting to see Dr. Saxon's reference to a national lottery and his fear that it might be combated on moral grounds. It would appear to me that the basis of judging the morality of any act would be as to whether it did injury to others or to the person performing it. Distinctly there could be no injury to anyone in buying lottery tickets if the lottery is honestly conducted, but in the gambling done by the real estate speculator, to the extent that it is not sure-thing gambling, his attitude is that he will obstruct progress and industry until the pressure of necessity puts him into the position of demanding the capitalized value of a portion of the return from the industry of whomsoever he has opportunity to hold up when that person requires the use of an area of land.

What a wonderful thing it would be if the "Commercial & Financial Chronicle" would constantly press for the elimination of this "Old Man of the Sea" from the shoulders of business, service, and consequent progress!

**N. Y. Stock Exchange**

**Weekly Firm Changes**

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

John D. Warren, special partner in Gammack & Co., New York City, became a general partner as of June 10th.

Harold R. Sweet retired from partnership in Pell & Co., New York City, effective June 10th.

Keen & Co., Philadelphia, was dissolved as of June 10th.

Henry Morgan & Co., New York City, was dissolved effective June 11th.

**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.

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## Nat'l Resources Board Social Security Proposals Criticized As Inadequate And Vague

American Association For Social Security Declares Board "Muffed Chance"

A criticism of the social insurance recommendations of the National Resources Planning Board as inadequate and vague and as falling far short of the needs of the country was issued yesterday by the American Association for Social Security in its monthly publication, "Social Security." The Association declared that the Board "muffed a great chance to propose a consistent and broadly conceived system of social security, abreast of the time, and comparable — if not superior—to the best that other countries have established."

Declaring that the approach of the Board was characterized by "an essentially sound recognition of the interrelation of social insurance, public works and other Government measures," the Association criticized the absence of accompanying legislation, the absence of specific computations of cost and benefits, the divergence between the recommendations of the technical staff and the Board itself, and particularly the failure to recommend health insurance.

"The most shocking omission of the report is in the field of medical care," "Social Security" declared. "No amount of circumvention can obscure the fact that the best approach to the problem is health insurance. The Board's sound exposition (of the poor state of health in the nation and of the inadequacy of medical provisions) has its anti-climax in a lame recommendation for 'cooperation with the medical profession' to formulate 'plans.' Health insurance is just such a plan, already formulated, and indeed operating for many years in literally dozens of countries, industrial and agrarian, large and small.

"A proposal to secure cash benefits and medical care for the whole family, maternity care, hospitalization and funeral benefits, and covering the agricultural as well as the industrial population, would have given us a genuine health insurance system adapted to our American needs. The Board has missed a great opportunity to provide the answer to a grave problem."

The Association also specifically criticized the failure to recommend the immediate coverage of agricultural and domestic workers and other groups by unemployment insurance, and by old age and survivors' insurance, a coverage which has already been urged by the President, the Social Security Board and by labor groups.

Furthermore, the Association declared it "unfortunate that the Board ignores the condition of the self-employed, farmers and other middle-class groups. After the world's tragic experience with the demagogic political exploitation of the insecurity of such groups by the Fascists, this omission is blindness of the worst sort."

The Board was praised for recommending disability insurance, but the Association deplored "the fact that no computations and no contributions and no provisions for minimum medical, institutional and rehabilitation services for totally disabled are included." While the public assistance provisions were considered most valuable, the omission of the category of the permanently crippled was noted.

Concluding, the Association summed up its analysis and review of the recommendations:

"Certainly the reports of the National Resources Planning Board are significant to our nation. They will help to enlighten the American people and its leaders on the deficiencies of our society. The job of analyzing our present social and economic evils and suggesting a general path for expanding our economy and protecting our people has been performed with ability. But, as has been shown in detail above, the approach to the practical solutions, particularly in the field of social security, has not been characterized by directness and vision. The diagnosis, alas, is frequently more impressive than the prognosis. There are of course some fields in which the prognosis is also adequate to the problem. But in all too many others a hesitancy, a tendency to compromise, and a relapse into vague advisory recommendations for eventual future 'consideration' is only too apparent. This aspect of the reports must be a source of deep regret and concern."

## House Group To Investigate How Far U. S. Was Committed To Socialist Plan At Food Parley

The special House sub-committee which is investigating restrictions on brand names and newsprint, intends to summon the American delegates to the recent United Nations Food Conference at Hot Springs, Va., to find out how far the United States was committed to a program whose trend seems to be toward international socialism, it is stated by Representative Boren (Dem., Okla.)

In a special dispatch to the New York "Journal-American," from its Washington correspondent, David Camelon, it was reported:

Boren warned that the need for an investigation of the Hot Springs commitments is urgent; that the conference, without the authority of Congress, has established an "interim commission" which is to start not later than July 15 to carry out the conference program. And he said:

"It appears that the final report of the conference adopts the principle of regimentation and governmental control over the processing and distribution of agricultural products.

"Other sections of the final report—adopted by the last plenary session of the conference on June 3.—recommend such sweeping measures as changes in land tenure, the alteration of immigration laws to permit world-wide migration and resettlement of farm workers; international credit, producer and consumer cooperatives, and a realignment of agricultural life, which seems to amount to collective farming."

Specifically, Representative Boren was alarmed at recommendations in the final report of the conference of the principles of international standardization and grade labeling. Boren said:

"The conference calls for the adoption of international grade standards for agricultural and marine commodities, and of providing machinery for controlling the use of such international grade standards in international trade."

"The report goes so far as to recommend standardization of containers, both nationally and internationally, along the lines suggested in connection with grades."

Informally, Boren said he feared that proposal might wipe out private initiative and enterprise on a world-wide scale; might destroy advertising and the free press on a world basis.

Boren warned that unless speedy



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action is taken, the program of regimentation and Government control may be instituted on an international scale without any appeal to the Congress. He continued:

"The conference itself, without reference to the legislative bodies of the United States or others among the United Nations, has created an 'interim commission' charged with the duty of 'carrying out the recommendations of the United Nations conference on food and agriculture.'"

This commission, the Conference directed, shall "be installed in Washington not later than July 15, 1943."

Boren observed:  
"Before that date, I believe it is essential that the Congress and the American people be informed how far the American delegates to the conference have committed the United States to a program whose trend appears to be toward some form of international socialism."

"The committee of which I am chairman holds a mandate from Congress to determine to what extent any agency of the United States Government may be formulating plans to alter our American economy in a manner not justified by the war effort and not authorized by Congress."

## War Advertising Conference In N. Y.

A War Advertising Conference, sponsored by the Advertising Federation of America, will be held in New York City on June 28, 29 and 30 at which Government leaders will outline the advertising and promotion needs of the country's war effort, and advertising leaders will direct discussions as to how those needs can be met. According to Col. Williard T. Chevalier, Publisher of "Business Week," who is chairman of the program committee for the conference, it will be an all-out business conference with one objective—to increase the effectiveness and extent of advertising's contribution to the war effort.

A special feature of the conference will be a comprehensive exhibit of wartime advertising, featuring the advertisements of more than sixty of the country's largest national advertisers—a visual demonstration of the effectiveness of advertising in helping to solve the problems of the war.

Vitaly important to all Advertising Club members will be the all-day conference of Advertising Clubs scheduled for June 29, for the purpose of discussing the war advertising activities of the local clubs and their expansion and closer tie-in with Government campaigns.

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## Investment Trusts FROM THE MAILBAG

Commenting on the significance of America's overwhelming war production record, the Parker Corporation Letter draws the following conclusions:

"It is true that in the face of this prodigious industrial efficiency of America, the world stands amazed. But American production and prosperity have been the admiration of the world for generation after generation.

"Something happened to us in the 1930's. We forgot our role in the world. We lost faith in our powers. We stepped out of character for a while. But now America is back in her natural stride. A global war has brought out—even to Americans themselves—the true stature of America. And, in our judgment the rise in the price of securities is not unrelated to this rediscovery of America, by Americans."

The Letter also contains a comparison of Incorporated Investors' performance with the results of eight forecasting devices recently discussed in Barron's. The periods of comparison vary, going as far back as December 1, 1940 and ranging from 18 to 30 months in duration. Only one of the forecasting devices showed better results than Incorporated Investors. The combined performance of the eight "systems" for the overall period was a net loss of 4% as compared with a gain of 26% for Incorporated Investors.

The June report of New York Stocks, Inc. to its shareholders states that in the first five months of this year, 14 of its 16 industrial stock Series outperformed the Dow-Jones Industrial Average. The Railroad Series bettered the gain in the Dow-Jones Rail Average and the Public Utility Series exceeded the advance in the Dow-Jones Utility Average.

Manhattan Bond Fund's June report points out that since April, 1942 average stock yields have dropped from nearly 8% to about 4.7% as a consequence of the advance in stock prices. This reduction is cited to emphasize the attractiveness of medium grade bonds which are selling at substantial discounts to afford liberal returns. On June 1 Manhattan's net assets totaled \$13,481,141.

Last Thursday's issue of National Securities & Research Corp.'s **Investment Timing** warned that "a decline in the Average during the coming week, of even so little as a point and a half from tonight's close (141.68) would not only indicate real danger of an 'appreciable market reaction' but would also suggest the possibility

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of a reversal of the intermediate trend." The complicated subject of tax carry-overs and carry-backs and their probable effects on individual companies is competently discussed in this issue of the service.

National Securities & Research Corp. has announced the opening of two wholesale offices, one in Boston under the direction of Mr. Ira G. Jones and the other in Chicago headed by Mr. M. G. H. Kuechle.

"Primer of Profit Prospects" is the title of a new "vest pocket-size" booklet by Calvin Bullock for use in follow-up of returns from a newly prepared double postcard for direct mail. The booklet has the quality of stimulating one's imagination with the post-war prospects of American industry while at the same time underlining the difficulties of investing to assure full participation in the anticipated gains.

Applying the principle of "dollar averaging" to Affiliated Fund, the latest issue of Lord, Abbot's Abstracts shows the results of a program involving the investment of \$100 on the first of each month from April 1, 1940 up to June 1, 1943. Dividends were reinvested. Although the Dow-Jones Industrial Average declined 3.6% and Affiliated Fund was off 1.8% during the period, the net gain of the "dollar averaging" program was 62%.

What might be termed the Lord, (Continued on page 2275)

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**Canadian Securities**

By BRUCE WILLIAMS

A wealth of interesting facts and many stimulating ideas emerged from the annual meeting of the Canadian Manufacturers Association in Toronto last week. The Hon. James A. MacKinnon, Minister of Trade and Commerce, announced that 1942 was the most notable trade year in the Dominion's history.

Canada has now become the third largest trading nation in the world. Although present exports are all of an essential nature destined for the single purpose of winning the war in the shortest possible time, post-war industrial policy is receiving intensive consideration. Moreover, Canada's tremendous war effort is laying a foundation in experience for the testing period ahead.

Mr. MacKinnon further stated that the necessity of maintaining and enlarging the Dominion's trade with the United Kingdom and the United States was fully appreciated. In addition, China, the Caribbean countries and Central and South America were great potential markets for Canadian goods. The inevitable vast development of the Canadian West and North West, together with Canada's key position on the world air-map will give the Dominion an invaluable advantage in trading with that area which will possibly prove the world's greatest market, namely, Russia and the Far East.

However, as demonstrated on many occasions, Canada's trade policy is based on international cooperation and not nationalistic competition. The geographical proximity and the necessarily similar developments in the Dominion and the United States render it essential that the two countries deal with the problems of international trade in a spirit of friendly cooperation. That this is fully recognized is happily demonstrated by the significant experiment in developing trade relations as a means of cementing goodwill between Canada and the United States which is being undertaken by British Columbia business men.

The Vancouver Board of Trade is sending a delegation to a Seattle conference to discuss with officials of the Seattle Chamber of Commerce the future of the Canadian North West and specific problems for international cooperation in industrial and trade activity. It is expected to result in the formation of a permanent committee representing all important business centers in British Columbia, Washington and Oregon, and possibly Alaska and the Yukon.

During the past week the market for Canadian securities in New York has followed the pattern set since the closing of the Fourth Victory Loan. A steadily growing demand has met with a decrease in the supply of bonds from Canada. Dominion-guaranteed Canadian National Railway bonds have commanded the most attention and have reached new high levels. The 5s of October 1969-49 at 115 $\frac{3}{4}$  and the 4 $\frac{1}{2}$ s of 1951 at 111 $\frac{1}{2}$  now return slightly less than 3%. The 4 $\frac{1}{2}$ s of 1956 and 1957 return almost exactly 3% at 115 and 115 $\frac{1}{2}$ , respectively.

Popular interest also was shown in British Columbian and market supplies were steadily absorbed with the 4 $\frac{1}{2}$ s of January 1951 in demand at 106 $\frac{1}{2}$ , the 5s of 1954

at 110 $\frac{3}{4}$  and 5s of 1959 at 112 $\frac{1}{2}$ . Firmness continues in Saskatchewan with the 4 $\frac{1}{2}$ s of 1960 quoted 92-93. Similarly, Manitobas were still in demand, but activity in these bonds is restricted by scarcity of supply. Direct Dominions and the other high-grade Provincial and municipals were steady without notable price changes. The market for Dominion of Canada internal bonds showed renewed firmness. These issues were quoted on the basis of 9 $\frac{7}{8}$ % to 9 $\frac{1}{2}$ % discount. After weakening from 9 $\frac{3}{4}$ % to 15% discount, internal corporates have recovered and are now 14 $\frac{1}{2}$ % bid. The idea that the Canadian dollar will attain parity with the U. S. dollar is evidently hard to dissipate.

Canadian bonds have always found a welcome home in the portfolios of the insurance companies in this country and their confidence has been amply rewarded. In this connection, it is interesting to note that a bill has just been introduced in the Illinois State Legislature which would authorize insurance companies in that State to invest in Canadian bonds in addition to the amount of the deposit required by the Dominion of Canada, a further 5% instead of 2% of admitted assets.

**N. Y. Savings Banks Show Continued Gains**

The net gain in New York State savings banks' deposits of \$47,433,589 during May is the largest reported for any one month since Pearl Harbor and represents further evidence of the trend on the part of New York State's citizens to divert an increasing proportion of their earnings into savings, according to a statement issued June 11 by the Savings Banks Association of the State of New York. Furthermore, citizens of New York State purchased a total of \$157,904,000 in Series E, F and G War Bonds during May, of which \$19,009,200 were sold through the savings banks. Total sales of E, F and G Bonds in the State during May were the second highest for any month on record, comparing with \$103,514,000 in May, 1942.

The gain in savings accounts, the announcement adds is also a record breaker with a net increase of 21,538 accounts for the month. The gains in both dollar deposits and savings accounts are the best for any May in over twelve years and are the result of increased dollar deposits and more new accounts opened, coupled with a smaller volume of withdrawals and fewer accounts closed.

Open savings accounts at the end of May, it is stated, totaled 6,083,567 with total deposits of \$5,725,629,112. These include an estimated 200,000 Pay-Roll Savings and Victory Club Accounts in which the accumulated balances are regularly invested in Series E War Bonds for depositors.

**NYSE Common Stock Dividends Down 1.5% In First Quarter**

Dividend payments amounting to \$424,113,000 were disbursed to owners of equities of 475 corporations listed on the New York Stock Exchange in the first quarter of 1943, representing a decline of 1.5% from the payments of the first 1942 quarter, according to the May issue of "The Exchange," monthly publication of the Stock Exchange. In noting this small decline, however, the publication points out that "dividend payments on common stocks during the first quarter of recent years have proved to be indifferent indicators of what a full year will bring to stockholders." It cited the fact that the initial 1942 quarter showed a decline of 1.4% from the distribution of the first 1941 quarter but that the results for all of 1942 disclosed that a decline from 1941 of 12.1% occurred.

The publication further stated:

"The individual stock groups show features which attract attention on a comparative basis. Cash dividends of the automotive group, for example, declined 1.6% in the opening 1943 quarter, whereas the recession for the corresponding period last year was 24.7%. A year ago this industry was still in the throes of conversion to capacity war production, with consequent effects on costs and gross income. Railroads, which reported the modest rise of 6.1% in dividends for the first 1942 quarter, lifted the increase this year to 35.4%, with 32 listed rail corporations making payments.

"The mining industry, which disbursed nearly 4% more in the initial quarter of 1942, reduced dividend payments by 10.2% this year, presumably the result of increased taxes in the face of stabilized prices for most of its production. The paper and publishing business felt the impact of restrict output, the group dividends declining 29.6% this year, whereas a gain of 36.1% was reported for the first three months of 1942. Petroleum disbursements held about even this year with last, reflecting the rugged character of this industry's profit-making ability; the first quarter of 1942 saw a rise of nearly 7% of dividends over the 1941 period.

"The machinery and metal group's decline of 14.8% this year compared with a 16.4% rise in 1942 over 1941.

**FDR Denies Approval Of Forced Savings**

President Roosevelt denied on June 11 that he had endorsed compulsory savings at his June 8 press conference and said that he wished to correct any wrong impression that may have been gained since he was discussing the theory of taxation.

In Associated Press Washington accounts the following was reported:

The President recalled that he had been asked whether compulsory savings were necessary to help plug the inflationary gap and that he had replied that it was possible they were. But he said that he was dealing only with possibilities.

A sales tax is also a possibility, he remarked, although Congress might have to enact one over his veto.

Both taxes and savings could be used together to combat inflation, the President said, but he did not state that they would be employed. He added that he had not even determined finally on whether to send Congress a message.

Mr. Roosevelt voiced a hope that compulsory savings would

**The Securities Salesman's Corner****A Reminder For The Boss! Salesmen Can Read It Too**

"If you do a good job you never hear about it—if you don't you can be sure you will never hear the last of it!" That's the way one salesman expressed himself the other day. Some say that most salesmen are born kickers—possibly there is a bit of truth in such an assumption. Yet it is also true that the complaint made by this salesman had a great deal to back it up. Whenever such a condition exists in any organization it should be promptly corrected. A salesman is only worth as much to himself and his firm as he feels he is worth. Sales morale is an asset that can be ruined in a day but it takes months and sometimes years to build it up.

If there is anything a salesman resents it is a lack of understanding and appreciation upon the part of other members of his organization regarding the job that he is doing. The salesman who made the remark referred to above really had a justifiable complaint. Some might say that he was unduly sensitive—but salesmen are that way—it's the nature of the breed.

It seems that he had been working on an account for almost a year. He finally secured an order but it was small. The prospect told him that he was really putting the order on a complimentary basis; he said he wanted to give the salesman some business. The salesman thanked him but made the point that he didn't want any business on the basis of friendship regardless of how much he appreciated the gesture. The prospect countered with the reply that he did like the stock and would take a hundred shares instead of the fifty he first offered to purchase. He also explained that at the present time his available funds were limited but that he hoped to do more business in the future with this salesman. All in all this was a pretty good job as we view it. Here was a year of diligent work, and a good beginning toward a profitable account—we would say this salesman had a right to feel some satisfaction in the job he had accomplished.

But his satisfaction was rudely jolted a few days later. He bumped into one of the (non-selling) executives of his firm who happened to be a friend of the new customer. This executive knew the customer had a very much larger buying power than was indicated by the initial order which he saw go through the cashier's office. Without stopping to ask the salesman about the case he immediately wisecracked, "Some order you got from Jones, do you think he could afford it?" Of course the salesman burned up. He resented this attitude on the part of this executive. The thoughtless remark created ill will on the part of the salesman against a member of his own firm. When such a condition exists in any organization it is no wonder that sales figures slump and unless it is corrected—the morale of the entire sales force can be undermined.

Many a salesman could tell his boss something like this: Your salesmen are different than your other employees—they are individualists. They work for something more than money and that is pride in their accomplishments. Give your sales force all the credit that is due to them. Tell the rest of your office force and your organization to remember that if the sales force didn't go out and get the business they would not have any jobs sitting behind their desks. And pass out the pats on the back when you see a job well done while you save your criticism for the sales-manager to hand out when it is necessary—that's his job anyway.

No salesman can do his best work if he isn't happy. One way to keep him happy is to take an interest in the job he is doing—that means constructive criticism if you have it to give—he'll appreciate the kind of help that comes from a kindly personal interest—the wisecracks from any source within his own organization he doesn't need—if you have to give somebody a slam save it for the bureaucrats in Washington—your salesman's job is tough enough without them.

not be necessary and indicated that he did not intend to ask for them at any time in the near future, although he said it is desired that the inflationary gap be closed as far as possible.

Adding to the possibility that such savings would not be needed, is the public support of War Bond drives, which have gone over, he said, with enthusiasm and great success. He recalled that the last drive had been oversubscribed and that Senator George of Georgia, chairman of the Senate Finance Committee, had hailed that fact as making compulsory savings unnecessary.

He conceded that the gap had widened somewhat since he asked Congress in January for \$16,000,000,000 in taxes and savings to close it.

Asked what kind of savings there could be of a non-compulsory type and whether it would be possible to legislate voluntary savings, Mr. Roosevelt said it sounded crazy, but it was perfectly possible to legislate in that manner and that there are several types of non-compulsory savings that could be employed.

But as for outlining just how the gap could be filled in, Mr. Roosevelt preferred not to provide a blue print, declaring that is up to Congress. Nor would he comment on the possibility that the new 20% withholding tax on incomes (above exemptions) to become effective July 1 might be boosted as high as 40%. He said that was too deep water for him to plunge into.

In noting that the inflationary

gap had widened slightly, Mr. Roosevelt observed that there also were some proposals for what he called further inflation in the field of wages and farm prices, but he did not specify what he had in mind.

If he does send the message to Congress, the President said, it will be on the whole problem of inflation and its effect on every body in the country. Mr. Roosevelt's remarks about compulsory savings were given in these columns on June 10, page 2182.

**NY Community Trust Resources Higher**

Resources of The New York Community Trust, according to its annual report, made available May 31, were valued at \$10,036,486 at the close of 1942 and appropriations made during the year rose sharply to \$547,261, compared with \$398,504 in 1941. Since 1925 the Trust has paid out upwards of \$3,500,000.

Of the Trust's 60 funds, 13 were created or enlarged during the past year, from receipts aggregating \$423,390.

