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# The Commercial and FINANCIAL CHRONICLE

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## Peacetime Prospects Of The Chemical Industry

By CHARLES A. HIGGINS  
President, Hercules Powder Co.,  
Wilmington, Del.

Many observers refer to the postwar period variously as the age of plastics, the age of the electronics, the age of synthetics—actually, the future will be essentially an age of change. In a period of sweeping changes, the chemical industry is particularly well-equipped to survive and to prosper, for the very word "chemistry" connotes change.



Charles A. Higgins

Industry in general should follow very closely the developments from our chemical laboratories because the products of the chemical industry have had in many cases such a revolutionary effect on older established industries—witness the effect of synthetic fibers, high octane gasoline, and synthetic resins—all products of the chemical industry—upon

(Continued on page 17)

### Pennsylvania Corporates-Municipals

Special section devoted exclusively to Pennsylvania corporate and municipal securities starts on page 6.

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## "Peace Through World Trade" ... Removal of Trade Barriers Urged

Thomas Lamont, Eric Johnston and Thomas J. Watson Participate In NBC Symposium

The development of world trade as of paramount importance for the preservation of peaceful relations was advocated on June 26 by Thomas W. Lamont, Chairman of the Board of J. P. Morgan & Co., Inc.; Thomas J. Watson, President of the International Business Machines Co., and Eric Johnston, President of the Chamber of Commerce of the United States.

The three leaders of business and finance participated in a symposium produced by the National Broadcasting Company's University of the Air in its weekly series "For This We Fight."

Mr. Lamont stated that this country can never be "isolationist" again and warned against the "colossal blunders" in trade policies following the last war.

Mr. Watson asserted that after victory is achieved "our number one obligation is to see that justice is done to all the peoples and countries which have received such inhuman treatment and experienced such untold suffering and misery." Praising Secretary of State Hull's reciprocal trade policy, Mr. Watson stated that this country "should help to establish trading policies that are fair to all people." He added that the policy of reciprocal trade agreements "can lay a solid foundation for the four freedoms we are fighting for."

Mr. Johnston declared that if we



Thomas W. Lamont

are to have lasting peaceful world relations when the war is over "we must also have lasting international trade relations of a productive and trade promotive character. He added that "this job of keeping the channels of world trade cleared of jagged rocks and sunken logs is not merely the job of Government. It should be the job of Government in the closest cooperative relationship with business and industry."

We are giving the remarks of the several speakers in full herewith:

### Mr. Lamont's Remarks

"The broadcasts in this series have made clear that here in America a sense of responsibility as to the post-war world is decidedly on the increase. Never shall we Americans dare to be isolationists again. Powerful as America may be, she can never, by her own force alone, insure herself against war.

"This war has shown beyond peradventure that we cannot maintain our freedom unless we pay for it. At home we enjoy freedom only because as citizens we contribute to the support of the state, to its power to maintain order and justice. In precisely the same way as a citizen nation among other nations we have to undertake certain responsibilities that go with freedom.

"What, then, is our responsibility in matters of world trade, (Continued on page 19)

## Price Fixing Curbs Production And Leads To Rationing Says Dr. Roos

Paying for War Out of Income Called Ideal Method of Controlling Inflation

That "price fixing discourages production and so brings about the need for its corollary—rationing," was the observation made last month by Charles F. Roos, President of the Econometric Institute, Inc., of New York City, who further stated that "in its utmost simplicity rationing represents an attempt to substitute a scarce super-money (the ration coupon) for the excessive ordinary money."

"The first effect," he went on to say, "is to shift the demand from the rationed commodity to others which are growing scarce, and are, therefore likely to be rationed."

The remarks of Mr. Roos were addressed to the Controllers Congress of the National Retail Dry Goods Association, at its Wartime Conference, in an address dealing with "Postwar Planning Problems of the Retailer."