Disbursements were made in 19 states. In the proportion of total appropriations received, New York State was first with 64%, followed by Missouri and California.



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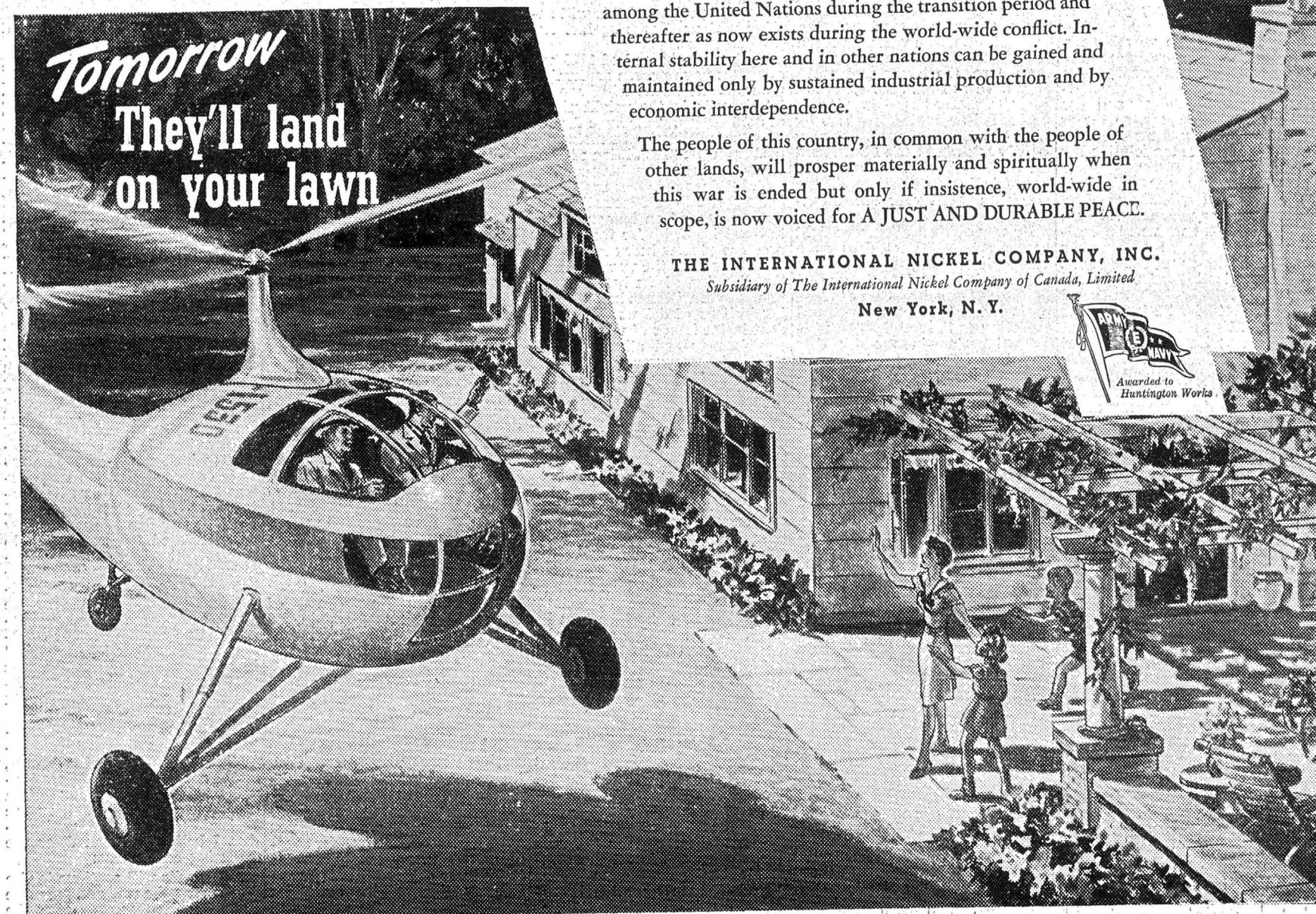
*Today* millions of service men are fighting for "a better world to live in." Other millions of individuals are performing miracles of production through the united efforts of management and wage earners—all of one mind—for "an unconditional surrender."

*Tomorrow* these millions will be permanently employed in peacetime pursuits provided they—all of one mind—dictate sound peace terms calling for sustained prosperity.

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

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

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**Tomorrow**  
 They'll land  
 on your lawn

## Managing Managed-Money

(Continued from first page)

sufficient funds', that don't necessarily mean what you seem to think. What we mean is the bank has insufficient funds."

Obviously, that must have happened sometime ago. "Insufficient funds" are hardly a banking problem today. The deficit financing of our Government in the years before the war and the vastly increased deficits resulting from the war have provided the banks with more funds than ever before.

No, your basic problem is not one of insufficient funds, but rather, what to do with the increased fund you now have. How are you to provide adequate protection for your depositors and at the same time secure maximum earnings for your bank?

In my opinion, the key to solution of these problems lies in the nature in the funds themselves. Just what kind of funds do your increased deposits represent? Are they essentially the same kind you dealt with during the Twenties or during the early Thirties? In certain important respects, I think not. The nature of bank deposit currency has been changing steadily since the New Deal came into power in 1933. In saying this, I do not refer to the change from an orthodox gold-standard currency to a managed currency. I am thinking of the fundamental changes which have taken place in the deposit structure of your individual banks.

Much could be said about the development of a managed currency in the United States. However, that is not a banking problem any more than inflation is a banking problem. Whether the funds you deal with are 100c dollars, 50c dollars, 10c dollars, gold-standard dollars, managed-currency dollars, or commodity dollars makes no real difference as far as your main banking problems are concerned.

The fact that we now have a managed currency, or that we are likely to have considerably more inflation may be of great importance to us as individuals and as a nation. But, I repeat, so far as your banking problems are concerned, the key to the solution lies elsewhere.

Not that you can afford to ignore the implications of a managed-money currency. For it is probable that we will be dealing with managed money as far into the future as anyone can see. Those implications, stated broadly, are that the banks have ceased to be private institutions in the old sense. You are now in danger of becoming instrumentalities of the Federal Government. Under a managed currency and a huge Federal debt, it cannot be otherwise. The primary money managers are in Washington and you are, in a sense, their agents.

Does this sound like revolution in the banking system? Perhaps it does. But as Thomas Jefferson once said, "Debt and revolution are as inseparable as cause and effect."

Accepting the realities of this new relationship and assuming the responsibilities which it imposes on you will facilitate your operations as bankers; will, indeed, enhance your individual contributions to national welfare. But it will not solve your main problems! For that, you must examine into the present nature and probable future development of bank deposit currency.

Obviously, there are some aspects of this question which cannot be accurately measured or predicted. However, one thing appears certain: The vast increases in bank deposit currency resulting from the deficits of the past ten years will not suddenly evaporate after this war. These funds have been created by Federal borrowing from the banks

and they can be reduced only as our Federal debt held by the banks is reduced.

I needn't tell you what the prospect for substantial reduction in our Federal debt appears to be at this time. At best, it is a very distant hope. Instead, we are faced with a probable increase in the total to a figure variously estimated at from \$200 to \$300 billion. But, more of that later.

First, let's take a look at our present bank deposit currency. How is it derived? Wherein is it different from the bank deposit currency of the last war and the years that followed?

In the year 1917, for example, commercial bank deposits, excluding inter-bank deposits, amounted to roughly \$22 billion. These deposits were backed 83% by loans. In other words, the bank deposit structure then rested primarily on loans over which you had some discretion.

Compare that situation with the present one. Today commercial bank deposits total approximately \$85 billion—an almost 300% increase over 1917. But the relationship of loans and investments to deposits has been completely reversed. Today loans are less than 23% of deposits and investments, largely Government bonds, are 65% of deposits. Today, the deposit structure rests primarily on the Federal debt. And, gentlemen, just how much control has the individual banker over that debt?

Except within relatively narrow limits, even your freedom to increase or decrease your holdings of Government issues is only theoretical, because, to exist, you must have income, and the bond market is the only important source left to you.

Can we expect this situation to change after this war? Yes, I think so, but only in an accentuation of the present trend. By the end of 1945, if you will permit me to hazard an estimate so far into the future, the banks will probably have at least \$130 billion of deposits. These huge deposits will be backed approximately 77% by U. S. Government bonds. You may rightly ask what basis I have used for these estimates. It is a sound one, I believe, and can easily be checked against your own thinking.

By way of illustration, we might consider the Federal debt as a vast spring arising in Washington and flowing out into two great pools or reservoirs. One of these pools is the banking system, and the other is the public—the ultimate investor—in the broadest meaning of the term. So long as the war goes on, or more specifically, so long as our Government continues deficit financing, there will be a steady flow from this great debt spring in Washington out into these two vast reservoirs. That portion which flows into the banking system will increase total deposits by a corresponding amount. The portion which flows into the public reservoir, and remains there, will not.

Sometimes after the war we hope to see the flow from the debt spring come to a halt. That will happen on the day the Federal budget is brought into balance. On that day the intake valves leading into the reservoirs will be shut off. It is generally agreed that after the budget has been balanced there can be no immediate reduction in the Federal debt. Thus, practically speaking, the total volume in both reservoirs will then remain constant.

In line with the estimates previously mentioned, I am assuming that a total Federal debt of roughly \$250 billion will be outstanding at that time. You may prefer some other estimate. But whatever the actual figure turns

out to be, the general trend of developments with respect to the deposit structure of the banks will be the same.

And now, as to the basis for my estimate of total bank deposits after the war. The Federal debt today amounts to approximately \$135 billion. About \$54 billion is in the banking system and \$81 billion is with the public. If the total Federal debt rises to our estimated \$250 billion by the end of 1945, the net increase during this period will amount to \$115 billion.

Assuming that the flow into each pool continues at the same average rate as heretofore, the banks will absorb \$46 billion or 40% of this increase while \$69 billion or 60% of the increase will flow into the public reservoir. Thus, when the intake valves are shut down, our estimated \$250 billion of Federal debt will be held approximately \$100 billion by the banks and \$150 billion by the public.

These figures are, in themselves, quite overwhelming—but if you will bear with me, I should like to give you a few more in order to complete the picture. First of all, the \$46 billion increase in that portion of the Federal debt held by the banks will increase deposits by the same amount. Thus, we can expect to see commercial bank deposits rise from the present total of roughly \$85 billion to \$131 billion solely as a result of the increase in their holdings of Government bonds.

You will note that I have not taken possible changes in total loans into account in these calculations. The omission has been a deliberate one. Not only have loans become relatively less important in the deposit structure, but it is likely that they will continue to be of minor importance. The huge Federal debt will require that strict Government control of credit be used wherever possible to halt further increases in bank deposits and this will involve various checks against expanding loans.

Thus, if at the end of 1945 our estimates have proven reasonably accurate, the banks will have total deposits in the neighborhood of \$130 billion. This huge deposit structure will derive its main support from the \$100 billion of Federal debt in the banking system.

This brings us to the most significant part of our illustration. If we can depend on human nature to exert itself, by far the greater pressure of flow between the two reservoirs after the war will be in the direction of the banking system. There will then be outstanding billions of dollars of Federal debt in the hands of war workers and farmers and other low and middle income groups. Many of these people may want spending money for long-deferred purchases. They may prefer cash in hand to a 2.9% return. It will be a major concern of the Government to discourage the pre-maturity redemption of publicly-held war bonds, but I suspect that a good deal of Federal financing may be necessary to take care of the volume tendered. And who is going to buy the refunding issues? Other individuals? Possibly. Insurance companies? Yes. Governmental agencies? Yes—especially the expanding Social Security Fund. But a portion of such issues may have to be absorbed by the banks.

Thus, the flow of Federal debt between the two great reservoirs after the war may be in the direction of the banking system rather than away from it. This would mean further increases in the already vast total of bank deposits. The importance of this factor is apparent when you consider that the \$150 billion of publicly-held debt will be larger than the then existing deposits in all the commercial banks.

The dangers to our national economy in this situation are im-

mense. The danger is not that the Government may have difficulty in financing such a huge debt at low rates of interest. The powers of the Government in that direction are practically unlimited. Under present laws it has the power to enable the banks to hold a total of \$415 billion of Federal debt. And should the need arise, does anyone doubt that additional powers would be forthcoming?

The real dangers are in the problems such a large debt will create. Jefferson understood this well when he said, "I place economy among the first and most important of republican virtues, and public debt as the greatest of all dangers to be feared."

Much of this debt is being created in the form of low-yield, short-term paper. To refund it into long-term bonds will increase the total carrying charges the Government will have to pay. And yet, in order to get such a huge debt into manageable form, the major portion of it must be re-funded into long-term issues. That means that, as a matter of vital national policy, long-term interest rates must be held down or even reduced.

We have already reached the point in the creation of Federal debt under a managed currency where fiscal checks have become meaningless. The only effective check remaining is the will and common sense of the people.

Now, what does all this mean to you in your capacity as bankers? First it means that in the immediate future you will have more money to handle. And it also means that you will probably have smaller loans than at any time in the recent past. However, in seeking the solution to your individual problems you must go beyond these general facts. You must take a careful look at the circumstances—all the circumstances—surrounding your individual banks.

For, although total deposits may continue to increase after the war, it is highly probable that deposits in certain sections of the country will show rather substantial declines. At that time, I, personally, look for a vast reshuffling of deposits within the banking system. Banks in war-boom areas which are unable to develop a corresponding peacetime activity will be hardest hit. The large banks in the money centers are likely to be the recipients of a net flow of funds from outside areas.

Thus, it should be evident how important is the deposit structure of the individual bank. What portion of your deposits represents stable funds likely to remain with you after the war? What portion is suspect of sudden withdrawal? What portion is clearly "hot money"? A thorough understanding of the character of your deposits is vital.

It is true that your freedom of action in employing these deposits will be limited by the needs of the Government and by the expediency of the money managers. In putting your deposits to work, you will have a definitely restricted area of choice. However, the choices you make within that area are highly important. They will determine the adequacy of the protection you maintain for your depositors and the rate of earnings you secure for your stockholders.

With the greatly increased volume of deposits now at your disposal, a small change in the over-all yield from your investments can have a substantial effect on net earnings. And with the open-market rate on even the longest-term bonds now less than half of the famous 6% which smaller banks have enjoyed, you will no doubt be pinched for earnings. Even though you have twice the volume of deposits, if you receive less than half the return that you formerly received on loans,

your earnings are likely to decline.

As already indicated, after the war the flow of deposits will be from the munitions centers and outside areas to the money centers. The influx of these deposits will put the big money center banks in the market for Government bonds. Conversely, the smaller banks whose deposits are contracting will be forced to raise cash. How can your individual bank prepare for these developments?

One answer often heard today is a ten-year, spaced-maturity program. And indeed, there is much to be said for that type of portfolio. However, it seems to me that any attempt to apply such a program indiscriminately to your banks would be as impractical as trying to fit all our soldiers with the same size shoes. To do the latter would require making a shoe sufficiently large to accommodate the biggest man in the Army. In the same way, applying a ten-year, spaced-maturity program to all banks alike may not provide sufficient cash equivalents for one type of bank and may result in an unnecessary sacrifice of earnings for another.

Moreover, a spaced-maturity program relies on the maintenance of the present spread between short and long-term yields. We must not forget that when interest rates rise, short-term yields usually show the greatest increase. At present prices, a rise in interest rates to a 3% basis would result in a 6.2% market decline in a standard ten-year, spaced-maturity portfolio.

I use this only as an illustration of the vulnerability of such a program to an increase in money rates. For reasons already stated, I don't think there is going to be a significant increase in money rates during any future period about which we need to be concerned at this time. Consequently, I see little likelihood of a substantial decline in the prices of long-term Government bonds, and some possibility that prices may even rise from existing levels.

I, therefore, believe that the majority of banks can safely protect their earning power by using long-term, high-grade bonds. To avoid the dangers of intermediate price fluctuations, it is necessary to maintain sufficient cash equivalents to cover all possible withdrawals. Obviously, you must carry cash equal to your reserves and operating funds, including balances at correspondent banks. War loan deposits should be covered 100% by Treasury bills. Public funds should be covered by Certificates of Indebtedness up to an amount deemed necessary.

With respect to other deposits, representing the bulk of your earning assets, that portion which cannot be considered relatively stable should be covered by Certificates of Indebtedness. In this category you would probably want to include (1) corporate deposits which are swollen as a result of war activity, (2) large demand and savings deposits subject to sudden withdrawal, and (3) all other deposits which may be considered temporary due to war conditions. After these requirements have been met, the balance of funds can be committed to longer-term bonds for the purpose of securing maximum income. The portion of your available funds that can be safely used in the longer-term bond market will depend entirely on the deposit structure of your individual bank.

The highly fluid state of political and economic conditions affecting this country and the world, renders forecasts of future developments in the banking system increasingly difficult. But on the basis of the facts as they exist today, I believe we can draw the following conclusions:

1. Deposits will continue to rise during the war and may rise after the war even after the

Federal budget has been brought into balance.

2. There will be a reshuffling of deposits in the banking system during the period of conversion from war to peace.
3. The large volume of deposits will make the public more self-financing than at any time in history.

(a) Loans, particularly those of the smaller banks, will continue to decline.

(b) Control of credit by the Government will restrict loans for speculative purposes.

4. The Government will be forced to maintain firm control of the money market and interest rates will be held down.

(a) The refunding of short-term maturities will create great pressure on the Government to lower yields on long-term bonds.

5. The deposit structure of the individual bank will determine the investment program best suited to its requirements.

(a) Cash equivalents should be large enough to provide for any possible decline in deposits.

(b) Other funds can then be safely committed to longer-term high-grade bonds for the purpose of maximizing earnings.

And, by way of emphasis, I might add that it is as easy to liquidate the management of a bank through poor earnings as through bad loans and investments.

In closing, I would like to look for a moment beyond your problems as bankers. For, as citizens of this country, you have obligations which transcend the boundaries of your profession. The financing of the war is creating problems for this country of a magnitude never contemplated by our Founding Fathers. You have an important responsibility in helping to solve those problems.

Although any net flow of Government debt from the public into the banking system after this war will increase your deposits and thereby represent an immediate gain to your banks, the movement will only add to the already grave threat against our way of life. Thus, it will be your duty to aid the Government in every way possible in checking that flow.

And, finally, I want to quote two great statesmen. Winston Churchill, speaking in London this week said: "We have shown that we can face disaster. We have still to show that we can keep ourselves at the height and level of successful events and to be worthy of good future." Thomas Jefferson, although he could not foresee the magnitude of the problems that are facing us today, had an abiding faith in the ability and common sense of the American people. I am sure if he were with you now he would say as he did in his own time, "My confidence in my countrymen leaves me without much fear for the future."

### SEC Amends Utility Rule

The Securities and Exchange Commission on June 4 announced the adoption of two minor amendments to Rule U-70 of the Public Utility Holding Company Act of 1935. This rule exempts certain persons from the provisions of section 17(c) of the Act. The first amendment, the Commission explained, extends the exemption to persons whose only financial connection is with an indenture trustee holding a majority of the voting stock of a company as security for an obligation which is in default, while the second amendment further exempts such persons from the limitation requiring that no registered holding company or subsidiary thereof shall have as many as one-half of

## Gallup Poll Links Roosevelt's Fate To War— 51% Will Back Him If Conflict Continues

Pointing out that the political question discussed most often today throughout the nation is "what are President Roosevelt's chances of winning a fourth term if he chooses to run?" George Gallup, Director of the American Institute of Public Opinion, presents as follows the results of a poll on the question, according to Princeton, N. J., advices published in the New York "Times" of June 6:

"The President's first hurdle is to obtain the nomination of his party. On that score, the present evidence from Institute surveys shows that if the rank and file of Democratic voters were to decide the matter, the President would win the nomination easily.

"The important question is whether, having obtained the nomination, he can win the election against a greatly rejuvenated Republican party which has control of the State organizations of twenty-four States. Here again the views of the voters as gathered by the Institute show the direction of public thinking today.

Just as the war was to a great extent instrumental in giving President Roosevelt a third term in 1940, so the course of the war will likely determine his chances for a fourth term. In 1940 the President's strength as a third term candidate took a sharp upturn when the war passed from the "phony" stage to the critical stage with the fall of France.

"Looking ahead to 1944, three possibilities lie open in regard to the war situation. Each would have its effects on the political campaign.

"First, the war may be over by election time. Second, the war may be still in progress about as it is today, without reaching a final or decisive stage. Third, the

war may not be entirely over, but its end may be definitely in sight.

"The reaction of the voters of the country to each of these three situations sheds light on future trends. A study of their reactions has just been completed by the Institute.

"If the war is over and President Roosevelt runs for a fourth term next year, do you think you will vote for him or against him?"

For .....31%  
Against .....69%

"If the war is still going on and Roosevelt runs for a fourth term next year, do you think you will vote for him or against him?"

For .....56%  
Against .....44%

"The situation which many observers believe to be the most realistic possibility for 1944 is this: The war may not be over but it may look as though it will end soon.

"To determine what public reaction might be in that contingency, interviews for the Institute in all the forty-eight States put this issue to the voters:

"If the war is not entirely over next year but looks as though it might be over soon, do you think you will vote for or against Roosevelt for a fourth term?"

For .....51%  
Against .....49%

## Fewer Vacations Foreseen This Year; Pay Allowances A Wartime Practice

Fewer wage earners and salaried employees will have vacations this year, and proportionately more will receive pay allowances in lieu of time off, than in 1942, according to a survey completed by the National Industrial Conference Board.

The Board's survey made public June 14 embraced 150 representative companies with approximately 318,000 employees in a wide range of industries. The stage of virtual universality that the practice of granting vacations has reached in the United States is attested by the fact that not one company was found which did not adhere to this practice.

The Board's announcement further stated:

"Among 148 companies, 62, or slightly less than 42%, paid vacation allowances in lieu of actual time off to some or all of their wage earners in 1942. Seventy-three, or 49.4%, of these same companies now report that they will, or probably will, do so this year. Thirty-three of 150 companies, or 22%, reported that they paid allowance in lieu of vacations to a part of all of their salaried employees last year. Forty-three, or 28.7%, of these same companies now advise that they will, or probably will, do so this year.