Among the matters discussed therein were the rapid increase of currency in circulation, and anti-inflation methods, as to which latter he said, "there are probably nearly as many methods proposed for controlling inflation as there are economists or business or political leaders who have studied the problems." "Many writers on inflation," he noted, "have urged forced savings as a cure for inflation, but," he said, "if it were feasible, the ideal solution would be to pay for the entire war out of current income." "This," he went on to say, "would

mean pay-as-you-go taxes equal in amount to the total Government expenditures. Such a solution would so decrease purchasing power as to bring disposable income, and hence demand, in line with civilian supply."

Mr. Roos made the statement in his address that "nothing offered so far by Government that is politically feasible will prevent the price-level from rising," and he noted that "many of the problems facing retailers after the war will be associated with changing price levels."

The address of Mr. Roos follows in full:

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## Investment Banking Industry Will Have Vast Financing Responsibilities After The War

Four heavy post-war responsibilities will fall on investment banking, the Industrial Securities Committee of the Investment Bankers Association of America pointed out in a special report made public on June 27. These are:

1. Refinancing the short-term debts contracted by industries during the war.

2. Serving new investors—estimated at a potential 75,000,000 on the basis of new bond buyers created by war financing.

3. Helping the Government handle its enormous debt, and

4. Meeting "unprecedented" demands from industry for new capital.

The Association points out that as a "synopsis" of a fuller report when clearer forecasts and estimates are possible, the present study offered few figures on prospective volume of new financing in the conversion period following the war. It



Percy M. Stewart

stated, however, that "new capital demands for the first three years following the war's end should be not less than \$5,000,000,000 for each year." It added that this "staggering figure" might "easily be reached and possibly exceeded" in consideration of the pressure on management to keep industry operating at a high rate to provide jobs for returning servicemen.

The report was submitted by Percy M. Stewart of Kuhn, Loeb & Co., New York City, Chairman of the Committee. Other members are: Walter W. Ainsworth, Metropolitan St. Louis Co., St. Louis; Peter Ball, Ball, Coons & Co., Cleveland; Louis J. Cross, Paul H. Davis & Co., Chicago; Henry H. Egly, Dillon, Read & Co., New York; Charles S. Garland, Alex. Brown & Sons, Baltimore; W. Sydnor Gilbreath, Jr., First of Michigan Corp., Detroit; I. A. Long, Mercantile-Commerce Bank (Continued on page 7)

## Baltimore Exchange Head Urges Elimination Of Restrictions On Exchange Trading Privileges

Howard R. Taylor, President of the Baltimore Stock Exchange, has appealed to members of Congress to correct the situation which permits the over-the-counter market to trade in all listed and unlisted securities while the supervised stock exchanges are restricted in their trading privileges. Mr. Taylor said that "unless appropriate action is taken permitting all regional exchanges to trade in any and all securities, whether listed or unlisted, on these exchanges which afford the only market of record with proper supervision for the protection of the public, it is quite apparent that these small exchanges will be forced to discontinue operations and the entire securities business of the country will become concentrated in the large financial centers."

The letter addressed by Mr. Taylor, under date of June 26, to the members of both houses of Congress, follows:

"Securities and Exchange Commission and the Acts re: under which it operates, i.e., Securities Act of 1933 and the Securities Exchange Act of 1934.

"You no doubt are familiar with the matters pertaining to the subject Commission now pending before the House Committee on Foreign and Interstate Commerce and

also before the Senate Committee on Banking and Currency—in particular, the Proxy Rules; but, are you familiar with all of the facts which vitally affect the national securities exchanges (stock exchanges) all over the country?

"Do you know that any and all securities may be bought and sold in any public or private place, while by congressional Act a large percentage of the securities purchased by the public every day are barred from being traded on the supervised stock exchanges? These exchanges are the natural markets of record, have a definite commission schedule, and are so regulated that the public cannot be deceived.

"In other words, the only securities which may be traded in (Continued on page 8)

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## Firm Name Is Now Allman, Moreland Co.

DETROIT, MICH.—It is announced that the name of Allman, Everham & Co., is being changed to Allman, Moreland & Co. The firm, which is located in the Penobscot Building, is a member of the Detroit Stock Exchange.