"Among the 62 companies which paid allowances to wage earners in lieu of time off in 1942, 23, or 37.1% report that the arrangement applied to all their wage earners. Among the 73 companies which expect to pay such allowances to wage earners this year, 30, or 41.1% report that the practice will apply to all their wage earners. Among the 33 companies which paid allowances in lieu of vacations to their salaried employees in 1940, 10, or 30.3%, report that the system applied to all their

directors persons with financial connections within the scope of 17(c). The effect of these changes, the SEC said, is to permit a financial institution acting as an indenture trustee and holding in trust a majority of the voting stock of a company as security for an obligation in default, to have without limitation as to number its nominees as directors of such company.

salaried employees. Among the 43 companies which expect to pay such allowance to salaried employees this year, 19, or 44.3%, expect to apply it to all their salaried employees.

"For both wage earners and salaried employees the amount of pay in lieu of time off and the rate of pay during vacation actually taken, are most usually determined on the basis of a 40 hour week without allowance for overtime, although in the case of wage earners incentive payments are not infrequently taken into account.

"Among 144 companies reporting on this phase of vacations, 99, or 68.7%, report that determination of these payments to wage earners this year are being made on the basis of a 40 hour week, and 15 companies, or 10.4%, report that incentive earnings are added. Among 148 companies reporting, 136, or 91.9% report that pay allowances in lieu of vacation, and vacation pay for salaried employees are being computed on the basis of a 40 hour week.

"More than one-fourth of the companies co-operating in this survey stated that vacation policies had been liberalized in the past two years; one-sixth reported that these changes had been made within the past year.

"Almost 50% of the reasons for liberalization are the outgrowth of wartime influences. For example, a number of replies stated that new workers were being subjected to the same long hours and pressure for greater output as long-service workers, and yet, under the former policy, they were not qualified for time off with pay. In order to maintain peak production, maximum efficiency, and high morale for both new and old workers, vacation policies

were revised in these cases so that new workers might share equally in the benefits of vacations.

"Approximately 70% of the replies indicate that an employee must be currently employed at the time of his vacation period in order to receive a vacation or vacation bonus. If his employment should be terminated voluntarily before his allotted vacation period, replies show that no provision is made to compensate him for the vacation for which he may have qualified through service requirements. Only 30% of the reporting companies provide such compensation.

"This situation is almost reversed, however, when military service is the reason for termination of employment, for, in that case more than 80% of the companies offer a bonus, or vacation pay pro rated according to length of service since last vacation season. Such vacation allowance is often paid in addition to any military service bonus which may be granted upon termination of employment."

## To Hold Series Of CMP Meetings

In order that all manufacturers may thoroughly understand the details of operating their business under the Controlled Materials Plan, which becomes effective July 1, the Commerce and Industry Association of New York, in cooperation with the War Production Board, has arranged for a series of educational meetings to be held in the Association's Assembly Room in the Woolworth Building. Specialists in CMP procedures will address the meetings, which will be followed by a question and answer period when manufacturers will have an opportunity of securing official interpretations of their particular problems. The first of the round-table series for members of the electroplating industry was held on June 10. It dealt specifically with the problems of electroplaters and how they will be able to obtain material under the CMP to maintain production. The second meeting of the series, for the welding and machine shops, was held on June 14.

## Criticizes Present Rent Control Set-Up

Some plan whereby rent control would again be largely placed under the supervision of local fair rent committees seems to be the fairest and most logical solution to the chaotic conditions which have developed for real estate property owners, according to Charles A. Mullenix, Cleveland, President of the Mortgage Bankers Association of America. His suggestion was contained in a brief prepared for delivery before the special investigating committee headed by Congressman Howard W. Smith. Fair rent committees proved generally effective before the area rent control offices were set up, he said.

He declared he was a firm believer in the control of rents and other prices during the war emergency but that control should be in economic balance and equitable and fair. Mr. Mullenix added that he was convinced that "it has not been intelligent, fair or equitable and has not taken into consideration the economic balance between industries or between areas." He pointed out he was still waiting to hear of a single case where consideration has been given to the sharply increased costs of maintenance, wages, supplies and fuel in the determination of maximum rents.

An important part of the nation's economic life is endangered by the present rent control administration Mr. Mullenix concluded, and said one of the groups most adversely affected were the million or so property owners whose life savings are invested in rental housing to provide modest incomes for their old age.

## Henry D. Boenning Dead

Henry D. Boenning, senior partner in Boenning & Co., Philadelphia, Pa., for 25 years, and Treasurer of the Philadelphia Stock Exchange, died at his home after an extended illness. Mr. Boenning held directorships in a number of industrial and public utility corporations and was a member of the Investment Bankers Association of America.

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## Electronics And Research

(Continued from page 2262)

highly in the advance of science and industry. Your imaginations may well be startled by the electron and its far-flung influence on the future, not only in communications and industrial processes, but in the home, on the highways, on the seas, and in the air. We surely are on the threshold of an electronic age!

Radio and electrons might be said to have had much in common from their inception. Both are products of research and experimentation. Both of them represent achievements which have contributed immeasurable benefits to mankind. It was an interesting coincidence that when Marconi was sending his first wireless signals across his father's garden in Italy, Thomson in London was discovering the electron. When the radio tube was invented a number of years later, radio and electronics merged their capabilities to work great advances. Radio electronics research has made possible an unsurpassed radio system for our country. It has made electronic television work. It has brought into being the electron microscope which enables man to explore the hitherto unknown microscopic world. It is making available electronic means for a wide range of industrial applications. More recently, radio electronic research has made possible the creation of the new wartime miracle of radio, known as radar.

This is a summary of some of the accomplishments of radio electronic research, and brings to mind that in this country amazing progress has been made since the turn of the century in scientific research, and in the translation of the results of research into new products and services. Within this period has come the development of radio, which links the nations throughout the world together, and which carries to the homes in most of these lands messages of information, education and entertainment. Surely, this possibly powerful force of science and research has made isolationism a thing of the past! It has brought the world closer together by overcoming the barriers of distance and making possible a closer unity of thought among nations.

It was within this period, and in 1919, that R. C. A. pitched a tent for its first laboratory at Riverhead, Long Island. It was there that our research investigations began. That tent of wireless pioneers is quite in contrast with the new facilities of R. C. A. Laboratories dedicated last year at Princeton, N. J., as the foremost center of modern electronic pioneering. I repeat, pioneering; for in radio we are forever pioneering. Scientists and engineers of R. C. A. Laboratories are making outstanding contributions to the growth and expansion of electronics in the radio field, and also on countless trails far afield from radio and other forms of electronic communication.

Throughout the development of new methods of controlling and utilizing electrons in radio tubes, new electronic devices have opened up to usefulness a vast region of unused frequencies or wave lengths which have potentialities greater in scope than all radio in the past. There are the ultra-high frequencies or ultra-short waves, centimeter waves and micro waves. As an outgrowth of these developments, new electronic tools are being created. These tools hold promise of aiding, in unparalleled progress, in other fields, as well as in radio. Knowledge of their existence and estimates of their possibilities stimulate the imagination of research scientists to visions of new and unexpected horizons in the fields of physics, chemistry, biology, and in many industries.

Electronic television is one of

the marvels of radio electronic research. It will occupy transmitting channels in this new ultra-high frequency radio spectrum. It is the fulfillment of a desire, as old as man, to see what is occurring at a great distance, or in areas concealed from direct vision. Research scientists and engineers for several generations sought means for achieving the equivalent of vision at a distance, but the satisfactory realization of this achievement had to await the development of electronic television.

When electronic improvements became available through the Iconoscope or television eye (an invention, incidentally, by Dr. V. K. Zworykin Assistant Director of General Research, R. C. A. Laboratories) and through the Kinescope, or screen tube, in the receiver, television was no longer dependent on a scanning device; scanning was accomplished electronically, and that greatly expanded the ability to improve the quality of the picture, and to simplify television receivers for the home. As an added service to sound broadcasting, television has potentialities of effectiveness which surpass those of other means of mass communications. With post-war television stations connected with net-works, events of the nation will pass in review on the picture screens of home receivers. Larger and brighter pictures of greatly improved quality will be realized. Research and development, plus genius in design and production of receivers, will bring them within the range of the average pocket book. Post-war television will use electronic camera tubes with greatly improved efficiency. This will make it possible to pick up scenes with ordinary illumination. Night events, theatre performances, opera, and many other programs which utilize artificial light will come well within the range of the camera tube. The problems of heat and glare in television studios have been solved.

And then we have theatre television with great possibilities as a post-war service. For the first time in the centuries of theatre history a means is available for bringing to theatre audiences the thrilling drama of events as they occur at a distance in real life. Electronic methods have made it possible to produce pictures on the theatre screen size. R. C. A. Laboratories demonstrated a picture twenty feet wide shortly before the outbreak of the war. Electronic means, coupled with automatic radio relays (an R. C. A. product), or coaxial cable, or other kinds of communications circuits will provide net-works for interconnecting television stations, so that pictures of events and programs can be flashed from distant points, to be broadcast to home audiences after the fashion of sound broadcasting. These same interconnecting circuits will carry pictures of events from the scene of action to theatres in different cities.

Research and electronics in the field of television will make ready a new industry and service to meet a pressing need for post-war employment. Television will provide new employment for an unusually wide range of arts, trades, and professions. It has no aspects of imminent technological unemployment. On the contrary, the quantities of equipment and services and new facilities needed will be such as to require a number of years to complete the initial expansion.

As a striking development of the use which is made of new tools and new techniques resulting from advances made in radio electronic research, we have the electron microscope. It is sometimes referred to as a by-product of television. It utilizes some of the techniques of

television, particularly those which have to do with the focusing and control of electrons. The electron microscope has an epochal development in scientific instruments. It uses electrons instead of rays of light, and magnetic or electrostatic fields to focus the electrons in the place of glass lenses, such as those used for focusing light rays.

Paraphrasing I might say that the lens which focuses electrons is simply free space. There is nothing in it at all. There is nothing which takes the place—nothing visible or physical which takes the place of the glass which you see in the lens of the microscope.

Through its use of electrons this new microscope enables man to peer deeper into the study of the microscopic world than ever has been possible before. Magnification up to 100,000 diameters are obtainable; and this means that the electron microscope is from fifty to one hundred times more powerful than the strongest optical microscope. A red blood corpuscle magnified to this scale would be as large as a two foot pillow; a dime thus magnified would appear more than a mile in diameter; and a human hair would be as large as a giant red wood tree.

Already the electron microscope has contributed new knowledge, especially in the biological and chemical fields. It has made possible the photographing of the influenza virus for the first time. This was accomplished with the RCA electron microscope in use at the University of Pennsylvania. Studies of bacteriophage virus and its destructive effects on bacteria have led to new knowledge. The discovery has been made that virus particles have internal structures,—things that never were known before.

New light has been thrown on the structures of textile fibers by the electron microscope, and much new information has been gained of particle sizes and shapes, colloids, service chemistry, plastics, and artificial rubber.

The study of anti-serum in the control of plant virus has made important advances possible in that field.

The electron microscope is often referred to as the most revolutionary laboratory tool of the 20th Century. Its tremendous power of magnification confirms some theories and disposes of others, and brings new revelations in fields which, in the past, could be surveyed only by estimates, theories, and long series of patient experiments. The development of a portable model of R. C. A.'s microscope is now in progress, and this will extend the availability of the instrument to a very large number of applications.

The electron microscope is a marvelous instrument, but of even greater import is the fact that it may have opened advances in science through the new knowledge which it daily brings to us; but in our review of these more startling developments which have come out of radio-electronics research, let us not overlook the wide range of industrial applications in which radio-electronic tubes already are being applied. Their use has been extended to nearly all fields of science and industry. No task is too heavy, too precise, or too fast for them to perform. Radio tubes are the control elements in devices which open doors, bring elevators to a level line, operate timing devices, and ring alarms. They are used in apparatus for smoke detection and fire prevention. They count and sort merchandise, match colors, and gauge the thickness of materials to a millionth of an inch. They measure humidity and atmospheric pressure, and control temperature. They check the presence in gases and liquids of

solids which escape the human eye. Often it is said that these versatile electron tubes and the devices employing them can talk, hear, see, remember, count, taste, calculate, measure, heat, control, and accomplish any number of tasks; in fact, electron tubes seem only to lack only a conscience, and that must be applied by those who employ them.

More recently electron tubes are finding new and constantly expanding applications in industry. Some of these applications are in the field of radio-frequency heating. They show excellent promise of speeding and increasing the efficiency of industrial processes and, at the same time, expanding their scope. This field is called radiothermics. An interesting application of radiothermics has been in the solution of what seemed to be an insurmountable problem in the production of airplane propellers made from impregnated wood; that is, a combination of wood and an impregnating compound. Radio-frequency power heats masses of this kind uniformly throughout, and in this instance, when the mass of wood and compound thus heated is placed under pressure in the forms of the processing machine, it presses uniformly without internal stresses which usually result in other methods of processing. The elimination of these internal stresses means that the propeller has a high factor of speed and is much less likely to fail. It is a more reliable and better product than can be produced by other methods. In addition, the time for processing is reduced fifty per cent to sixty-five per cent. In other words, production can be doubled for each machine in operation.

Radio-frequency power or radiothermics finds use in the drying of textiles. It is proving of great advantage in this field since it heats the material in the center at the same time as it is heated in the outer layers. Uniformity of drying temperature throughout the material usually produces a better product than can be achieved by methods which apply heat from the outside only. In one example, the drying was completed in about one-fiftieth of the time required by present methods, and the radio-heated product was declared to be superior.

The radio-frequency sewing machine uses the principle of radiothermics. That is a device for bonding thermoplastic sheets together along a seam in a continuous process. Instead of the needle and thread this machine uses radio-frequency power. Instead of woven cloth it works on thermoplastics such as Pliofilm, Vinylite, and Koreseal, the new synthetic materials which are finding wide application in the making of raincoats and caps and weather balloons, and in the packaging of many types of food and oils. It makes a thin solid seam that is airtight and watertight, creating a bond that is stronger than the material itself. This radio-sewing machine overcomes many fabrication difficulties involved in the conventional process methods as applied to these thermoplastics.

Radiothermics is of great use even in processes which require the heat treating of metals. Radio-frequency current is especially suited to work in this field, since the depth to which it penetrates into the mass to be treated can be controlled. It is also a much more rapid process than those now in use.

Radiothermics is applied in detonating explosive rivets which are used in inaccessible places in the construction of airplanes. A previous method required the use of a hot soldering iron or its equivalent, which was held to the head of the rivet until it was fired. With the radio-frequency detonator the charge explodes when the

temperature is raised by inductive heat. There is no metallic contact with the head of the rivet.

Radio-frequency heat or radiothermics shows promise of very intensive applications in industry for all manner of operations, including those of annealing, welding, drying, gluing, curing, and cementing. Also, it shows some promise of being useful in deactivating enzymes in the preparation of dehydrated food.

In the aviation field, radio-frequency research has added immeasurably to the progress and safety of flying. A tremendous expansion in the aviation field is predicted in the post-war era. In parallel with this expansion, radio electronics will provide communications and notification systems,—instrument landing methods, collision prevention apparatus, instruments for measuring clearance and height, devices for indicating ground speeds, and many other types of instruments which will further safeguard the safety of planes through fog and inclement weather.

It is interesting to know that radio electronics research has produced luminescent materials which are useful in fluorescent lighting. Our research in this field is largely in connection with the development of luminous materials for use in television tubes.

As something of a measure of the extent of the application of the products of radio electronics, it can be stated that today electrons are at work in more than 56,000,000 radio sets in American homes and automobiles; also in every broadcasting station and in every radio station of the world, whether it be ashore, afloat, or aloft. More than 150,000,000 electron tubes are produced each year, chiefly for radio electronic communications, but with ever expanding applications which extend radio electronics into industry.

Now I am aware that in Wall Street the future usually is discounted in advance; that the market is sometimes considered a barometer of great events about to happen. I can tell you, however, that in such a fast-moving field as electronics, discounting even tomorrow is most difficult; and so rapid are the developments in this realm of science, that our research men learn new secrets of Nature almost daily.

I know that you will be interested in hearing something of the latest wonder of radio called "Radar." It is a new word which only recently came into the news. It is so new that it has yet to find its way into the dictionary. "Ra" stands for radio, "d" for detection, "a" for and, and "r" for ranging. Radar means radio detecting and ranging. The letters r-a-d-a-r spell the same forward as backward. This gives a clue to its performance. It operates by sending out signals and receiving a radio echo which is reflected by any object the radar beam may strike in space. An airplane, for instance, acts as a radio mirror when it is contacted by the radio beam. So powerful is this great scientific offensive and defensive weapon that in dispatches from London it has been credited equally with the R. A. F. in winning the Battle of Britain.

For many years America has been in the forefront of radar development; but, because war struck Britain first, it was there that this new aerial sentinel received its baptism under fire. The British are rightly praised for having done a magnificent job in quickly applying this great weapon under the extremities of war, which prevented the Luftwaffe from striking a knockout blow.

In the United States, through foresight and intelligence, as well as through improved scientific research, the Army and Navy played a vital part in cooperating with the American radio indus-

try in fostering development of radar, long before the war.

Radar, as is often the case with a new scientific development, sounds mysterious and complex; yet there is a simple explanation of its principle that reveals how its magic performs. A remarkable illustration is found, as I mentioned before, in the echo. The boy who yoo-hoos at a cliff or barn and hears the echo is, in effect, practicing the radar principle. Sound strikes the object and is reflected back. Radio also has echoes, but, of course, radio waves travel much faster than sound; they travel at the speed of light—186,000 miles per second. Knowing the speed of light and being able to measure radio's time, from the time the signal goes out until the signal returns, distance can be measured.

The recent lifting of certain Army and Navy restrictions pertaining to radar has been like the turning of the page of a magic story book. It reveals the part played by the American radio industry, functioning in cooperation with the United States Navy and Army Signal Corps in the development of this revolutionary wartime science of detecting and ranging by radio. As an epic story of American teamwork between scientists and military and naval men, radar is an outstanding illustration of what American ingenuity and strategy can achieve.

Radio research work, and the basic research work of apparatus and technique for the locating of ships and planes by radar, was instituted by the Radio Corporation of America as early as 1932, when experimental equipment was constructed. Apparatus completed in 1934 was used for a series of cooperative reflection tests with the United States Army Signal Corps. Immediately after, the Army indicated an interest in the potentialities of developing apparatus for the detection of aircraft and ships. Encouraged by this response, R. C. A. continued to determine what performance toward this end might be expected. With further developments and improvements, the early apparatus indicated possibilities of much better performance than sound detectors then in use. By demonstrations and discussion the Army and Navy were kept in touch with R. C. A. research. In view of the possible military complications, no publicity was given to this development.

During 1937 operating equipment was completed and tested, indicating the distance and position of reflecting objects in much the same form as is now used in a large part of modern radar equipment. These developments had so grown in importance to the military services during 1937 that R. C. A. was requested to put all of this work on a secret basis. From 1937 until April 25, 1943, when the Army and Navy in a joint release lifted some of the restrictions relative to radar information, radar information—and even the word radar—were carefully guarded secrets.

It is now possible to reveal that what was probably the first application of radar principles to aviation was achieved by R. C. A. through equipment built and installed on its own plane in 1937 in connection with collision prevention apparatus. During 1938 and 1939 many flights were made, testing this apparatus and showing its effectiveness in warning of collision between aircraft, or between planes and mountains and other obstacles. The equipment not only determined the altitude with accuracy but was found to detect objects ahead with sufficient distance to warn of collision. Owing to the close relationship between this apparatus and basic detection equipment, announcement of these results was not possible.

As early as 1937 R. C. A. de-

livered experimental radar apparatus to the U. S. Army Signal Corps for location tests. As stated, radar, designed and manufactured by the Naval Research Laboratory, was installed on the U. S. S. New York late in 1938. At the same time R. C. A. had built for the Navy experimental equipment which also was tested on the battleship New York. As a result of the tests the Navy decided to develop additional radar sets, and in October, 1939, contracts were awarded to the Radio Corporation of America for six sets of aircraft detection equipment, patterned after the original model built in the Naval Research Laboratory and as installed on the U. S. S. New York. This was the first Navy Services equipment order. Apparatus as built by R. C. A. was installed on U. S. Navy vessels at the beginning of 1940.

In R. C. A. Laboratories many scientists and engineers have contributed to radar through the development of integral parts which made it possible. Prominent in the field of work has been Dr. Irving Wolff, whose early experiments with radio reflection soon led into radar principles. He has been intimately associated with radar research work, while the staff of research workers have been under his direct supervision for work in the field.

As an outstanding illustration of the effectiveness of radar as a weapon of offense, I am going to read the published statement from the Memorial Day address of James F. Byrnes, Director of War Mobilization, which appeared in the New York "Times" of June 1. The statement is as follows:

"History will some day record the part radio and the radar have played in giving us fighting superiority over the Axis. But let me give you one instance. On the night of November 14, off Guadalcanal there lay a Japanese battleship. It was a stormy night. Eight miles away was a ship of our fleet. With the use of the radar our ship with its second salvo sank the Jap battleship in the blackness of night, eight miles away. Is there any wonder that the Japanese Admiral Yamamoto, who boasted he would dictate the peace to the United States in the White House has quietly passed away?"

That is the end of the quotation.

And thus radio electronics, with unprecedented achievement, is meeting the challenge of this war of speed, magnetization and impossibility. It is extending the human sense of sight to search out the enemy in distant areas. It is providing automatic means of speed and precision for destroying the enemy in actions of offense and defense. In air and surface notification, it measures distance with unparalleled accuracy by drawing upon new techniques and by using the speed of radio waves—186,000 miles per second—as a yardstick. The radio is turning night into day, and foul weather into fair, in locating targets and objectives. The enemy neither can receive any respite under the burden of fog or haze or darkness; there will be no blockade to radio electronics from these blanketing elements of Nature.

And soon, in post-war apparatus, we hope to turn the magic of radio electronics fully to its real purpose—of benefits to mankind.

### Swarts In Marines

John L. Swarts, for the past six years manager of the trading department of E. Henry Sondheimer Co., 331 Madison Avenue New York City, has been accepted by the United States Marine Corps Reserve and will be stationed after June 24 at Parris Island, South Carolina.

## Investment Trusts

(Continued from page 2269)

Abbett "Bible" is a unique booklet providing useful information for the so-called "insider." Covered in black and written in a simple, direct style, the booklet contains a host of facts for reference by affiliated dealers and members of the Lord, Abbett organization.

The most convincing piece of literature we've seen on the as yet only partially recognized basic and permanent improvement in the railroad industry came to hand this week. It is Distributors Group's "Vital Statistics of the Railroad Industry" prepared for use in connection with Group Securities' Railroad Shares. To summarize the story here would be to spoil it. If you're interested, we suggest you write for a copy.

MIT's Brevits cites an interesting example of the trend by trustees and endowment funds toward increasing their investments in common and preferred stocks. It is the Carnegie Institution of Washington, endowed by the late Andrew Carnegie and organized in 1902.

"The record of investments shows that for the first thirty-four years, the fund was entirely invested in high-grade fixed income obligations, but that beginning with their fiscal period 1935-1936, the fund was expanded to include both common and preferred stocks. In the table below is shown the increase in common stock holdings which has taken place during the last seven years."

Fiscal period	Bonds	Preferred stocks	Common stocks
1935-1936	92.5	3.3	4.2
1936-1937	86.6	3.6	9.8
1937-1938	85.1	3.7	11.2
1941-1942	65.7	7.0	27.3

### Dividends

Affiliated Fund, Inc.—A dividend of 3c payable July 15 to stock of record June 30, 1943.

## Canadian Consulate Opens In New York

Official opening of the new Canadian Consulate General in New York City, the first Canadian consular office to be established in any foreign country, was announced on June 1 by Hugh D. Scully, newly appointed Canadian Consul General in the United States. It was noted in the New York "Times" of June 2 that consular business hitherto handled at the British Consulate General must now be transacted at the new Canadian offices at 620 Fifth Avenue, where all consular activities pertaining to Canada will be conducted except those relating to shipping.

The area under the jurisdiction of the new Consulate General comprises New York State, Connecticut and Northern New Jersey. Outside this area, consular business pertaining to Canada will continue to be transacted at the British Consulates, Mr. Scully announced. He also said that officers of Canadian registered ships and members of the crew of any ship who are Canadians will continue to transact their business at the British Consulate shipping office, where a Canadian consular officer will be stationed.

In addition to Mr. Scully, who was formerly Canadian Commissioner of Customs, the consular staff includes: Douglas S. Cole, Senior Canadian Trade Commissioner in the United States, Consul; Miss K. Agnes McCloskey, formerly accountant in the Canadian Department of External Affairs, Consul; L. H. Ausman, Assistant Canadian Trade Commissioner in New York, Vice Consul; and Flight Lieutenant Paul E. Morin, D. F. M., Vice Consul.

Plans for the opening of this consulate were discussed in our issue of May 6, page 1691.

## Buy Twice As Many War Bonds To Avoid Compulsory Savings, Morgenthau Urges

Secretary Morgenthau announced on June 12 that the Third War Loan Drive will start on Sept. 9, and asked individual investors to contribute about twice as much the remainder of this year as the \$7,000,000,000 in bonds so far recorded, to avoid compulsory savings, unless the Government gets more from taxes, according to Associated Press advices from Kingston, N. Y., on June 12, which also said:

"It will aim at raising the largest amount of money from individuals that any drive has raised in the history of the world," he told a Hudson River Valley audience.

At the same time the Secretary said: "From now on we're planning and attacking and I fervently hope that we can continue to work out financing plans together and keep them on a voluntary basis."

Our goal for individuals in this September drive will be to get a substantial part of the necessary money," he continued. "In a subsequent drive, and during the four months in which there are no war-loan drives, we will aim to get the rest through pay-roll savings and other continuing sales.

"I don't believe this an impossible job for the American people. The incomes received by all of us will be so much greater than the sum total of all the things we can buy that money will be at hand to purchase the necessary bonds and still pay taxes, life insurance, mortgage obligations, doctors' bills and to make all the rest of the necessary expenditures."

Morgenthau spoke at a ceremony at which the Treasury flag was awarded the City of Kingston, near his Hudson Valley estate.

## Argentine Military Regime Assumes Rule

A military coup d'etat was staged in Argentina on June 4 overthrowing the isolationist government of President Ramon S. Castillo and his Cabinet and a new provisional government, headed by Gen. Pedro P. Ramirez, was installed on June 7.

Gen. Ramirez was co-leader with Gen. Arturo Rawson of the one-day revolution. In taking office on June 7 he declared that his country's policy would be one of friendship toward American peoples and of neutrality toward others. Argentina is the only South American nation maintaining diplomatic relations with the Axis.

Ramon Castillo surrendered the office of President to the military leaders on June 5, after a brief period of defiance aboard a warship. Following this action, Gen. Rawson became head of a military government but he resigned on June 7 when his efforts to form a Cabinet broke down. He handed over the provisional Presidency

to Gen. Ramirez. This new regime on June 8 ended martial law which had been declared June 4 after the military revolt.

Formal recognition of the new Argentine Government by the United States was announced in Washington on June 11 by Secretary of State Hull. The Secretary said the decision was one of the usual steps taken in such cases and in the nature of a routine affair.

The Associated Press reported on June 12 that a total of 29 nations have extended recognition to the new administration. Included among these were Great Britain, Germany and Italy.

## A Business Man's Philosophy

"Did it ever occur to you that a man's life is full of crosses and temptations? He comes into the world without his consent and goes out against his will, and the trip between is exceedingly rocky. The rule of contraries is one of the features of the trip. When he is little the big girls kiss him; when he is big the little girls kiss him. If he is poor he is a bad manager; if he is rich he is dishonest. If he needs credit he can't get it; if prosperous every one wants to do him a favor. If he is in politics, it is for graft; if he is out of politics, he is no good for his country. If he doesn't give to charity, he's a stingy cuss; if he does, it's for show. If he is actively religious, he is a hypocrite; if he takes no interest in religion, he is a hardened sinner. If he gives affection, he is a soft specimen; if he cares for no one, he is cold-blooded. If he dies young, there was a great future before him; if he lives to an old age, he missed his calling.

"But what's the use? So long as everybody knows that the leaders in business and financial circles consider reading each issue of The Commercial & Financial Chronicle, a weekly MUST affair, we will be satisfied. Life consists of one darn thing after another, sometimes two. If you save your money, you are a miser; if you spend it, you are a loafer; if you get it, you are a grafter; if you don't get it, you are a bum."

What a treat . . .

I'll save it for special occasions!

**SCHENLEY ROYAL RESERVE**



60% grain neutral spirits. Blended whiskey, 86 proof. Schenley Distillers Corporation, N. Y. C.

## "Our Reporter On Governments"

By S. F. PORTER

If you own a portion of the \$1,401,000,000 of 3¼% bonds, called for redemption October 15, this year, it might be a good idea to consider now doing your own refunding. . . . You know the bonds are to be paid off in cash. . . . You've some hopes, based on official indications and a guarded statement of Secretary Morgenthau to the effect that a new issue "may be offered" in advance, that you'll get an exchange offer and have an opportunity to make a quick turn thereon. . . . But you have the bonds now. . . . They're tax-exempts, you're looking forward to taxables. . . . And with the news on the refunding some weeks or months off, the premium on the 3¼s of 10/15/43—101.2 at this writing—looks mighty attractive. . . . By taking action on your own and picking out the bond you prefer in exchange for these, you've some control over your portfolio and a good chance for a profit by call date. . . . By waiting, you've also a chance for a profit on an exchange but you will have to take what is tendered at the time of the refunding. . . .

It seems to this observer, therefore, that over the next several weeks, the holder of the 3¼s may pick out a favored security and move into it in exactly the amount and manner desired. . . .

For instance. . . . Say you want and need tax-exemption but you don't dare move out into the long-terms. . . . Under those circumstances, you may sell the 3¼s now, freeze your premium, exchange the cash for the 3s of 1948/46 or the 2s of 1947 or the 2¼s of 1951/48 or the 2½s of 1952/50 or the 3s of 1955/51. . . .

Or say you need the tax-exemption and can afford to pick up a few longs. . . . Then you may buy the 2½s of 1960/55 or the 2¼ of 1965/60 or the 2¼s of 1963/58 or the 2¼s of 1959/56. . . . Cut your investment slightly if you prefer in the longs and use the reserve to amortize the premium. . . . Place less funds in the new issues bought on a general theory, if you wish, so that you have additional protection. . . .

But unless you've a definite conviction that the new bonds to be offered in exchange for the 3¼s—if any—are to be exactly what you desire, it may be a smart move to handle your own refunding far enough in advance to take advantage of any advance slated for the summer months. . . .

### PIECEMEAL ANNOUNCEMENTS

There has been a lot of undercurrent grumbling over the way Secretary Morgenthau is revealing the terms on the \$2,500,000,000 pending deal. . . . And a lot of unjustified grumbling too. . . . For all the Treasury is doing is returning to the system in vogue during the years prior to the multi-billion dollar war deals and keeping its secrets until the last minute. . . . A \$2,500,000,000 financing is small enough to permit a return to that policy. . . . It's a regular open market flotation without any of the problems connected with public offerings and therefore Morgenthau is not harming anything by keeping his own counsel. . . . If anything, he's adding interest and excitement to the coming offering. . . . And despite the complaints, the market shows no bad effects. . . .

The deal is coming June 28, on the last Monday in this month and on the deadline for the end of this fiscal year. . . .

Of the total \$2,500,000,000, about \$2,000,000,000 will be available for commercial bank subscriptions and the balance will be allotted to non-banking sources. . . .

Individuals probably will receive their allotments in full. . . . Percentage allotments may be the rule for insurance companies and corporations, etc.—although that's not a certainty as yet. . . .

As for the terms, we'll have them soon enough and the Treasury is entirely justified in remaining quiet about the exact issue until the last minute. . . . This is a market issue and the entire list easily might be influenced by the type of obligation to be offered. . . . There's no sense to letting out this information beforehand. . . .

We've no inside information on this but there's still a chance that the Treasury will choose notes instead of the intermediate bonds being talked about. . . . Nothing definite has been said about a 2% bond, although the implications of the announcements to date have been that the issue, limited to 10-year maturity, would be a bond and would carry a rate in the neighborhood of 2%. . . .

However. . . . The banks want a note. . . . They've had plenty of certificates of indebtedness, plenty of 2% bonds in recent months. . . . Any institution not properly invested in 8 to 10-year 2s at this time is not so because of choice rather than because of lack of opportunity. . . . And if Morgenthau wants to keep the list in balance, he well made decide to go back to the note market for a change. . . .

A 1947 note would be a perfect choice from the viewpoint of many institutions. . . . There aren't many 1947 maturities either. . . . There aren't many competitive issues on the board. . . . So from the Treasury's angle too, a note seems a logical decision. . . .

But under the piecemeal method of announcing deals, we'll know the exact data soon. . . . And we need have no doubt about the success of this offering. . . . There's enough cash around and the market is in fine enough shape to absorb a lot more than \$2,500,000,000 or even \$3,500,000,000 of intermediate securities. . . .

### INSIDE THE MARKET

This certainly is a big period for refundings. . . . The \$454,000,000 of 3½s and the \$629,000,000 of 1½s, the \$55,000,000 of Federal National Mortgage Association 1½s, the \$324,000,000 of RFC 1½s. . . . And then the \$1,401,000,000 of 3¼s of October. . . . The Government agency maturities come up on July 3 and July 15. . . . So the \$2,500,000,000 deal really just covers the summer and October maturities. . . . Of course, with a refunding offer indicated for the October 3¼s, the financing this month will yield a substantial amount of extra cash for the time being. . . .

Talk around that banks may oversubscribe their \$2,000,000,000 portion of the June issue to such an extent that 15 to 20% allotments will be likely. . . . An excellent tonic for the market, judging from past experience. . . .

Market for intermediate bonds has been easier but definitely not weak. . . . Prices marked down in precautionary moves by dealers rather than pushed down by selling. . . . Actual selling is small

## Republican Advisory Council Named To Plan Peacetime Program and Frame 1944 Platform

The appointment of a Republican post-war advisory council of 49 members to formulate "a realistic peacetime program for American progress" was announced on May 31 by Harrison Spangler, Chairman of the Republican National Committee.

The group, which will also serve as a committee for framing the 1944 party platform, consists of 24 Governors, five Senators, 12 Congressional Representatives and eight party officials. All prominent members of the Republican party are not included in the council but Mr. Spangler said that all Republican leaders will be consulted including former President Herbert Hoover and the last two Presidential candidates, Alfred M. Landon and Wendell L. Willkie—as well as leading spokesmen for agriculture, labor, industry and finance. Only seven of those on the council are not now holding elected positions, but they are connected with the National Committee or Congressional campaign organizations.

The council will soon hold its initial meeting in some central city to organize and lay plans for inquiry and action for next year. Mr. Spangler said the organization will set-up sub-committees to "study important segments of post-war economy." The council's recommendations will be submitted to the Republican National Committee prior to the next national convention.

According to Associated Press Washington advices Mr. Spangler said that the party must plan:

"1. For an abundance as against the New Deal philosophy of scarcity which is rapidly bringing us to a condition where our people will be hungry."

"2. Make it possible for 'business, big and little, to succeed and not to be ruined by irresponsible bureaucratic interference and arbitrary control.'

"3. Plan to 'restore to the States and to the people the powers which over the past 10 years have been usurped by the Executive in Washington.'

"4. Plan for a 'free and prosperous agriculture; labor conditions which will insure labor its just share and conditions which will permit industry to expand, grow, develop and to produce the things which will add to our standard of living.'

In outlining the work of the Council he also said:

"In our studies we must plan for an abundance as against the New Deal philosophy of scarcity which is rapidly bringing us to a condition where our people will be hungry. We must plan to create instead of destroy. We must make it possible for business, big and little, to succeed and not to be ruined by irresponsible bureaucratic interference and arbitrary control. We must plan to restore to the States and to the people the powers which over the past ten years have been usurped by the Executive in Washington. We must plan for a free and prosperous agriculture; labor conditions which will insure labor its just share and conditions which will

permit industry to expand, grow, develop and to produce the things which will add to our standard of living."

Mr. Spangler likewise said:

"Although the winning of the war is our first concern, the Republican party is intensely interested in the tremendous problems, both foreign and domestic, which will face us when victory comes. They will arise as an aftermath of the war, accentuated by our ten-year debacle under the reactionary New Deal. They will call for the wisest statesmanship and the best and most patriotic efforts of all our citizens.

"The problem of a lasting world peace must be met courageously and realistically. We must approach this in a spirit of friendly co-operation with the other nations of the world, keeping in mind the welfare of our own country.

"When this war is won we will be confronted with a debt burden created by wasteful spending before the war and by the war itself which will be truly appalling. The tax load will strain our capacities to the utmost. Our industrial plant, geared to a total war, will overnight be compelled to return to peacetime activities. Millions of men and women now employed in our war effort must be returned to profitable employment in private life. Ten million men and women in our armed forces must be provided with decent jobs when they come home. We will face an impoverished and demoralized world without trade or commerce.

"As we look ahead we are acutely aware that never before in all our history has a call come for a higher peace-time courage, a more unselfish peace-time devotion to duty or for more real statesmanship. We must build a better and happier nation and do our full share in building a peaceful and better world."

The membership of the study-group includes all of the Republican Governors. Others are:

Senators: Charles L. McNary, Senate minority leader, of Oregon; Arthur H. Vandenberg, Michigan; Albert W. Hawkes, New Jersey; Robert A. Taft, Ohio, and Warren R. Austin, Vermont.

Representatives: Joseph W. Martin, Jr., House minority leader, Massachusetts; Albert E. Carter, California; Everett M. Dirksen, Illinois; Charles Halleck, Indiana; Clifford R. Hope, Kansas; Edith Nourse Rogers, Massachusetts; Roy O. Woodruff, Michigan; August H. Andersen, Minnesota; Louis E. Miller, Missouri; Daniel A. Reed, New York; Francis P.

Bolton, Ohio; Carroll Reece, Tennessee.

Party officials:

Representative J. William Ditter, of Pennsylvania, Chairman, National Republican Congressional Committee; John G. Townsend, Jr., Chairman, National Republican Senatorial Committee, and the following members of the Republican National Committee: Clarence B. Kelland, Arizona; Henry Leonard, Colorado; Mrs. Bertha Bauer, Illinois; Mrs. Dudge C. Hay, Michigan; Dan Whetstone, Montana, and H. Alexander Smith, New Jersey.

## Ayres Sees Corporate Earnings Continue To Be High In Second Half

The prospect that the volume of war production will remain high during the coming six months, carrying with it the probability that corporate earnings will continue to be large even after taxes, is forecast by Brig. Gen. Leonard P. Ayres, Vice-President of the Cleveland Trust Co., in the bank's current bulletin released June 15.

The bulletin states, in part:

"As the first half of 1943 draws towards its close the business patterns of the second half can in some measure be foreseen. It is clear that the volumes of war production will continue to increase during the coming six months because our needs for initial equipment are still far from satisfied. Our labor force is already almost fully employed, and it is being steadily depleted by the drawing off of millions of men and tens of thousands of women who enter the armed forces.

"It is inevitable that as a result of these changes we shall experience month by month progressive shortages of manpower and womanpower in almost every sort of civilian occupation. The prospect that the volume of industrial production will remain at high and advancing levels carries with it the probability that corporate earnings will continue to be large even after taxes. This likelihood suggests in turn the improbability that there will be drastic or protracted declines in the security markets. We have now had a good deal of experience with the renegotiation of war contracts, and that procedure does not appear likely to impair too seriously the earning power of industrial concerns.

"As the volume of industrial production increases, and as the numerical strength of our armed forces steadily mounts, still greater traffic loads will be placed on our facilities for land transportation, and especially on our railroads. These demands for the carrying of ever-increasing numbers of passengers and volumes of freight may prove so great as to result in a condition of traffic saturation, and if that happens there will have to be instituted new systems of transportation rationing or priorities. A good many of our railroads are already uncomfortably close to the limits of their carrying capacities.

"We have every reason to expect that the levels of both wholesale and retail prices will continue to advance, but the increases will probably be at rates similar to those of the first half year, rather than becoming greatly accelerated. Probably our most threatening domestic prospect is that we shall have short crops because of unfavorable weather conditions. We have had six consecutive years of bountiful harvests, and those of 1942 were of record-breaking proportions. It is already clear that we are not going to be equally fortunate in 1943. Agriculturally, we are off to a bad start."

although there has been considerable profit-taking in the 2s these last ten days. . . .

Outlook for price level still rated excellent. . . . Few dealers anticipating anything but minor declines for months to come. . . .

The 1½s of 6/15/48, at 100.25 are considered a good buy by some. . . . On basis of maturity range and high interest coupon, considering ever-decreasing length of issue. . . .

If Morgenthau wished, he could sell a 2% bond of 1953 with success now. . . . One dealer thinks a 2 of 1953/51, which is within 10-year range and yet longer than previous 2s would be worth 10 to 14/32 right off. . . . A comfortable premium for a new issue, all right. . . .

Fact that 3¼s of October still are below the 101.4 level—at which they go on a no-yield basis—indicates market is not yet too confident of value of exchange privilege. . . . If big premium on that exchange were anticipated, the 3¼s should be selling above 101.4 and the price should be discounting the advantage of holding to get the new issue. . . .

Next nationwide public war loan may be held off until October, according to present indications. . . . Treasury will have cash from new issue, \$4,000,000,000-plus from tax collections, cash to be received from war bond sales and funds to be obtained from week-to-week bill issues to carry him through until that late date. . . .

## Death Benefits Paid By British Life Companies Again Showed Decline In 1942

Death benefits paid by British life insurance companies in 1942, the third full year of the war, decreased for the second consecutive year, the Institute of Life Insurance reports on the basis of tabulation of statements of companies doing 60% of the business. These show that, in spite of claim payments on war deaths in the armed services and among the civilian population, the 1942 total of death benefit payments was 7% less than in 1941, 9% less than in 1940 and only 3% greater than in 1939.

"Covering as it does three full years of war, the British experience is of special interest to Americans because it serves as a guide to the impact of war on life insurance," the Institute points out. Total payments of death benefits, policy maturities and surrender values during 1942 by these reporting British companies were 1% under the previous year, 9% under the 1940 total. They were 6% under the 1939 figure, the sharp reduction in surrender value payments more than offsetting the increase in death benefits since 1939. Payments of surrender values in 1942 were 22% smaller than in 1941, 52% under 1940 and 63% under 1939, reflecting the greatly increased number of families holding firmly to their life insurance programs and the strengthened condition of family finances.

The primary avenue of war aid by life insurance, the investing of reserve funds in Government bonds, was still further expanded by these British companies during the past year. At year-end, several of them had increased their Government bond holdings to more than 40% of total assets. "Maintenance of benefit payments and financing aid demonstrates two fundamental contributions of the life insurance business," the Institute report continued, "first, that the Institution offers a vital stabilizing force on the national war economy, and, second, that it carries on through wars as through other crises, without its fundamental strength and soundness being affected."

Total life insurance premium income of the reporting companies increased 5% last year, was 8% over 1940 and 9% over the 1939 total. Total reserve funds held for future use under policy contracts increased 4% during 1942. These funds have increased each year since 1939.

There was a continued drain on personnel during the past year; companies reporting indicated that from 30% to 40% of their pre-war personnel are now in war service.

war numbers will be multiplied many times. International transport operations cannot at this time be estimated. Much depends on the terms of the peace. My belief is that we should have international aerial transport by privately owned and operated concerns, not by governments.

3. **The Private Airplane.** The light plane has become highly efficient. The Stinson, now produced by us was one of the outstanding pre-war planes. We have facilities at four of our eleven divisions for production of light planes. We are also working on a helicopter. We must not become unduly optimistic about sales, however, as the automobile is still a necessity. Would-be airplane owners will buy automobiles first, airplanes second.

4. **Business Field.** The high speed personal airplane has been used for years by business executives. However, increased speed of airliners operating over more routes, may cut down this field, rather than causing it to expand. The use of cargo airplanes by large businesses also is problematical.

All aviation executives know that there will be a recession in the industry after the war, resulting from an adjustment from peak demand during the war emergency to peace time requirements. We are all preparing for this. Our promotional and educational campaigns will have great bearing on the extent of the recession.