Russell V. Allman remains as President, but will continue to spend the greater portion of his time as President of Saylor, Beall Manufacturing Co. of Detroit and the Triangle Engineering Co. of St. Johns, Mich., which firms are heavily engaged in war production.

Paul I. Moreland, as Vice-President, will continue as executive head of the company, which position he has held since the resignation of Mr. Everham several months ago. Mr. Moreland has been with the firm as sales manager since 1938, at which time his former company of Wm. M. Lee & Co. consolidated with Allman, Everham & Co. Moreland is the firm member of the Detroit Stock Exchange and has served on several Exchange Committees. He is past President of Detroit Chapter, American Institute of Banking and has been active in public education work with this organization and also the Investment Bankers Association. Mr. Moreland is currently serving the Securities Traders Association of Detroit and Michigan as Vice-President. He was also recently elected a Commissioner of the Village of Grosse Pointe Park. Edmund F. Kristensen has been elected Secretary and will also continue as Treasurer and Office Manager.

In addition to its Detroit office, branch offices are maintained in Battle Creek and Lansing and the firm has a representative in Muskegon.

Change of the firm's name was previously reported in the "Financial Chronicle" of June 24.

## L. S. Kerr Co. Will Admit Lewis Kerr Jr.

Lewis S. Kerr, Jr., member of the New York Curb Exchange, will acquire the New York Stock Exchange membership of the late Lewis S. Kerr and become a partner in L. S. Kerr & Co., 14 Wall Street, New York City, on July 8. Mr. Lewis Kerr has recently been active as an individual Curb floor broker, and prior thereto he was a partner in Rockwell & Kerr.

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## Josephthal Co. Admits Gartman And Wilson

Josephthal & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, announce that Mortimer J. Gartman and James S. Wilson, who have been associated with their firm for many years, have been admitted as general partners.

**Now Blickensderfer Co.**

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Harold V. Blickensderfer is now doing business under the firm name of H. V. Blickensderfer Co. with offices at 523 West Sixth Street.

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**Laurence Marks Co. To Admit Two Partners**

Laurence M. Marks & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, will admit David W. Lovell and Winfield H. Perdun to partnership as of July 8.

**G. H. Lyman Jr. To Be Partner In Hovey Co.**

BOSTON, MASS.—George H. Lyman, Jr., will become a partner in Chandler Hovey & Co., 82 Devonshire Street, members of the New York and Boston Stock Exchanges, effective July 8.

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**OUR REPORTER'S REPORT**

Another railroad bond issue, this time \$28,483,000, of first and refunding 3/4s of the Pennsylvania, Ohio & Detroit Railroad, though offered publicly and sold, was left hanging in the balance this week when a group of mid-western bankers urged the Interstate Commerce Commission to force the issuer to open the sale to competitive bidding.

The company had closed with its bankers, through negotiation, for the sale of the bonds when the midwestern group which followed a similar course back in March in the instance of an Erie Railroad operation, petitioned the Commission and advised the Pennsylvania Railroad, lessee of the issuing road and the latter itself of willingness to bid for the bonds.

The bonds were sold, however, and the company has since applied to the Commission for the necessary authority.

The head of the issuing road, taking cognizance of the mid-western banking group's action, in his letter of application to the Commission urged the latter, "in the light of its history of fair regulation under the law, to see to it that purely private interests without responsibility in this matter and concerned only with prospective bankers' profits, should not be permitted to defeat the accomplishment of a result which materially advantages the credit of two of the railroads whose welfare is entrusted to the Commission."

Hearing on the road's application has been set for July 8, in the wake of a demand for such hearing by Senator Shipstead, (Minn.) because of lack of competitive bidding.

Although the Interstate Commerce Commission refused approval of the Erie issue in question last Spring, it was for reasons other than those involving the matter of competitive bidding. In fact the Commission did not commit itself on that score at the time.