However, much depends on national regulation under the Lea bill which, if it is passed, will amend and modify the present Civil Aeronautics Act most beneficially; an intelligent application of the principle of renegotiation allowing airframe companies to build up post-war reserves; the willingness of states to allow the Federal government to handle air transport as a national problem; labor conditions, and the manner in which air transport problems are handled at the peace table.

At the end of this war we will have plenty of pilots and mechanics to fly and service our airplanes. We will have extensive world-wide airways and bases, communications and meteorological systems; instrumentation will make us virtually independent of weather conditions. We will be designing and producing economically.

**Peoples Light & Power Has Attractive Possibilities**  
Peoples Light & Power Co. \$3 cumulative preferred stock offers an attractive situation for investment at current levels, according to an interesting circular being distributed by Doyle, O'Connor & Co., 135 South La Salle St., Chicago, Ill. Copies of this circular discussing the situation in some detail may be had from the firm upon request.

**Local Notes From Kentucky**  
The current issue of "Local Notes," prepared by the Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., contains a most interesting article on the Kentucky State Planning Board by Thomas Graham, and another by Marshall D. Ketchum, Associate Professor of Economics, University of Kentucky, entitled "The Relation of Investment Capital to Industrial Development." Copies may be had upon request from the Bankers Bond Co.

**Peacetime Problems Of The Aviation Industry**  
(Continued from first page)  
the part of the public that airplanes are of value only as instruments of destruction. It will be necessary for each manufacturer to go out and get his own business. There can be no sitting back.

1. **The Military.** It is my personal hope that post-war treaties will provide for the maintenance of an international aerial police force. This might well consist of 30,000 airplanes which would call for replacement at about 6,000 per year. There should be maintained, in addition to this international organization, the United States' own research, training and combat forces so that (a) the country will not be caught unprepared again and (b) we constantly will develop pilots, new types of planes and equipment.

2. **Commercial Transport.** This field consists of domestic and international operations. We entered the war with only 360 transports on the domestic airlines, which are now operating with about half that number. Indications from recent applications for domestic air routes are that pre-

## Helicopter Air Bus Service Planned

(Continued from page 2262)  
the application that they are engaged in highway motor coach operation from coast to coast and that they carry more than 120,000,000 passengers a year. They have terminal facilities and maintenance equipment that could readily be adapted to use by the type of aircraft being considered and, in addition, a national organization of personnel thoroughly experienced in transportation problems. Their agencies for the promotion of travel, for the sale of tickets and for the service of passengers number approximately 5,000.

Because of these facilities, the Greyhound Lines state that if the application is granted they can expect to provide air transportation for thousands of communities and millions of people now lacking this service at capital expenditures and operating costs incomparably less than would be necessary if undertaken by any other existing or newly established passenger carrier.

At present the organization is operating nearly 4,000 buses engaged in intercity highway transportation and their routes are over 63,000 miles of highways. These buses travel in excess of 830,000 miles a day. The firm's steady financial progress over the past decade was marked by a gross revenue of \$121,978,858 in 1942. More than 20,000 employees and ticket agents are engaged in its continental operations.

"Since the inauguration of the Air Bus Service depends upon the availability of equipment," said C. E. Wickman, Greyhound president, "in all probability this will be a postwar project. However, there is a possibility that several helicopters of the type we require may be made available for experimental use in the near future. If these aircraft can be obtained, authority is being sought to put them into service on routes between Detroit and Flint and intermediate points between Detroit, Cincinnati and Louisville."

## Post-War Prospects Of The Oil Industry

(Continued from page 2263)  
tirely to the lack of compensatory prices for its products. The risk and increased cost of the exploratory drilling which is necessary to produce adequate reserves has not been met by the prices which have been imposed by governmental mandate. No system of government subsidies can be devised which will serve the purpose and avert the shortage and the ultimate higher cost which could be avoided by the removal of the present inhibitions put upon the operation of natural laws through inadequate prices.

## Developments In Assoc. Gas & Elec. Reorganization

A summary of the latest developments in the reorganization of Associated Gas & Electric and an outline of the new plan filed with the SEC is contained in a memorandum just issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of this memorandum and other information on Associated Gas & Electric may be had upon request from G. A. Saxton & Co.

## Situations of Interest

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

## Real Estate Securities

MAYFAIR HOUSE HOTEL

### Current Increase In Gross Income Should More Than Overcome Heretofore Objectionable Feature Of Poor Earnings

The first mortgage bonds of this hotel are currently selling at a much higher yield than many similar bonds. Present yield obtainable is over 9%. The apparent reason for the low price of these bonds is past earnings. The annual statement for the fiscal year ended June 30, 1942, showed interest earned (before depreciation) \$2.50 per \$100 bond, compared with \$3.39 for the same period in 1941 and \$2.61 in 1940. Minimum fixed interest requirement is \$3.00.

Current earnings are considerably higher. As an example, gross income for the month of December, 1942, was \$7,438.66 in excess of December, 1941, and gross income for the month of January, 1943, was \$10,300 in excess of January, 1942. If this latter ratio can be maintained, it would mean a considerable annual increase in gross income. Usually, however, income during the Summer months is lower than that of the Winter months in most New York City hotels.

This remarkable increase in earnings, if continued, should materially aid the bondholders. While interest is fixed at 3% on these bonds, an additional 2% is payable each August 1 to bondholders, if earned. There is also a provision to pay the bondholders 25% of the net profit of the ownership corporation in addition to the above fixed and additional interest. A sinking fund to retire bonds is also provided for, which requires that 50% of the net earnings of the corporation, after the above interest requirements, shall be used to retire bonds by purchase in the open market or by tender.

The actual deficiency of net income for the fiscal year ended June 30, 1942, after payment of fixed interest of 3% was only \$13,888.07. However, one item charged to expense was amortization of heating equipment, amounting to \$4,117.40. The original cost of \$20,935.68 for this equipment has now been amortized down to \$3,474.64, so that after the current year this expense should be non-reoccurrent.

The bonds are secured by a first mortgage on land owned in fee located at the southwest corner of 65th Street and Park Avenue, New York City, fronting 75 feet on Park Avenue and 160 feet on 65th Street; improved with a 15-story apartment hotel. The plot contains approximately 15,588 square feet and the building 144 apartments (408 rentable rooms). Bonds outstanding are

\$2,574,500, compared with \$2,600,000. The property was assessed at \$1,985,000 in 1942. The hotel is considered among the most fashionable in New York.

The bonds were issued pursuant to a plan of reorganization under 77B on July 1, 1935. The bonds are due July 1, 1950. Interest requirements during the first five years after reorganization were different than current 3% rate. For the first two years it was 1% fixed and 4% non-cumulative; for the next three years it was 1% fixed, 2% cumulative and 2% if earned. A further requirement was that at least \$100 had to be paid as interest per \$1,000 bond during the first five years. The present interest rate began July 1, 1940, and has been paid promptly when due.



TRADING MARKETS IN  
**REAL ESTATE  
SECURITIES**

★ ★ ★  
**SHAKAN & CO.**

Members New York Stock Exchange  
40 EXCHANGE PL., N. Y. DIGBY 4-4950  
Bell Teletype NY 1-953

### Active Markets

**N. Y. Title & Mtge.** BK  
C2  
F1

Prudence Collaterals Series  
A-18

and all other

TITLE CO. CERTIFICATES & MTGS.

**SIEGEL & CO.**  
39 Broadway, N. Y. Dlgby 4-2370  
Bell System Teletype 1-1942

## Bond Club Of N. J. Elects New Officers

NEWARK, N. J.—At the annual meeting of the Bond Club of New Jersey the following officers were elected:

President, Ludlow Van Deventer of Van Deventer Brothers, Inc.; Vice President, Wilbert H. Campbell of Campbell & Co.; Secretary, James B. Kirk of Harris, Upham & Co.; Treasurer, J. William Roos of MacBride, Miller & Co.

Ten former presidents of the club and six charter members were among those attending the meeting. Twenty former members are now with the armed services.

## Chicago North Westerns Situation Of Interest

The Chicago North Western income 4 1/2% of 1939 "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.

## New York Title Series C-2

1st Mtge. Liquidating Cfts.

Ratio of Liquidations  
to December 31, 1942,  
80% of Asset Cost

MARKET: 37 1/2-38 1/2

Descriptive Circular  
sent upon request

**SELIGMAN  
LUBETKIN & CO.**  
Incorporated  
41 Broad St. New York  
HANover 2-2100

## DIVIDEND NOTICES

American Woolen  
COMPANY

INCORPORATED

225 FOURTH AVE., NEW YORK, N. Y.

At a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of \$2.00 a share on account of arrears was declared, payable July 10, 1943 to stockholders of record June 28, 1943. Transfer books will not close. Checks will be mailed.

F. S. CONNETT,  
Treasurer

June 16, 1943.

## A.C.F.

AMERICAN CAR AND FOUNDRY  
COMPANY30 CHURCH STREET  
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year ended April 30, 1943, a dividend of one and three-quarters per cent (1 3/4%) on the preferred capital stock of this Company, payable July 1, 1943 to the holders of record of said stock at the close of business June 25, 1943.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, President  
HOWARD C. WICK, Secretary

June 15, 1943

## DIVIDEND

ARMOUR AND COMPANY  
OF DELAWARE

On June 4, a quarterly dividend of one and three-fourths per cent (1 3/4%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable July 1, 1943, to stockholders of record on the books of the Company at the close of business on June 23, 1943.

E. L. LALUMIER, Secretary

THE GARLOCK  
PACKING COMPANY

June 15, 1943

COMMON DIVIDEND No. 268

At a regular meeting of the Board of Directors, held in Rochester, N. Y., this day, a dividend of 50¢ per share was declared on the common stock of the Company, payable June 30, 1943, to stockholders of record at the close of business June 19, 1943.

R. M. WAPLES, Secretary

LOEW'S INCORPORATED  
"THEATRES EVERYWHERE"

June 10, 1943

The Board of Directors on June 9, 1943 declared a dividend at the rate of 50¢ and 50¢ extra per share on the outstanding Common Stock of this Company, payable on the 30th day of June, 1943 to stockholders of record at the close of business on the 22nd day of June, 1943. Checks will be mailed.

DAVID BERNSTEIN,  
Vice President & Treasurer

## UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held June 10, 1943, declared a dividend for the second quarter of the year 1943 of 50¢ a share on the Common Stock of Underwood Elliott Fisher Company, payable June 30, 1943, to stockholders of record at the close of business June 21, 1943. Transfer books will not be closed.

C. S. DUNCAN, Treasurer

## UNITED FRUIT COMPANY

DIVIDEND NO. 176

A dividend of fifty cents per share on the capital stock of this Company has been declared payable July 15, 1943 to stockholders of record at the close of business June 24, 1943.

LIONEL W. UDELL, Treasurer.

## Western Union Telegraph Co.

DIVIDEND NO. 265

A dividend of 50 cents a share on the capital stock of this company has been declared, payable July 15, 1943, to stockholders of record at the close of business on June 18, 1943.

G. K. HUNTINGTON, Treasurer.

June 8, 1943.

## Nat'l Stamping Attractive

Mercier, McDowell & Dolphyn, Buhl Building, Detroit, Mich., members of the Detroit Stock Exchange, have late information on National Stamping Co. common, which they will be glad to supply on request.

'43 War Production Program Set At \$106 Billion  
WPB Report Cites Impact On Civilian Economy

The United States over-all war program set early this year amounted to \$106,000,000,000—80% more than the \$59,000,000,000 total for 1942, according to a statement made in a formal report on war production progress for 1942 and 1943 prospects made to President Roosevelt by Donald M. Nelson, Chairman of the War Production Board, and summarized June 12 in a report by the Office of War Information. The two figures cover the total war program—including munitions, construction, and non-munitions such as pay, subsistence and other items.

In his letter of transmittal to the President, Mr. Nelson said: "The record certainly makes it clear that the American industrial system can be justifiably proud of an astonishing display of economic muscle. "In the main, the productive achievement of the American war economy in 1942 met the requirements of our war strategy; and the prospects for 1943 are for a quantity and quality of production that will realize to the full the tremendous potential of American industry."

"We have met with some disappointments and have made some errors in achieving the results. The important point, in my judgment, is that an unprecedented and, on the whole, a balanced output was achieved. "Today, we are turning out nearly as much material for war, measured in dollar value, as we ever produced for our peacetime needs—and we have enough industrial power left over to keep civilian standards of living at a level higher than many of us dared hope for."

"This record could not have been achieved in so short a time had we not taken some short cuts, made some compromises, and assumed some risks. "I am personally confident that in the months ahead the productive record of American labor, management, agriculture and Government, working together, will fully meet the demands of the armed services in pressing home the attack on every front."

The report itself (secret, for security reasons) stresses the fact that "the task posed for the industrial system by the 1943 military production program is most formidable." Among difficulties are the continued tightness of many materials, increasing manpower problems, and, in general, the fuller impact of the production program on the civilian economy. The report also mentions the growing need to give thought to post-war considerations.

The OWI summary follows, in part:

## Review of 1942

The 1942 total war program of \$59,000,000,000 equalled three and a half times the 1941 figure of \$16,500,000,000 and almost twenty times the second half 1940 total of \$3,000,000,000. These figures are based for the most part on constant standard prices, which adequately reflect the actual differences in program figures.

During 1942 the sharpest monthly increase occurred in April—20% above March. March and June witnessed the next largest monthly increases, 16% each. The rate of increase tapered off sharply after the second quarter of 1942; in September and October the rate of increase was only 4 and 3%, respectively; in November 7% and in December 8%.

During 1942 munitions (weapons and all other military equipment) formed 55% of the total war program. Construction (publicly financed) formed 24% of the total, as contrasted with 21% in the last half of 1940 and 29% in 1941. The proportion of construction to the total reached a peak in the second half of 1942, and has been falling off sharply since that time as our war plants approached completion.

## Munitions in 1942

The output of munitions in 1942 was \$32,500,000,000, a dramatic increase over the \$8,400,000,000 recorded in 1941 and the \$1,800,000,000 in the second half of 1940. The principal components of the 1942 total were aircraft, ships, ground ordnance and miscellaneous (military automobiles, clothing, and other equipment).

The value of aircraft and related munitions increased from \$2,200,000,000 in 1941 and \$9,200,000,000 in 1942. A total of 47,694 airplanes was built during 1942 as contrasted with 19,403 during 1941. The attempt to fulfill the original 1942 program for military planes—the early objective called for 60,000—ran into difficulties. Shortages developed in machine tools and several critical parts and accessories. Some fabricated materials—types of aluminum products and alloy-steel forgings, for example, were bottlenecks, and there were some shortages of skilled workers.

The output of Navy, Army and merchant vessels, including naval ordnance and other naval equipment, increased at about the same rate as aircraft, the sharpest rise being in the production of merchant vessels. A total of 8,027,000 deadweight tons of merchant vessels of all types was built during 1942, as contrasted with 1,166,000 in 1941. Dry cargo ships (about 600 Liberty ships were delivered) comprised the great bulk of this total; about 1,000,000 deadweight tons of tankers were produced.

The 1942 figure for completion of new naval vessels, exclusive of conversions, was about 900,000 standard displacement tons, almost three times as much as was delivered during the preceding 18 months. Combat vessels constituted about a half of this tonnage, while landing craft (the output of which jumped sharply in the middle of the year) made up the largest segment of the balance.

The combined output of battleships, cruisers, destroyers and submarines surpassed that of any previous year in our history. . . .

## Actual vs. Scheduled 1942 Output

In addition to constant shifts of emphasis within the program, dictated by changing war needs, total objectives (in the field of munitions and war construction only) for 1942 were revised downwards during the year. Originally aggregating about \$68,000,000,000, they were lowered to \$51,000,000,000. For, impressive as the foregoing production record is, actual war production in most categories fell short of scheduled production throughout most of 1942, and increasingly so as the year advanced. For example, during the first quarter of the year actual production of two-engine medium bombers was 137 per cent. of the forecast for the first quarter made on January 1; the corresponding percentage for the second quarter was 95; for the third 84; and for the fourth 72. However, the actual production increased almost constantly. The same was true of many other items. There are several explanations for this:

1. The objectives were too high.  
2. As critical resources became scarcer, schedules were boosted in order to strengthen the claim of the competing services on such resources.

3. The co-ordination of the country's resources in an attempt to meet these schedules was insufficiently rigorous.

4. The schedules were not subjected to a centralized review and control. This decentralization ex-

isted not only among, but also within, agencies.

Had schedules been prepared realistically, it would have been obvious early in 1942 that the objectives were out of line with resources and the goals could have been brought down to the limits of feasibility, thereby requiring early in the year a complete review of the entire program. . . .

## Prospects for 1943

The military program for 1943, including pay, subsistence and other non-munitions, was set at \$106,000,000,000 as compared with \$59,000,000,000 for 1942. This 80% increase is not as great as the relative rise in the program from 1941 to 1942, which amounted to over 250%; but the absolute increase scheduled is greater—\$47,000,000,000 from 1942 to 1943 as compared with \$42,000,000,000 from 1941 to 1942—although the available supply of manpower and materials is tighter than it was at the beginning of last year. Furthermore, the rates of increase in the program had a natural tendency to decline during 1942 as total production went up. Everything clearly suggests that the task posed for the industrial system by the 1943 military production program is most formidable.

Munitions and Construction  
in 1943

Of the \$106,000,000,000 total, the munitions and construction portion of the 1943 program, as it stood at the beginning of the year, amounted to \$84,000,000,000, again an 80% increase over comparable 1942 output.

Of this, in turn, the volume of construction projected, while still fairly large—over \$11,000,000,000—forms a much smaller proportion of the total than in 1942; 13% as compared with 30%—an obvious reflection of the fact that the preparatory phases of the war production program—the tooling up for munitions output and the construction of bases, barracks, hospitals, etc., for the training and maintenance of armed forces—are already substantially completed.

The situation for munitions alone is quite different. Their programmed value for 1943, \$72,300,000,000, represents an increase of nearly 125% over output in 1942. And for significant and large categories of munitions the relative rise called for in 1943 over 1942 is much larger. . . .

## Materials in 1943

On the basis of programs envisaged in December, 1942, the needs of military production during 1943 calls for substantially greater quantities of almost all critical materials than in 1942. Direct military requirements for steel are up 31%. Aluminum, mainly for airplane manufacture, and nitrogen, for explosive production, are up over 100%. Phenol and toluene, also essential for the production of explosives, are likewise up over 100%. Magnesium is up considerably over 200%. . . .

On the basis of programs and expectations as formulated in December, 1942, the balance between supply and requirements for most critical materials should apparently improve somewhat during 1943 as increased supplies become available, but there are many uncertainties that may well affect hoped-for importation and production materials.

The scarcity of vital materials will remain a critical limiting factor on war production during 1943. The tightness of steel, copper and aluminum, especially, necessitates prompt and decisive shifts if we are to avoid cut-backs in projected programs, attain balanced output, keep stocks at a level adequate to insure continued production, and prevent impairment of essential supporting services. . . .

Impact on Civilian Consumption  
in 1943

In 1942 the economy barely maintained the level of civilian

consumption while absorbing a great increase in war production and a great drain of manpower to the armed forces. The present indication is that it cannot repeat its performance in 1943. The expansion of output to be absorbed is greater and the unused resources of the economy are now far smaller than they were at the beginning of 1942. Labor shortages in 1943 will cut into the volume of services that consumers can obtain.

Some forecasts have indicated that the supply of goods and services available to civilians in 1943 is likely to be between 10 and 15% lower than in 1942. In the fourth quarter of 1943 civilian supply, restricted by mounting military demands, may by some estimates, be as much as 20% below the level of the same quarter of 1942.

Indications at the beginning of 1943 were that consumption per capita would fall 23% between 1942 and the second half of 1943 for clothing and textile products; household fuels, 20%; furniture, 40%; transportation, 12%, and medical care, due to extensive plans for the induction of physicians and nurses into the Army, 7%.

Serious as are these declines, however, per capita consumption will in most areas remain at a level higher than in 1939. Consumers' durable goods and clothing consumption are the most significant exceptions. There are a few items, however, that will be scarce even by comparison with minimum requirements. One is household fuels; another is transportation both by private automobile and by common carrier. A third shortage, of high importance, is in medical care.

Unlike the United Kingdom, where standards of living have by now been pushed far below prewar levels, the United States has thus far enjoyed higher standards than before the war, and we shall only reach prewar levels during this year. It should be kept in mind, however, that there will be unavoidable inequalities in the reductions of various commodities and services among various population groups and areas—inequalities which will aggravate the burden on consumers. . . .

## The Civilian Economy

In the realm of our civilian economy, problems and policies may be summed up in several main points:

1. Eliminate civilian manufacturing and as much wholesaling as possible from critical labor shortage areas.
2. Increase productivity of retail trades and service industries, especially in localities where labor is short.
3. Curtail less essential goods and services and simplify and standardize the more essential.
4. Protect the consumers' minimum requirements in every important field.
5. Give the public a better understanding of the war production problem.

## To Form Farrell &amp; Co.

Farrell & Co., members of the New York Stock Exchange, will be formed as of today to engage in a securities business from offices at 52 Wall Street. Partners will be John J. Farrell, member of the New York Stock Exchange, and Thomas M. Farrell, general partners, and Marguerite M. Kimm, limited partner.

## Lockwood Peck To Admit

BALTIMORE, MD.—Edward B. Freeman will become a partner in Lockwood, Peck & Co., members of the New York and Baltimore Stock Exchanges, as of July 1. Mr. Freeman will make his headquarters at the firm's Baltimore office, Keyser Building.

**Royal Bank of Scotland**

Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh  
Branches throughout Scotland

LONDON OFFICES:  
3 Bishopsgate, E. C. 2  
8 West Smithfield, E. C. 1  
49 Charing Cross, S. W. 1  
Burlington Gardens, W. 1  
64 New Bond Street, W. 1

TOTAL ASSETS  
£98,263,226

Associated Banks:  
Williams Deacon's Bank, Ltd.  
Glyn Mills & Co.

**Australia and New Zealand**

**BANK OF NEW SOUTH WALES**  
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000  
Reserve Fund 6,150,000  
Reserve Liability of Prop. 8,780,000  
£23,710,000

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E.,  
General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:  
29 Threadneedle Street, E. C.  
47 Berkeley Square, W. 1  
Agency arrangements with Banks throughout the U. S. A.

**NATIONAL BANK of INDIA, LIMITED**

Bankers to the Government in Kenya Colony and Uganda

Head Office: 26, Bishopsgate, London, E. C.

Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital £4,000,000  
Paid-Up Capital £2,000,000  
Reserve Fund £2,200,000

The Bank conducts every description of banking and exchange business

Trusteeships and Executorships also undertaken

**NATIONAL BANK of EGYPT**

Head Office Cairo  
Commercial Register No. 1 Catra

FULLY PAID CAPITAL £3,000,000  
RESERVE FUND £3,000,000

LONDON AGENCY  
6 and 7 King William Street, E. C.

Branches in all the principal Towns in EGYPT and the SUDAN

**Atlas Plywood Interesting**

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock and Curb Exchanges, have issued a printed letter and chart on Atlas Plywood Corp., the country's largest manufacturer of plywood packing cases. Copies of this interesting circular may be had upon request from Van Alstyne, Noel & Co.

**Seaboard Report Soon Ready**

A special report on the significance of Special Master Taylor's plan for Seaboard Air Line is now being prepared by L. H. Rothchild & Co., 120 Broadway, New York City, and will be ready for distribution next week. Copies may be had upon request from L. H. Rothchild & Co.

**Cgo. Stock Exchange Standing Committees**

At the annual organization meeting of the Board of Governors of the Chicago Stock Exchange held on June 9, Harry M. Payne, Chairman of the Board, appointed the following standing committees to serve for the ensuing year, which were confirmed by the Board:

Executive: Homer P. Hargrave, Chairman; F. Fletcher Garlock, Vice Chairman; Charles R. Perigo; Reuben Thorson; Alfred E. Turner.

Admissions: Ralph Chapman, Chairman; George E. Barnes, Vice Chairman; John W. Billings; Joseph E. Dempsey; John C. Stewart.

Finance: James A. Cathcart, Chairman; John C. Stewart, Vice Chairman; Clarence J. Bridgen; Elmer A. Kurzka; Barrett Wendell.

Floor Procedure: Lyman Barr, Chairman; Joseph P. Brown, Vice Chairman; John R. Burdick, Jr.; August I. Jablonski; Sampson Rogers, Jr.; Frederick J. Stannard; Edwin T. Wood.

Judiciary: D. Dean McCormick, Chairman; Roy E. Bard, Vice Chairman; John J. Bryant, Jr.; Walter J. Buhler; Morton D. Cahn.

New Business and Public Relations: Joseph E. Dempsey, Chairman; Emmet G. Barker, Vice Chairman; Elmer A. Kurzka; Frank E. McDonald; Harry E. Newman.

Mr. Payne also announced the reappointment of the four present Advisors: Messrs. Sheldon Clark, Charles Y. Freeman, Edward B. Hall and Bentley G. McCloud.

Kenneth L. Smith was reelected President for his fifth consecutive term, Lt. Sidney L. Parry, on leave of absence, serving with the United States Naval Reserve and Raymond M. Day were reappointed Vice-Presidents, Walter R. Hawes was renamed Treasurer, Carl E. Ogren, Secretary, Martin E. Nelson, Treasurer Emeritus, and Loretta Kemp, Assistant Treasurer.

Jess Halsted, of Scott, MacLeish & Falk, was reappointed Counsel.

Mr. Hargrave, the new Chairman of the Executive Committee, is a native of Indiana and graduated from both Central Normal College in Danville and Indiana University in Bloomington. With the exception of a short period of employment with William H. Colvin & Co., he has been associated with the firm of Merrill Lynch, Pierce, Fenner & Beane and their predecessors for his entire business career on LaSalle Street. He is now a resident partner of the firm.

The election of Mr. Payne as Chairman of the Board was noted in these columns of June 10, page 2167.

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**Timothy Grace Joins F. J. Brophy & Co.**

CHICAGO, ILL. — Timothy J. Grace has become associated with F. J. Brophy & Company, 231 South La Salle Street, dealers in municipal bonds. Mr. Grace recently was with A. C. Allyn & Company. Prior thereto he was Vice-President of A. S. Huyck & Co. in charge of the Municipal Buying Department.

**"St. Paul's" vs. "MOPS"**

A most interesting comparative study of the relative merits of "St. Paul's" 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.

**Philadelphia Bank Stocks**  
Central-Penn National Bank  
Fidelity-Phila. Trust Co.  
Girard Trust Co.  
Penna. Co. for Ins. on Lives etc.  
Philadelphia National Bank  
Phila. Transportation Co.  
3-6s 2039, Pfd. & Common

**H. N. NASH & CO.**  
1421 Chestnut Street, Philadelphia  
Phila. Phone 1902  
Locust 1477

New York Phone  
Hanover 2-2280  
Teletype PH 257

**Floyd D. Cerf Co. Offers York Corrugating Com.**

CHICAGO — Floyd D. Cerf, Chicago made a public offering June 15 at \$6.50 per share of 50,000 shares of \$1 par common stock of the York Corrugating Co., York, Pa., a leading manufacturer of metal products established in 1902. A nation-wide group of investment dealers is participating in the financing which largely results from the sale of the stock from an estate.

About 95% of the company's manufacturing facilities are now devoted to war production although the items being produced are substantially the same as manufactured in peace time for practically the same customers. Some of the items being manufactured are engine hoods, cab doors, fenders for army trucks, machine gun tracks for armored trucks, ammunition boxes, field ovens and gun carriages for Army and Navy ordnance.

The company in normal times manufactures a variety of metal products for the automotive, building and air conditioning industries. Among its several thousand customers, are General Motors, Mack Truck, and York Ice Machinery Co.

Company's capitalization consists solely of 300,000 shares of common stock of which 190,906 shares are outstanding. The common stock paid dividends in the past three years at the rate of 60c annually. Company's net sales for the year ended Dec. 31, 1942 were \$3,510,858. After Federal income and excess profits taxes of \$495,361, net profits were \$197,121. On Dec. 31 last, current assets stood at \$1,597,536 as against current liabilities of \$667,678. Cash and government bonds amounted to \$733,567 which was more than all liabilities including reserves for taxes.

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**N. Y. Analysts To Meet**

The New York Society of Security Analysts, Inc. will be addressed at their regular luncheon meeting on June 18 by B. B. Adams of Adams & Peck on the implications of recent leased line developments in Delaware, Lackawanna & Western.

The Bonds and Investments Group forum scheduled for June 21 will be omitted.

On June 23, Robert H. O'Brien of the Securities and Exchange Commission will address the Society's general meeting.

All meetings will be held at 56 Broad Street, at 12:30 p. m.

**F. H. Peper To Manage Ingalls-Snyder Dept.**

Franklyn H. Peper, formerly of the firm of F. H. Peper & Co., has joined the New York Stock Exchange firm of Ingalls & Snyder, 100 Broadway, New York City, as manager of their customers investment department. Mr. Peper was previously associated with Ingalls & Snyder from 1925 to 1927.

**American Casualty of Reading Philadelphia Nat'l Insurance**

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Members New York Stock Exchange  
120 BROADWAY, NEW YORK CITY  
Telephone: Barclay 7-3500  
Bell Teletype—NY 1-1248-49  
L. A. Gibbs, Manager Trading Department

**Bank and Insurance Stocks This Week — Bank Stocks**

By E. A. VAN DEUSEN

The trend of bank earnings is up, and current dividends, in most cases, are being covered by quite general margins. Despite this there seems little likelihood of any increase in dividend payments, at least for the duration. One reason is that the banks are being urged by Washington to build up their capital funds because of the great expansion in deposits, and a second reason is that dividend increases are deemed politically unwise at this time. Mr. Leon Fraser, President of First National Bank of New York, at the bank's annual meeting in January, 1943, stated that "the bankers of America could make no greater mistake at this time than to increase dividend payments." Similarly, Mr. Sloan Colt, of Bankers Trust, in response to a question by a shareholder, said that the dividend policy of the bank had always been conservative and the object of the directors was to build up the capital assets of the bank as the deposits increased, and that therefore he did not believe they would restore the old and higher rate of dividend. At Guaranty Trust's annual meeting Mr. Conway, Chairman of the Board, expressed similar views in response to a stockholder's inquiry.

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dividend yields of leading bank stocks, while bearing in mind, also, that these dividend rates may probably be considered as secure. The following tabulation gives this data, and also the ratio of market to book value.

New York Banks—	Annual Dividend	Asked Price	Yield	Book Value	Market to Book Value
Bank of Manhattan	\$0.90	\$21	4.3%	\$24.38	0.86%
Bank of New York	14.00	368	3.8	350.63	1.05
Bankers Trust	1.40	48 3/4	2.9	46.48	1.05
Brooklyn Trust	4.00	81	4.9	174.47	0.46
Central Hanover	4.00	99 1/4	4.0	96.12	1.03
Chase National	1.40	38	3.7	37.77	1.13
Chemical Bank	1.80	47 1/2	3.8	40.40	1.18
Commercial National	8.00	201	4.0	236.87	0.85
Continental National	0.80	18	4.4	22.13	0.81
Corn Exchange	2.40	47	5.1	48.38	0.97
Empire Trust	3.00	66 1/2	4.5	90.91	0.73
First National	80.00	1,495	5.4	1,217.58	1.23
Guaranty Trust	12.00	299	4.0	314.94	0.95
Irving Trust	0.60	14 1/2	4.1	21.02	0.69
Manufacturers Trust	2.00	45 3/4	4.4	39.80	1.15
National City	1.00	35 1/2	2.8	33.22	1.07
New York Trust	3.50	87	4.0	84.57	1.03
Public National	1.50	33 1/2	4.5	46.82	0.72
United States Trust	70.00	1,275	5.5	1,505.83	0.85
Average			4.2%		0.94%

Other Banks—	Annual Dividend	Asked Price	Yield	Book Value	Market to Book Value
Boston					
First National	\$2.00	\$49 1/2	4.0%	\$42.62	1.16%
National Shawmut	1.00	24 1/2	4.1	38.78	0.63
Philadelphia					
Corn Exchange National	2.00	48	4.2	62.27	0.77
Fidelity-Philadelphia	8.00	176	4.5	299.01	0.59
Girard Trust	2.00	43	4.7	37.92	1.13
Penna. Co					

## Municipal News & Notes

Redemption on July 1, next, of \$10,890,000 of bonds, including a series of \$10,000,000 refunding 6s, will reduce the outstanding funded debt of the State of Tennessee to a figure of approximately \$96,000,000, the lowest level it has been in about 15 years. The July 1 debt payment will be the largest the State has made since enactment of the 1937 Debt Retirement Act and will result in a reduction in interest charges of \$637,812, it was stated recently by W. M. Duncan, State Budget Director.

The forthcoming debt payments will be made out of the sinking fund, leaving a reserve of approximately \$11,500,000 for retirement of bonds and interest payments due in the forthcoming fiscal year, it was said. Bonded debt service in the 1944-1945 fiscal year includes \$7,280,000 interest charges, of which about \$7,000,000 is payable June 1, 1944, according to report.

It is also reported that the State Funding Board will discontinue the policy followed in the past 15 months of diverting virtually all gasoline tax revenues into the sinking fund in order to build up a cushion to meet debt service requirements in the present and next two fiscal years. This practice was adopted on the assumption that gasoline tax revenues would, because of rationing, etc., decline from 30 to 50% below previous levels.

However, the anticipated shrinkage has failed to materialize, and Budget Director Duncan is reported to have stated on June 10 that it was possible that the State could now "ease off" on the gasoline tax diversions and still be able to meet all of its bonded debt obligations of the next two fiscal years. The revenues not diverted will be placed in the highway construction fund.

### Local Financial Management Held Unimproved

Although the State Government itself, on the basis of the foregoing report, is being operated along sound lines, this does not seem to hold true with regard to its local subdivisions. Indeed, no less an authority than the Tennessee Taxpayers Association, in its seventh annual report on operation of local governments, just released, is reported to have pointed out that while the cities and counties in Tennessee showed a tendency in 1942 to hold down and pay off public debt, their financial management continued "on the same inefficient and wasteful level as in the past."

The Association, it was said, found "there was no general improvement in the vital function of management," and added, "until this fundamental weakness is corrected, permanent improvement in the financial position of local government in Tennessee is unlikely to be achieved."

The report showed the gross bonded debt of all local units of government was whittled a total of \$9,162,959, while the net debt was trimmed \$4,768,004.

"This improved situation," the report emphasized, "may be attributed largely to the better tax collections, which were enjoyed by practically all units of government as a result of the increased business activity caused by the war."

The Association found that defaults among local governments virtually ceased to exist in 1942, with only one small town being in default in its general obligations bonds, while seven were defaulting on bonds payable entirely from utility revenues.

The increased revenues, however, rather than more business-like management, permitted the cities and counties to square off

their bonded obligations and operate on a cash basis.

The report declared there was an accumulated "floating debt" totaling \$1,526,360 in 11 counties and eight cities in 1942, compared to a floating debt of \$10,353,561 in 1935-36, when the Association conducted its first survey of local government units.

The gross general obligation bonded debt of local government in Tennessee in 1941-1942 was placed at \$226,495,044, to which may be added a direct debt of the State Government of \$94,334,000, or a total local and State debt of \$320,829,044, the Association reported. But, it added, this is the lowest local and State debt Tennessee has witnessed in many years, and represents a reduction of \$27,106,268 from the high debt peak of 1938-39.

### Repudiates Puerto Rico Interest Tax Reports

Harold L. Ickes, Secretary of the Interior, repudiated on June 11 rumors to the effect that a portion of the interest due on Puerto Rican insular municipal bonds July 1, would be withheld by the Puerto Rican government and applied to the payment of an insular tax on it. Mr. Ickes, according to a Washington report, dated June 11, said that Gov. Rexford G. Tugwell of Puerto Rico had advised him that these rumors "are without foundation, and that the Insular Treasurer does not intend to withhold any part of the July interest."

### Los Angeles Awards \$22,775,000 Revenue Bonds

A nation-wide syndicate headed by the Mellon Securities Corp., Pittsburgh, Drexel & Co., Philadelphia, and Harris Hall & Co., Chicago, was successful bidder for the \$22,775,000 City of Los Angeles, Calif., Department of Water and Power electric plant refunding revenue bonds of 1943 offered June 15. The group paid a price of 100.013, a net interest cost of about 1.962%, for the bonds divided as follows: \$2,775,000 3½s, due June 1 from 1944 to 1950 inclusive; \$3,300,000 1½s, due 1951-1956; \$15,660,000 2s, due 1957-1975, and \$1,040,000 1½s, maturing in 1976. Two other syndicates competed for the loan, the second high bidder being an account headed by Harriman Ripley & Co., Inc., whose offer figured a net cost of 2.027%. Third tender was entered by Lehman Bros. and Associates and was based on a net interest cost of 2.141%.

### Minnesota Planning Municipal Airports

Minnesota, looking ahead to post-war transportation problems, has taken the lead in laying groundwork for development of a State system of municipal airports, the American Municipal Association said in reporting on legislation enacted by the recently adjourned State Legislature.

To prepare for postwar air transportation problems, the legislature:

Broadened the State aeronautics code by incorporating into it the comprehensive airport zoning provisions of the model zoning act prepared by the Civil Aeronautics Commission.

Set up a public corporation, known as the "Metropolitan Airport Commission," to develop airports for Minneapolis and St. Paul. The Legislature appropriated \$25,000 to enable the Commission to study existing airports in the Twin Cities and formulate plans for improvement of existing airports and construction of new airports. The Commission must report its findings to the Governor by next Dec. 31.

Included provisions in the Metropolitan Airport Act, which sets up the Airport Commission, extending provisions of the Act to cover the development and control of municipal airports in all parts of the State. The State will contribute \$1,000,000, raised from proceeds of taxes levied for the purpose over a 10-year period, for municipal airport development throughout the State.

Gave initial approval to a constitutional amendment, which will be submitted to the voters, authorizing the State to construct, improve, maintain and operate airports and to assist counties, towns, villages and public corporations in carrying on these airport activities. The State Legislature would be able, under the proposed amendment, to issue bonds to help carry out the program and to tax airplane fuels.

The legislation is indicative of the pattern which State and local airport development and control may follow after the war when airport systems may be as important to transportation as highway systems, the Association said.

The Twin Cities Commission is directed by the Legislature to take over operation and control of all airports owned by either city, and it may construct new airports "substantially equidistant" from the two city halls but within 25 miles of them. The corporation also may issue up to \$15,000,000 in bonds, with credit of the two cities pledged to their payment.

Significant in connection with the \$1,000,000 to be contributed by the State toward municipal airport development, the Association said, is that it may be spent on any public airport in the State. The money will be spent by the Governor, though he must act with advice and consent of a legislative advisory committee.

In spending the money, the Governor must take into consideration "the locations of airports owned by municipalities and their usefulness as part of the State, national or international system of air transportation; benefit of such airports to the people of the State as a whole as distinguished from purely local benefits; possibilities of their use in providing for State and national defense; use being made of them during the present war, and probability of future war use."

### Sees Heavy Backlog Of Municipal Financing

The opinion that a "very substantial amount" of security financing will be considered necessary and will be undertaken by States and municipalities in the post-war conversion period was expressed recently by the Municipal Securities Committee of the Investment Bankers Association of America.

The Committee, headed by H. Fred Hagemann, Jr., is undertaking a survey of the probable financing by States and the larger cities in the conversion period, in response to a request made by Jay N. Whipple, Association President. The Committee said it planned to contact or communicate with various State and municipal financial officials, and that at present it was gathering and reviewing other material on the subject.

"Some of the States have and others are presently studying their anticipated post-war problems, financially and otherwise," the Committee said. "Fifteen of them already have passed legislation in anticipation of their probable financial needs at that time. Many of the larger municipalities are also studying their likely post-war local financial requirements and are planning, at least tentatively, regarding them."

The report discussed the bill introduced in the House by Rep.

Lyle H. Boren for the purpose of amending the Securities and Exchange Act in such a way as to preclude the imposition of any regulation on tax exempt securities by the SEC. This bill was regarded by the committee as "a highly constructive piece of legislation and one that is needed to assure, insofar as the Securities Exchange Act is concerned, the independence of local governments in their financial affairs."

"The facilities of the states and their local governmental units for raising revenues by borrowing should not be interfered with," the report said.

### Free From SEC Control

"These units of our government should be permitted to arrange their own financial affairs and have the markets for their securities free from SEC regulatory direction or control."

The report reviewed efforts of the Treasury Department to submit the income derived from State and municipal bonds to federal income taxes. Referring to steps taken to submit outstanding as well as future issues to taxation, rejected by Congress, the report said: "Had Congress complied with the recommendation to impose the tax on outstanding bonds, it would have evidenced government leadership in repudiation. Such action would severely shake public confidence in the good faith of our government and its respect for assurances, pledges, and the sanctity of obligations."

### NSTA To Hold Annual Meeting In Chicago

(Continued from page 2263)

Much of the meeting will be taken up by discussions of the important business problems of the Association, and also of the various complex problems of the security industry as a whole.

The War Bond Committee at this meeting will announce in detail its program of assistance by the membership of the Association to the Treasury Department regarding the sale of war bonds. As usual, most interesting municipal and corporate forums will be held. Names of prominent speakers addressing these forums will be announced shortly.

The Committee of Arrangements in charge of the meeting consists of:

Edward H. Welch, Chairman, Sincere and Company; Leo H. Doyle, Doyle O'Connor and Company; Henri Pulver, Goodbody and Company; Lawrence Higgins, Hulburd, Warren & Chandler; Ralph Randall, Mason Moran and Company; Richard Simmons, Lee Higginson Corp.; Thomas Wakely, A. C. Allyn & Co., Inc.

The meeting will be closed as usual by the annual election of officers.

Mr. Brown also announced the Nominating Committee of the N. S. T. A. to submit to the membership for the National election. This Committee consists of:

Ralph G. Randall, Chairman, Mason, Moran & Co., Chicago; Firmin Fusz, Fusz-Schmelzle & Co., St. Louis; Edward W. Parsons, Wm. J. Mericka, Cleveland, O.; George V. Jackish, Harris Upham & Co., Minneapolis; Walter J. Connolly Co., Boston.

### N. Y. Title and Mtge. Cfts. 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.

## Form Group To Further Sound Finances For Mexican Business

Organization by leading Mexican and United States financiers and industrialists of Financiera Tecnica de Mexico, S. A. to promote sound financing of Mexican enterprise and to furnish technical and managerial services in the organization and operation of Mexican business has been announced. The company has been formed under a concession granted under the General Law of Banking Institutions and Auxiliary Organizations of Mexico, and has established offices at Venustiano Carranza 53, Despacho 11, Mexico, D. F.

Financiera Tecnica de Mexico, S. A., the announcement stated, is interested in assisting the direction along sound lines of Mexico's industrial development which has been greatly stimulated under the conditions of prosperity created by the war. Its facilities and experience will be available both for the expansion of existing businesses and for the establishment of new enterprises for which the need exists in Mexico today, or which will contribute to building a position for that country in the organization of post-war world trade commensurate with Mexico's natural resources.

While the concession under which the company will operate authorizes a role in finance comparable to that played by private bankers in the development of business in this country, chief emphasis, as contemplated by present plans, will be on providing technical and managerial counsel and services, with the financing function incidental to and integrated with these services.

Those interested in this new enterprise and serving as directors include Julio Lacaud and Carlos Trouyet, partners of J. Lacaud y Cia., investment bankers of Mexico City; Antonio Espinosa de los Monteros, Director General of Nacional Financiera, S. A., Mexico City; and George H. Houston and Hendrik R. Jolles, partners of the firm of Houston & Jolles, consultants in the financing and management of industry, New York City. Mr. Jolles is Managing Director of the company.

## J. P. Grimes Is With Kidder, Peabody & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—John P. Grimes has become associated with Kidder, Peabody & Co., 135 South La Salle Street. Mr. Grimes, who has been active in the investment business on La Salle Street for the past sixteen years, recently was with Goldman, Sachs & Co., Fred W. Fairman & Co., and Glorie, Forgan & Co.

## Cgo. Bank Women Elect.

CHICAGO, ILL.—Officers of the Association of Chicago Bank Women elected for the ensuing year at the annual meeting of the Association held recently are: President, Etheldred S. Taylor, Chicago Title and Trust Company; Vice President, Ann Lawless, Federal Reserve Bank; Secretary, Mary Alice Longland, Terminal National Bank; Treasurer, Marian W. Mills, First National Bank.

## Assoc. Elec. Interesting

Associated Electric 4½s and 5s offer an attractive situation for investors according to a memorandum issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this interesting memorandum may be obtained upon request from Peltason, Tenenbaum, Inc. upon request.

## President Signs Pay-As-You-Go Tax Bill; Withholding Rules Issued By Treasury

The White House announced on June 10 that President Roosevelt had signed on June 9 the Current Tax Payment Act of 1943, the so-called pay-as-you-go income tax collection system.

(TEXT OF THE NEW LAW APPEARS IN SECTION 2 OF TODAY'S ISSUE; SEE PAGE 2288.)

Under the measure, a new 20% withholding levy will go into effect starting July 1 for the majority of the nation's 44,000,000 taxpayers estimated to have taxable 1943 income. The withholding levy applies to wages and salaries and is affected by dependency deductions.

The new pay-as-you-go law grants a 75% to 100% abatement on either 1942 or 1943 taxes, whichever is lower. The 100% abatement applies only to those whose tax liability is \$50 or less. For those whose abatement year tax bill is between \$50 and \$66.67, a flat \$50 abatement is granted, and for those whose abatement year bill is over \$66.67, an abatement of 75% is granted.

The remaining 25% must be paid 1 1/2% next March 15 and 1 1/2% March 15, 1945.

The Treasury estimates that only 17,000,000 taxpayers will become fully current this year. The other 27,000,000 will not become fully current until 1945, when they have paid off the 25% portion of their abatement year tax liability that was not "forgiven."

A summary of the major provisions of the new law appeared in our issue of June 10, page 2181.

The Treasury Department on June 10 released its instructions to employers on how to operate under the 20% withholding tax. Accompanying these instructions was a plea by Secretary Morgenthau to help maintain regular sale of war bonds.

"With the beginning of withholding, some of your employees may be inclined to offset their apparent loss of income by reducing their regular subscription to war savings bonds," he said in a letter addressed to "the employers of the United States."

"It is vitally important that every effort be made to maintain or even increase the present rate of war bond purchases. I will appreciate anything you can do to help."

A summary of the employer's duties under the new law follows:

1. Beginning July 1, 1943, employers are required to deduct and withhold a tax upon the wages of their employees. This is a tax of 20% of the excess of each wage payment over the withholding exemption.

Instead of making an exact computation, employers may elect to withhold specified amounts shown in tables which approximate the 20%.

It is the joint responsibility of the employer and the employee to see that "employee's withholding exemption certificate" is made out by the employee and filed with the employer sufficiently in advance of July 1.

2. It will be the duty of employers who withheld more than \$100 during the month to pay the amounts withheld to a depository authorized by the Secretary of Treasury.

These payments are to be made within 10 days after the close of each calendar month.

Employers may get from any bank the name and address of authorized depositories.

3. Employers must make quarterly returns to their Collectors of Internal Revenue, showing the aggregate amount of taxes withheld during the quarter.

Returns must be made on or before the last day of the month following the close of each quarter.

Each return must be accompanied by the payment of the full amount of the tax. It will be the duty of employers who withheld more than \$100 during the month to make the

payment of the tax in the following form:

- (1) Depository receipts for the full amount of the tax withheld, or (2) depository receipts for the first two months of the quarterly period, together with a direct remittance for the amount withheld during the last month of the quarterly period.

4. With the final return for the calendar year, employers must send to the Collector a reconciliation of "quarterly returns," with "statements" to employees of taxes withheld. Forms are provided.

5. Employers must provide each employee annually with a "statement of income tax withheld on wages."

This form must be delivered to employees on or before Jan. 31 of the next year. For employment terminating during a calendar year specific instructions are given.

6. Employers may obtain all forms mentioned above from the Collector of Internal Revenue for their district.

7. Employers will discontinue the 5% Victory Tax withholding when the 20% withholding begins.

## WPB Group Assails WMC Steel Order

The Steel Industry Advisory Committee of the War Production Board, in a letter to H. G. Batchelor, a director of the WPB's Steel Division, signed by Walter S. Tower, President of the American Iron and Steel Institute, on June 3 declared that the War Manpower Commission's regulation requiring consultation with WMP regional directors and the unions on new employees and the 48-hour week "will have the effect of setting up a vast, unworkable bureaucracy which must inevitably interfere with steel production."

According to Associated Press dispatches from Washington, D. C., Mr. Tower's letter said:

"Specifically, the regulation requires steel companies to get the permission of regional directors of the War Manpower Commission in all cases of exemption from the 48-hour week or in the hiring of all new employees. These regional directors, it is assumed, would consult with the regular established management-labor advisory committees. However, the regulation requires they must consult in each specific case with the union which is the collective bargaining agency in the particular company involved.

"Consider what that means. In order to keep mills operating at current capacity levels the steel industry must hire about 20,000 new workers monthly to provide for the turnover, which is averaging about 4% monthly. This turnover is expected to increase sharply with greater inroads of the draft. Already the industry is having difficulty in finding the thousands of new workers it must have monthly. That difficulty will be multiplied if, indeed, the task is not made impossible by the delays and restrictions that will result from the War Manpower Commission's instructions.

"In fact, it is the committee's considered opinion that this regulation will have the effect of setting up a vast, unworkable bu-

reaucocracy which must inevitably seriously interfere with steel production. Its operation is bound to result in confusion, delays and failures in operating schedules to the point that the industry's war effort will be imperiled."

Paul V. McNutt, WMP Chairman, on June 7 challenged the steel industry to show why his instructions to regional WMC directors to consult with labor unions before deciding on exemptions from the 48-hour week ordered in steel would slow up output.

The order of Mr. McNutt, placing the steel industry on a 48-hour work week, was referred to in last week's "Chronicle," page 2086.

## FDR Favors Rise In Social Security Tax

President Roosevelt reiterated on June 5 his recommendation that contributions to the Social Security System be increased as a means of combating inflation. In signing a local bill amending the District of Columbia Compensation Act, the President noted that the measure provided for "an untimely reduction in the rate of contribution for the great majority of employees in the District," although it contained what he called "other desirable improvements."

In Associated Press Washington advices, his further remarks were indicated as follows:

"This period of inflationary pressure is not a time to reduce taxes. This is a time to reduce expenditures, pay off debts and build up reserves.

"I have repeatedly called attention to the Congress and country to the desirability of increasing contributions in all branches of the Social Security System as a means of absorbing excess purchasing power now and providing a fund from which payments can be made in case of need at a later time.

"Although approving this local law, I adhere to my earlier recommendations for national policy."

The existing 5% levy for Social Security will rise automatically to 7% Jan. 1 under the Social Security Act unless Congress intervenes.

An increase was scheduled for the current year, but a Congressional group which included Senator Vandenberg (Rep., Mich.), sponsored and put through legislation which froze contributions of employees and employers at the previous 1% levy for each. The remaining 3% of the total 5% figure involves unemployment insurance.

The President's opposition last year to Congress freezing the Social Security taxes at 1% for 1943 was noted in these columns Oct. 22, 1942, page 1448.

## To Discuss Wartime Radio Advertising

Panel discussions on "What FCC Regulations Mean to Advertisers," and "The Wartime Radio Audience" will high-light the meeting on radio scheduled for the morning of June 30, at the War-time Conference of the Advertising Federation of America at the Waldorf-Astoria in New York.

Lewis H. Avery, head of department of Broadcast Advertising, National Association of Broadcasters, Washington, will preside at this session which is sponsored by his organization.

A new feature of the Federation's meeting this year will be the exhibit on war-time advertising which will present panels by some sixty national firms, showing selected examples of their current advertising. Supplementary exhibits are being prepared by the Office of War Information and the War Advertising Council.

## Churchill Predicts 'Amphibious Operations' On Large Scale Soon Will Be Undertaken

### Tells Commons Aerial Bombings And Other Means Will Be Used To Destroy Enemy

Prime Minister Churchill told the House of Commons on June 8 that the Allies have determined upon "amphibious operations of a peculiar complexity" adding that "hazards on a large scale are approaching."

In his first war review since his Washington and North African conferences, Mr. Churchill said that the "mellow light of victory" had begun to play on the Allies:

and that "operations now impending in the European theater of war have been fitted into their proper place in relation to the general war." He said he could give no guarantee "any more than I have in the past as to what will happen" but described Allied prospects as "brighter and solid."

In Associated Press accounts from London, the following was reported:

About the Allied air offensive, which many term the actual first phase of the invasion, Churchill said:

"So far as the British Government and the Dominion Governments and also the Governments of the United States and the Russian Soviet Republics are concerned, nothing will turn us from our endeavor and intention to accomplish the complete destruction of our foes by bombing from the air, in addition to all other means. The steady wearing down of the German and Japanese air forces is proceeding remorselessly."

He disclosed that a "very long range air power—V. L. R. as it is called"—was in effective operation against submarines and that the first week of June "is the best ever" in U-boat kills. May was the best month of the war in the battle at sea, he said, and this may be a "fateful milestone" toward Axis defeat since the Axis was banking heavily on the U-boat.

He said the prisoners captured in Tunisia totaled 248,000—24,000 more than any previous estimate. He said 50,000 Axis troops had been killed, making total enemy casualties in Tunisia about 300,000. Tunisia and Stalingrad were the greatest military disasters that ever have befallen Germany, he said.

"The suddenness of the collapse of these great numbers of brave and skillful fighting men with every form of excellent equipment must be regarded as significant and in a sense characteristic of the German psychology generally after Jena and after the last war," he declared. "But no undue expectations should be placed on it. We prepared to win this war by hard fighting and, if necessary, by hard fighting alone."

Napoleon defeated the Prussians at Jena Oct. 14, 1806.

Other points made by Mr. Churchill to the cheering Commons in his first long review since February 11 were these:

1. "Taking some of the weight off Russia and giving more speedy and effective aid to China . . . are never absent for one moment from our thoughts and aims." He expressed regrets that no recent conference had yet been arranged with Marshal Stalin.

2. "The might of America is deployed far over the Pacific and is laying an ever stronger grip on the outlying defenses of Japan and offering every moment to the Japanese fleet the supreme challenge of sea power."

3. That no pressure was exerted to bring the French together.

4. That Allied troops and commanders were eager for "the most intense and violent" attack on the Axis.

5. That the American Second Corps in Tunisia captured 33,000 Germans and 4,000 Italians. British First Army casualties were 23,500 and the Eighth Army casualties since crossing from Tripolitania were 11,500. Only 683 enemy troops escaped, mostly by air.

Mr. Churchill referred in his speech to "the intimacy and strength of ties now uniting the British and the United States Governments and the British and American peoples," and in part added:

"All sorts of divergencies, all sorts of differences of outlook, all sorts of awkward little jars necessarily occur as we roll ponderously forward together along the rough and broken road of war, but none of these makes the slightest difference to our growing concert and unity, and there are none of them that cannot be settled face to face by heart to heart talks and patient argument.

"My own relations with the illustrious President of the United States have become in these years of war those of a personal friendship and regard, and nothing will ever happen to separate us in the comradeship and partnership of thought and action while we remain responsible for the conduct of affairs. The reason why I have not to make a longer speech today is that I have already given to the joint sessions of the Congress of the United States the statement which I should have made to this House on the victories in Tunisia had I been in this country. That, I think, is the valid explanation.

"Certainly when I found myself walking into that august assembly, the free Congress of the most powerful community in the world, and when I gave them, exactly as I would do in this House, a business-like stocktaking survey of the war and of our joint interests, even touching upon controversial matters, or matters of domestic controversy over there, and when I thought of our common history and of the hopes that lie before us, I felt this was an age of memorable importance to mankind.

"For these can be no doubt that whatever world organization is brought into being after this war that organization must be richer and stronger if it is founded on the fraternal relations and the deep understanding prevailing and now growing between the British Commonwealth of Nations and the United States."

## Chicago S. E. Cuts Operating Loss

The Chicago Stock Exchange had an operating loss of \$66,746 for the fiscal year ended April 30, 1943, compared with a loss of \$86,702 in the previous fiscal year, it was announced on May 30 by Kenneth L. Smith, President of the Exchange. The net worth of the Exchange's general fund as of April 30 amounted to \$1,347,116, represented almost entirely by cash and United States Government securities. The decrease during the year, Mr. Smith explained, amounted to \$61,081, compared to a decrease of \$86,734 during the preceding year. Operating expenses for the year decreased to \$152,341 from \$181,471 in the previous fiscal year. These expenses were the lowest since the Exchange occupied smaller quarters in the Rookery Building, Mr. Smith said, adding that this is in line with decreased volume to a new low for the last 22 years.

# Calendar of New Security Flotations

## OFFERINGS

### DURIRON COMPANY, INC.

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

Address—450 North Findlay St., Dayton, O.  
Business—Produces equipment and castings used in manufacturing, conveying, controlling and otherwise handling corrosive liquids and gases.

Offering—Price to public will be supplied by amendment.

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

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

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

Offered June 16, 1943 at \$12 per share by Lee Higginson Corp., Hornblower & Weeks and Graham, Parsons & Co.

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

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

**Offerings will rarely be made before the day following.**

## MONDAY, JUNE 28

### GENERAL ELECTRIC CONTRIBUTORY PENSION TRUST

General Electric Contributory Pension Trust has filed a registration statement representing interests of employee participants in pension trust. Amount of offering is given as \$250,000 (estimated amount of employee contributions prior to Aug. 1, 1944).

Address—No. 1 River Road, Schenectady, N. Y.

Business—Pension fund.

Underwriting—No underwriters.

Offering—Date of proposed public offering June 30, 1943.

Purpose—On Dec. 6, 1935, the president of General Electric Co. announced a pension plan, later designated General Electric Contributory Pension Plan, for employees engaged on and after Jan. 1, 1936, whose salaries are in excess of \$3,000 per year. The trustees originally registered with the SEC interests of employee participants in an aggregate amount of \$100,000, and this month they registered an additional amount of \$250,000, which they estimate to be sufficient to provide for employee participations up to but not including Aug. 1, 1944.

Registration Statement No. 2-5148. Form A-1. (6-9-43).

## TUESDAY, JUNE 29

### THE INVESTMENT COMPANY OF AMERICA

The Investment Company of America has filed a registration statement for 222,062 shares of common stock, par \$1 per share, of which 157,292 shares are by the issuer and 64,770 shares by Pacific Southern Investors, Inc.

Address—One Exchange Place, Jersey City, N. J. and 100 West Tenth Street, Wilmington, Del.

Business—Investment trust.

Underwriting—Investment Company Distributors, Inc., is named distributor.

Offering—The offering price is net asset value per share plus a premium of 8% of the offering price.

Proceeds—Issuers part for investment.

Registration Statement No. 2-5150. Form S-5. (6-10-43).

### WEST DISINFECTING COMPANY

West Disinfecting Co. has filed a registration statement for \$1,000,000 3 3/4% first mortgage and collateral sinking fund bonds, dated June 1, 1943, due June 1, 1958.

Address—42-16 West Street, Long Island City, N. Y.

Business—One of the oldest organizations engaged in the manufacture and distribution of sanitation products.

Underwriting—Coffin & Burr, Inc., Boston, is named underwriter.

Offering—Price to the public to be named by amendment.

Proceeds—Company will use part of net proceeds from sale of bonds to pay and discharge the mortgages on its property in the aggregate principal amount of \$337,700 and premium of \$10,800 for prepayment, and the balance of net proceeds will be added to the general funds of the company. The company will pay off all its bank loans, in the amount of \$200,000, from its general funds prior to the issue of the bonds.

Registration Statement No. 2-5149. Form S-1. (6-10-43).

## WEDNESDAY, JUNE 30

### METALES DE LA VICTORIA, S. A.

Metales de la Victoria, S. A. has filed a registration statement for 1,000,000 common shares and production notes in the aggregate sum of \$500,000, lawful money of the United States of America.

Address—406 Valley National Building, Tucson, Ariz.

Business—Organized under the laws of

### YORK CORRUGATING CO.

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

Address—Adams Street and Western Maryland Railroad, York, Pa.  
Business—Normal manufacturing facilities are primarily designed for pressed, drawn and stamped metal products. About 95% of the company's manufacturing facilities are now devoted to war production.

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

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

Proceeds—To selling stockholders.

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

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

Offered by Floyd D. Cerf Co., Chicago, and associates June 15, at \$6.50 per share.

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).

### 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; Keillon, 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, Chantre, 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).

### BURTONITE CORPORATION

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

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

Business—Manufacture of face brick.

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

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

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

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

### CHICAGO, NORTH SHORE & MILWAUKEE RR. CO.

Committee for holders of equipment trust certificates of Chicago, North Shore & Milwaukee RR. has filed a registration statement for certificates of deposit.

Address—Of committee, 135 So. La Salle St., Chicago. Of corporation, 72 West Adams St., Chicago.

Business—Corporation owns and operates electric railroad connecting Evanston, Ill., with Milwaukee, Wis., with interconnection to Chicago and branch lines.

Offering—Date of proposed call for deposit, April 15, 1943. Type of issues to be called for deposit are the company's equipment trust certificates, series E, F and G.

Purpose—Committee intends to act for the protection of the holders of the equipment trust certificates in connection with the contemplated reorganization which will be consummated under the present Chapter 10 proceedings.

Registration Statement No. 2-5126. Form D-1. (4-12-43).

Registration statement withdrawn June 8, 1943.

### FLORIDA POWER & LIGHT CO.

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

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

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

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50

of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement.

Proceeds will be applied as follows: \$53,170,000 to redeem at 102 1/4, the \$62,000,000 of company's First Mortgage 5s of 1954; \$15,693,370 to redeem at \$110 per share, the 142,667 shares of company's 7% preferred stock, no par. Further details to be supplied by post-effective amendment.

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

Amendment filed May 28, 1943, to defer effective date.

### IQWA POWER & LIGHT CO.

Iowa Power & Light Co. has filed a registration statement for \$17,000,000 first mortgage bonds, 3 3/4% series due June 1, 1973.

Address—312 Sixth Avenue, Des Moines, Iowa.

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

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

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

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

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

Amendment filed May 31, 1943, to defer effective date.

### NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for \$382,500 5 1/2% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5 1/2% debenture in the face amount of \$100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

Registration effective 5:30 p.m. (EWT) on Feb. 25, 1943, as of 5:30 p.m. (EWT) Jan. 17, 1943.

Registration statement withdrawn, request filed June 11, 1943.

### PACIFIC MUTUAL LIFE INSURANCE CO. OF CALIFORNIA

A. C. Balch, F. E. Rand and Leslie Waggener as the Pacific Mutual Shareholders Protective Committee have filed a registration statement with the SEC for voting trust certificates for 508,200 shares of common stock, par \$1 per share, of Pacific Mutual Life Insurance Co. of California.

Address—Of issuer, 626 South Spring St., Los Angeles, Cal. Executive office, 523 West Sixth St., Los Angeles, Cal.

Business—Life insurance.

Purpose—The agreement places no limitation upon the powers of the committee to vote the shares held by it. However, one of the main objectives of the committee is to vote the securities held by them in connection with the said so-called plan and agreement of rehabilitation and reinsurance and mutualization affecting the Pacific Mutual Life Insurance Co. of California.

Registration Statement No. 2-5098. Form F-1. (2-19-43).

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

### PINEHURST, INC.

Pinehurst, Inc., has filed a registration statement with the SEC for \$250,000 first mortgage 5% bonds, due May 1, 1953.

Address—Pinehurst, N. C.

Business—Operation of a winter resort. Offering—Pinehurst, Inc., is offering to the holders of its 6% first mortgage gold bonds due May 1, 1943, the opportunity to exchange their bonds, plus accrued interest, for first mortgage 5% bonds now registered. Exchange basis is for a like principal amount of the bonds to be offered, with adjustment in cash for accrued interest. The plan will become operative when and if, prior to May 1, 1943, holders of substantially all of the bonds of the company due May 1, 1943, shall have filed agreements, but the company reserves the right in its discretion to declare the plan operative prior to May 1, 1943, upon receipt of agreements which it may deem acceptable to it. Company reserves the right to offer for sale for cash at not less than 100% of face amount, plus accrued interest, such portion of the bonds to be offered under registration statement as may not be accepted by the holders of the old bonds. At May 31, 1942, there were \$236,000 of old bonds outstanding.

Underwriting—Company has not entered into any agreement providing a first commitment for the purchase of the first mortgage 5% bonds. It will, however, enter into an agreement with Mackubin, Legg & Co., Baltimore, who may be underwriters whereby the underwriters who have aided in preparing the exchange offer and plan will use their best efforts in obtaining agreements of exchange, including the obtaining of services of other dealers, for which they will be compensated.

Proceeds—To redeem old 6% first mortgage bonds and for general funds.

Registration Statement No. 2-5079. Form A-2. (12-29-42)

Registration effective 12 noon EWT on April 3, 1943, as of 5:30 p. m. EWT on Jan. 17, 1943.

Registration statement withdrawn June 8, 1943.

### SECURITY INSURANCE 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.

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).

In an amendment to its registration statement filed June 11 the offering price of the 50,000 shares is given as \$30 per share, on the basis of one share of new stock for each four shares held on the record date.

Stockholders of record June 14 are given the right to subscribe for the stock. Rights expire June 29.

The underwriters and the amounts they have agreed to purchase are given as follows: Chas. W. Scranton & Co., New Haven, 8,150; Smith, Barney & Co., N. Y., 8,150; Putnam & Co., Hartford, 5,000; Day, Stoddard & Williams, Inc., New Haven, 4,000; Edward M. Bradley & Co., Inc., 2,500; Colley & Co., Hartford, 2,500; Estabrook & Co., Boston, 2,500; Huff, Geyer & Hecht, Inc., N. Y., 2,500; A. M. Kidder & Co., N. Y., 2,500; Mackubin, Legg & Co., Baltimore, 2,500; Paine, Webber, Jackson & Curtis, N. Y., 2,500; Brainard, Judd & Co., Hartford, 800; Robert C. Buell & Co., Hartford, 800; R. L. Day & Co., Boston, 800; Eddy Brothers & Co., Hartford, 800; Gaynor, Clemence & Co., Inc., Bridgeport, 800; Hinks Bros. & Co., Inc., Bridgeport, 800; Robert S. Morris & Co., Inc., Hartford, 800; Henry C. Robinson & Co., Inc., Hartford, 800, and Whaples, Vliering & Co., Hartford, 800.

### SIXTY SEVEN HOLDING COMPANY

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

Address—Bankers Securities Building, Philadelphia, Pa.

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

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

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

Amendment filed June 7, 1943 to defer effective date.

### STOVALL PROPERTIES, INC.

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

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

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

Purpose—In addition to the \$956,500 Class B 5% mortgage bonds there are outstanding \$8,125 Class A 6% first mortgage

Mexico on Oct. 23, 1942, for the purpose of engaging in the business of acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Underwriting—Offering will be made direct to the public by the company, and to brokers and dealers for their own accounts or as selling agents of the company.

Offering—Offering consists of 50,000 units, a unit consisting of a production note in the face amount of \$10 and 20 shares of common stock, price per unit \$10, lawful money of the United States of America.

Proceeds—For development, purchase of equipment, etc.

Registration Statement No. 2-5151. Form S-3 (6-11-43).

## THURSDAY, JULY 1

### PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. has filed a registration statement for \$10,000,000 ten year 2 3/4% debentures, due June 15, 1953. Indenture provides for a sinking fund payable on June 15, 1948, and on each June 15 thereafter to and including June 15, 1952, sufficient to retire annually \$1,000,000 principal amount of debentures.

Address—1221 Baltimore Avenue, Kansas City, Mo.

Business—Company is engaged in the production, purchase, transmission and sale of natural gas, the major part of which is sold to gas distribution companies for resale. Missouri-Kansas Pipe Line Co. owns 65.8% and Phillips Petroleum Co. owns 25% of voting power of securities of Panhandle Eastern.

Underwriting—Principal underwriters named are Glore, Forgan & Co., Kidder, Peabody & Co. and First Boston Corp., all of New York. Other underwriters will be named by amendment.

Offering—Price to public will be supplied by amendment.

Proceeds—Company intends to use the net proceeds for payment of, or reimbursement for, a part of the cost of its 1943 construction program, the entire cost of which is presently estimated at approximately \$11,500,000. Company says consumption of natural gas has increased with the expansion of industrial production in the war emergency.

Registration Statement No. 2-5152. Form A-2. (6-12-43).

## 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.

### ALL AMERICAN AVIATION, INC.

All American Aviation, Inc., has filed a registration statement for 26,218 shares of convertible non-cumulative preferred stock, par

gold bonds. Both classes of bonds were dated Sept. 1, 1931, with maturity date Sept. 1, 1941.

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

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

Registration Statement No. 2-5083. Form D-1. (1-18-43).  
Amendment filed May 21, 1943, to defer effective date.

**UNION LIGHT, HEAT AND POWER COMPANY**

Union Light, Heat and Power Co. registered 25,000 shares \$100 par common stock  
Address—4th & Main St., Cincinnati Ohio

Business—Operating electric utility company  
Underwriter—Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at \$5.31 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at \$100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

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

Registration Statement No. 2-4379. Form A-2. (3-30-40)  
Amendment filed June 6, 1943, to defer effective date.

**UNITED GAS CORPORATION**

United Gas Corp. registered \$75,000,000 first mortgage and collateral trust 3 1/4% bonds due 1958

Address—2 Rector Street, New York City  
Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None  
Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem \$28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of \$25,925,000 to Electric Bond and Share; to repay \$2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., \$6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of \$9,502,490 on company's \$7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of \$75,000,000 of the company's first mortgage and collateral trust 3 1/4% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

Amendment filed May 29, 1943, to defer effective date.

**Parker Named Attorney Of State Banking Dept.**

Elliott V. Bell, New York State Superintendent of Banks, announced on June 11 the appointment of Robert Humphrey Parker as Principal Attorney of the Banking Department. Mr. Parker was formerly an associate of Shearman & Sterling, 55 Wall Street, New York City. John Frank Wood, Deputy Superintendent and Counsel, is head of the Department's Legal Division.

Mr. Parker was born in Oklahoma City, Oklahoma, and was graduated from the University of Oklahoma with an A. B. degree in 1934. He was graduated from Columbia University School of Law in 1938.

As principal attorney of the Banking Department, Mr. Parker succeeds James T. McDonald, who resigned on April 15, to take a position with Davis, Polk, Wardell, Sunderland & Kiendl.

**Challenge Of Post-War Deficit Financing Discussed By First National Bank Of Boston**  
**Manner In Which Monetary Problem Is Settled May Shape Course Of Generations To Come**

The belief that the expected \$300,000,000,000 Federal debt at the end of the war can be carried provided "favorable conditions prevail for business expansion, sound economic and financial policies are followed, and the people are determined to take a firm and uncompromising stand in meeting the crucial issues involved in the financing of Government expenditures," is expressed by the First National Bank of Boston.

In its current New England Letter, the bank says that serious thought should be given now to Government fiscal policies we adopt "since the manner in which the monetary problem is settled may well shape the course of events for decades and perhaps generations to come."

The bank's review further says: "A new school of thought has sprung up in this country which holds the view that we need not worry about the debt since we owe it to one another, and that interest charges on public obligations are no burden on the economy because they represent merely the transfer of purchasing power from one group to another."

"The statement that there need be no concern over the debt, since it is internally held, is not a realistic approach as we are not a collectivist society, although the adoption of the proposed philosophy would be likely to lead us in that direction. As our economy is now constituted, each individual maintains a separate accounting system of income and outgo, and must meet his own obligations. This fact is now being brought home to every taxpayer in the land. As he is compelled to make a drastic overhauling of his family budget in order to pay taxes, subscribe to War Savings Bonds, and meet the rising cost of living, it will be of little comfort to be told that his outlay for taxes constitutes no loss of purchasing power for the nation as a whole."

"During the last depression there were wholesale defaults on farm mortgages. Many thousands lost their farms because they were unable to meet taxes and mortgage payments, while creditors also lost heavily by foreclosures. There certainly was a loss in national purchasing power even though one group was under obligation to pay other groups within the country. The facts are that, when there is undue strain on one segment of the population, the entire economy is affected and no fancy wording will change or make it otherwise."

"Suppose it were arranged that each taxpayer would receive interest from Government bonds equal to the amount of taxes he paid. Even then it would not be merely a transfer of money from one pocket to another, and therefore of no economic significance. This can be made clear by taking the case of a person whose taxes amount to say \$2,000. This would call for an investment in Government bonds of \$80,000, on the basis of 2 1/2% interest payment. Now if his taxes were only half as much, he would have \$1,000 to spend for other purposes instead of paying it out to the Government."

"Furthermore, if this lack of concern over the debt is accepted as a general policy, there will develop less and less opposition to public spending and more and more resistance to higher taxes. The natural reaction of a hard-pressed people would be that if the nation can carry an unlimited amount of debt, then why should they sacrifice and carry an intolerable tax load."

"The champions of this theory admit that there is no method of measuring a nation's debt capacity but point to England's debt, after the close of the last war, of twice national income as a guide. If our debt should reach \$300,000,000,000, which is expected in responsible quarters, then it would be more than twice the predicted income

of the post-war period. Despite this situation, the proponents would pass by the 'red lights' they have set up and proceed to embark upon their fiscal program after the war, continuing to pile up debt on debt on the theory that Federal spending generates income and provides the cushion for more debt."

"During the 1930's approximately \$25,000,000,000 was appropriated to prime the pump and thus create jobs, but at the end of the decade there were about 8,000,000 persons unemployed. We are now told that the trouble was that we did not go far enough, as we operated on a hand-to-mouth basis. Under the new proposal there would be a dual system whereby private enterprise produces the goods and the Government guarantees the market through public expenditures. In other words, a system would be set up that combines the features of state socialism and free enterprise. But such a system would not work as the components are mutually antagonistic. The net result would be that as Government activities are extended, business enterprise would be forced to retreat until finally there would emerge a state-controlled society."

"According to this theory, full employment would be assured by the use of Federal funds to take up any slack. But it is not possible to keep all industries and all lines of activity operating indefinitely at full capacity because of the variation in the demand for goods. Furthermore, in the event of an international depression, such as we had in the 1930's we would be called upon to bolster the economy of the entire world."

"This theory overlooks the fact that Government deficits provide merely a short-term stimulus to industry, principally to consumers' goods. But because of the fear and uncertainty that chronic deficits engender, long-term capital is kept in hiding."

What, then, is the alternative to pump priming as a means of providing a high level of employment after the war? It is to be found largely in adopting public policies that will permit adequate profit incentives so that private enterprise may be encouraged to take risks. Toward this end our tax structure will have to be overhauled so that taxes on profits ploughed back into business will be substantially lower and thus provide a backlog for conversion to peacetime operations, for deferred maintenance and repairs, as well as for expansion. Industry must have this 'seed money' to make better products at lower cost, to create more jobs, and pay higher real wages. The risk-taker should be given every inducement to embark upon new ventures."

"Suppose it were arranged that each taxpayer would receive interest from Government bonds equal to the amount of taxes he paid. Even then it would not be merely a transfer of money from one pocket to another, and therefore of no economic significance. This can be made clear by taking the case of a person whose taxes amount to say \$2,000. This would call for an investment in Government bonds of \$80,000, on the basis of 2 1/2% interest payment. Now if his taxes were only half as much, he would have \$1,000 to spend for other purposes instead of paying it out to the Government."

**Interesting Situations**

Wm. C. Roney & Co., Buhl Building, Detroit, Mich., members of the Detroit Stock Exchange, have prepared late analyses of United Drill & Tool Co. A & B; American Forging & Socket Co. common; General Industries Co. common, and Leonard Refineries Co. common. Copies may be had upon request.

**Canadian Industrial Activity Continues Gradual Rise**

Canadian industrial activity continued its gradual rise, S. M. Wedd, General Manager of the Canadian Bank of Commerce, stated, reporting that the bank's index registered 210 at mid-May (1937=100) as against 209 in April, while the percentage of factory capacity utilized fell from 130 to 129. The food group was unchanged, a slight increase in meatpacking offsetting a decline in cereal products. The output of leather footwear was the same but some of the other major items in the clothing group declined slightly, mainly factory-made garments, cottons, woolens, hosiery and knitted goods. The pulp and paper group was also unchanged but other wood products rose as a result of greater activity of some plants busy on war orders. The iron and steel group rose, chiefly on account of some units in the heavy and medium sections.

"Our wage payroll index declined from 229 for March to 224 for April (1937=100)," Mr. Wedd declared. "The manufacturing section was slightly lower at 256, while logging, construction and trade, also declined but the mining section was slightly higher at 109."

"Our index of farm purchasing power for the twelve months ending March stands at the highest point since September 1929, registering 100.65 as against 98.21 for the calendar year 1942 and 93.95 for the twelve months ending (March of last year (1926=100). The first quarter of the year, normally the least active marketing period, nevertheless showed a substantial gain in income over the same quarter of 1942, largely because of an increase in grain deliveries, principally coarse grains, and a higher price for wheat."

**NY Savs.-Loan League To Meet At Saranac**

The New York State League of Savings and Loan Associations will hold its Wartime Conference and 56th annual convention at Saranac Inn, Saranac Inn, N. Y., on June 15, 16, 17 and 18. The convention theme will be "United for Victory." Over 400 delegates from all parts of the State are expected to attend. The program, announced by the League's Executive Vice-President, Zebulon V. Woodard, stresses the part which savings and loan associations can play in aiding the successful prosecution of the war through encouraging savings and the sale of War Bonds, the financing of war housing, and planning for post-war operations.

Elliott V. Bell, New York State Superintendent of Banks, will address the delegates on Thursday morning, June 17. The guest speaker at the Victory Dinner, June 17, will be Oswald D. Heck, Speaker of the New York State Assembly. Other speakers will include: John Whitney Richmond, Deputy State Administrator of the Treasury Department War Savings Staff, who will discuss "The War—Current Details and the Present Status of the War Savings Program;" Ralph H. Davies, Executive Vice-President, Homestead Savings and Loan Association, Utica, who will speak on the facilities offered by the American Savings and Loan Institute, using as the subject of his talk the theme, "Be Prepared;" William J. Dwyer, President of the Franklin Society for Home-Building and Savings, New York, and of the Savings and Loan Bank of the State of New York; E. W. Smith, Director of Housing of the

Johns Manville Corporation, who will speak on "Tomorrow's Home;" Professor Walter C. Voss of the Massachusetts Institute of Technology, who will discuss "Building Construction in the Post-War Period;" and Morton Bodfish, Executive Vice-President, United States Savings and Loan League, Chicago, on "Financing the Post-War Home."

Clarence J. Roberts, President of the New York State League and of the Carthage Savings and Loan Association, Carthage, N. Y., will preside at all convention sessions and will render his Presidential Address on June 16. Following this will be the annual report of Mr. Woodard.

On June 16, reports will be rendered covering conditions in the savings and loan business in the seven geographical groups throughout the State into which the League is divided.

A panel discussion on "Management and Supervision in Wartime" will take place on Thursday, June 17. The moderator will be Roy H. Bassett, President of the Canton Savings and Loan Association, Canton, N. Y. and the participants will be Morton Bodfish, Executive Vice-President, United States Savings and Loan League, Chicago; Nugent Fallon, President of the Federal Home Loan Bank of New York; Edward H. Leete, Deputy Superintendent of Banks; Edward C. Gruen, Secretary-Treasurer, Niagara Savings and Loan Association of Tonawanda; George E. Palmer, President of Serial Federal Savings and Loan Association of New York; and E. M. Van Norden, Vice-President of the Savings and Loan Bank of the State of New York.

"Our wage payroll index declined from 229 for March to 224 for April (1937=100)," Mr. Wedd declared. "The manufacturing section was slightly lower at 256, while logging, construction and trade, also declined but the mining section was slightly higher at 109."

**Baptist Pension Fund Shows Large Growth**

The annual report of the Ministers and Missionaries Benefit Board of the Northern Baptist Convention (The Baptist Pension Fund) made public in New York on May 27, shows a considerable growth since the fund was inaugurated 32 years ago. It is stated that total funds now approximate \$25,000,000 and income from investments during the year 1942 amounted to \$1,027,000 or 4.06%. The fund also shows income from other sources in 1942 of more than \$500,000. Among the diversified list of investments is \$3,000,000 in U. S. Government securities. Market value of all securities are reported as appraised at April 30, 1943, was 104% of book value, with no securities in default. Reserves for contingencies amount to \$330,800.

Officers of the fund are William R. Conklin, President, J. Herbert Case, Vice President and Treasurer, and M. Forrest Ashbrook, Executive Director. The finance committee consists of Mr. Case, as chairman; William R. Conklin and George W. Bovenizer.

**Bank & Insurance Stocks**

(Continued from page 2279)  
52.7%. To reach the market high of 1937, the bank stock index must appreciate 67.8% from its current level. In view, however, of the favorable earnings position of the banks and their favorable post-war prospects, it would seem unreasonable to limit the appreciation possibilities of their stocks to the 1937 level.

The combination of attractive yield, current market lag and potential market appreciation, would seem almost to place well selected and adequately diversified bank stocks in a class by themselves.

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**FOREIGN SECURITIES**

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**First Quarter Corporate Earnings Only Slightly Above 1942 Despite Sharply Larger Sales**

Despite substantially larger sales, corporate earnings during the first quarter were only slightly higher than last year, and well below the corresponding period of 1941, according to the National Industrial Conference Board, which adds that income now reported is subject in some cases to renegotiation and in all cases to the determination of actual 1943 tax rates. The Board points out that net before taxes was substantially larger than in either 1942 or 1941, but large increases in taxes heavily reduced earnings available for dividends.

The Board's tabulation shows the net after taxes of 326 industrial corporations at \$296,000,000 against \$287,000,000 last year and \$384,000,000 for the first quarter of 1941. The increase over 1942 is 3%. The decline from 1941 is 23%. The reports of 275 manufacturing corporations showed earnings available for dividends at \$260,000,000 against \$255,000,000 last year and \$346,000,000 in 1941, a gain over 1942 of 2% but a decline from 1941 of 25%. The Conference Board's announcement of June 8 further explained:

"Although production of durable manufactures has shown greater expansion than non-durable goods, first-quarter income statements reversed the logical results. The 158 durable goods manufacturers reported net income, after taxes, about 1% below a year ago, largely because of a loss in the heavily weighted steel group. The decrease of 35% in comparison with 1941 was shared by virtually all durable goods industries. Nondurable goods earnings, as shown by 117 concerns, were 6% higher than in 1942 and only 6% below 1941.

"Twenty-one mining companies reported net after charges of \$23,000,000 against \$22,000,000 last year, \$24,000,000 in 1941, a gain of 4% over 1942 but a decline of 3% from 1941. The utilities companies reported a reduction in income after charges compared with both 1942 and 1941. Thirty-five corporations in this field reported net earnings after taxes at \$119,000,000 for the first quarter of this year against \$122,000,000 last year and \$141,000,000 in 1941, the drop being 2 and 15% respectively. Railroad companies continued to be the exception to the general rule. Sixty-three railroads reported net after charges for the first quarter of this year at \$184,000,000 against \$84,000,000 last year and \$67,000,000 in 1941. The gain over last year was 118% and that over 1941 was 173%.

"According to more detailed reports for 196 industrials, income, before taxes, gained 15%, but reserves for taxes this year amounted to 71% as compared with 67% last year. The same

corporations showed 27% less after-tax income than in 1941 when they reserved 44% for taxes.

"Automobile and car parts companies recorded substantial improvements over the low 1942 reports, primarily as the result of completion of the conversion programs then under way. Sales were more than 80 higher than a year ago for five of the companies included in the larger samples. Income available for dividends reported by automobile companies increased almost 40%, despite tax reserves which amounted to 64 cents of each dollar of taxable income. Thirteen car parts companies reserved 82% for taxes this year, but net income, after taxes, was up 23%. In both groups, however, income was well below the first quarter of 1941.

"Little change occurred in the building material group; 20 concerns gained less than 1% in net income in 1943. The gain of 47% in sales of electrical products over last year was reflected in the increase of 43% in income, before taxes, of a larger group of companies. However, the highest reported tax reserve, representing 83% of taxable income, was set aside by these companies, and the after-tax gain was reduced to 5%.

"Manufacturers of machinery, for whom sales data were lacking, reserved equally large proportions of gross income for tax accruals—82% this year as compared with 76% last year—and net income rose only 3% after taxes. Five office equipment concerns gained 5% over 1942 after allocating 77 cents a dollar of income, before taxes, for the Federal tax bill. These two groups were the sole exceptions to the decline in durable goods earnings from 1941 to 1943.

"The steel and iron industry reported outstanding declines in net income, although sales of the 12 corporations for which data are available were 4% above the first quarter last year. Income declined both before tax and after taxes, amounting to 12% and 27% respectively, for the 23 corporations giving this information. For the largest sample of 34 companies, net income fell to \$46,500,000, 24% below 1942 and 47% below 1941."

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**John P. Broderick Is With Doremus & Co.**

According to an announcement made by William H. Long, Jr., president of Doremus & Co., John P. Broderick, former bond editor of the Wall Street Journal, publicity director of the Victory Fund Committee in New York since last December, and president of the New York Financial Writers Association in 1939-40, has become associated with the Doremus advertising agency as Director of the public relations department.

Mr. Broderick graduated in 1927 from the University of Minnesota, where he was active in editorial work on college publications. He was later a reporter for the Northwestern Miller and allied grain trade papers. In 1929 he joined Dow-Jones & Co. in New York, later serving for seven years as bond editor of the Wall Street Journal which he left last December to serve on the Victory Fund Committee of the Second Federal Reserve District.

**Richard J. Buck To Admit E. Malone**

Eugene F. Malone, member of the New York Stock Exchange, will be admitted to partnership in Richard J. Buck & Co., 39 Broadway, New York City, members of the New York Stock and Curb Exchanges, as of today. Mr. Malone was formerly a partner in the dissolved firm of Henry Morgan & Co.

**McKaig With H. R. Baker**

RENO, NEV.—George H. McKaig has become associated with H. R. Baker & Co., whose main office is located in the Russ Building, San Francisco, Calif. Mr. McKaig was formerly proprietor of George McKaig & Co. of Reno and San Francisco.

**S. Grayson Co. Formed**

Stanley Grayson has formed the Stanley Grayson Company with offices at 515 Madison Avenue, New York City, to engage in a securities business.

**Albert Frank Adds Two To Copy Staff Cobb Is Copy Director**

William T. Cobb, Vice-President, has been appointed general copy director of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City.

John McAdams, formerly on the copy staff of Newell Emmett Co., and previously with Federal Advertising Agency, and John C. Ritchey, formerly of the editorial staff of the "Wall Street Journal," who was previously Assistant Executive Editor of the "Christian Science Monitor," are new additions to the copy staffs of Albert Frank-Guenther Law.

**Weingarten & Co. To Resume In New York**

As of June 28, the New York Stock Exchange firm of Weingarten & Co. will be formed with offices at 551 Fifth Avenue, New York City. Partners will be Melville D. Weingarten, Bernard Miller, the firm's Exchange member, and Sanford Stern, general partners; Richard M. Lederer, Jr., Nanette S. Weingarten, and Elvira R. Dryfoos, will be limited partners.

The general partners were all formerly partners in Weingarten & Co. Recently Messrs. Weingarten and Sanford have been associated with Carl M. Loeb, Rhoades & Co. and Mr. Miller has been active as an individual floor broker.

**Correction**

In the Financial Chronicle of June 3, in reporting the fact that William E. Clegg was engaging in the investment business as an individual dealer, in Cleveland, O., it was stated that he was formerly a member of Hurd, Clegg & Co. of Champagne, Ill. This we are informed is not the case. Mr. Clegg for the past 10 years having been associated with John P. Witt & Co. of Cleveland and other brokerage concerns and banks in Cleveland for over 30 years.

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