(Continued on page 20)

**Trading Markets in:**

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**IBA Group To Study Post-War Prospects For Transportation Expansion And Financing**

Anticipating a big demand for capital from railroads, airlines and other transportation services after the war, the Railroad Securities Committee of the Investment Bankers Association of America has inaugurated research into the nature and extent of these requirements. In a preliminary report issued on June 25, outlining the projected study, the Committee said that billions may have to be raised to provide for new equipment and

for the rehabilitation and modernization of the railroad properties, for new central control systems, new terminal facilities, new shops, the elimination of curves and grades and other similar improvements.

War conditions are preventing adequate maintenance and few roads are making proper cash provisions for deferred maintenance, the Committee said. Total capital expenditures of \$1,000,000,000 a year for ten years fol-

lowing the war are predicted by some authorities, it said. Of this \$600,000,000 is expected to come from earnings and depreciation reserves, indicating that the roads would enter the public capital markets for some \$400,000,000 a year.

Restoration of the credit of the railroads is essential if they are to have ready access to the necessary capital, the Committee said. Public confidence was said to be returning to the carrier securities, "slowly and surely." The financial health of the railroads, on the other hand, is considered by the Committee to be restored except for the lack of credit. The report also said:

"Current abnormal earnings are enabling the roads to pile up large amounts of cash which they are using to reduce their debts through the purchase of bonds in the market. An amount close to (Continued on page 8)



John S. Loomis

**Regulating Labor Unions Through Laws Of Anti-Trust Type Urged By Emery**

Regulation of labor organizations through anti-trust type legislation is advocated in a six-point program for labor released by DeWitt Emery, President of the National Small Business Men's Association, in a statement to the association's members. The program, which Mr. Emery says would solve the present and future labor problems, contains the following recommendations:

"1. Prohibit labor combination in restraint of trade. An anti-trust law for labor organizations.

"2. Limit activities of labor organizations to lawful labor objectives, which lawful objectives would be defined by Congress.

"3. Outlaw contributions by labor organizations to any political party or candidate for public office.

"4. Require local unions to file detailed financial statements at least once a year with the state auditor, and national unions to file similar statements with the Secretary of Labor, all statements to be open to public inspection at any time.

"5. Require labor unions to give 15 to 30 days' notice of intention to strike, during which time the courts would have jurisdiction for the purpose of determining in a summary proceeding, at the request of the employer, whether or

not the objectives of the strike constituted lawful labor objectives. If so, the strike would be called. If not, then calling the strike would constitute contempt of court punishable by a heavy fine or imprisonment, or both.

"6. Reaffirm the constitutional right of every man and every woman to earn his or her living without being required to pay tribute to any organization for the right to work."

Part of Mr. Emery's suggested over-all program for more efficient prosecution of the war and more intelligent post-war planning is directed toward solution of one of the major basic problems today. In his comment, Mr. Emery said:

"For 10 years organized labor has been given the green light with very little hindrance. The (Continued on page 8)

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**Detroit Traders To Hold Summer Outing**

DETROIT, MICH.—Pine Lake Country Club and Rotunda Inn will be the scene of the Annual Summer Outing of the Securities Traders' Association of Detroit and Michigan on July 21, 1943, according to an announcement just released by Association officials.

Golf, softball, tennis and swimming will be available to members and their guests. A War Bond Raffle in charge of Ray P. Bernardi, Cray, McFawn & Co., is also planned.

Out-of-town traders are cordially invited. H. Russell Hastings, H. Russell Hastings Co., is President of the Association and Don Miller, McDonald, Moore & Co., Secretary. Ray E. Davis, E. H. Rollins & Sons, Inc., is Chairman of the Entertainment Committee.

**New Washington Branch**

WASHINGTON, D. C.—R. H. Johnson & Co. have opened a branch office in the Woodward Building, under the management of E. S. Warren.

**Seaboard Reorganization Possibilities Interesting**

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared an interesting study of the significance of the Special Master's plan for the reorganization of Seaboard Air Line, pointing out various exchanges which the firm believes might profitably be made in the Seaboard securities. Copies of this interesting study may be had upon request from L. H. Rothchild & Co.

**Attractive Possibilities**

The current situation in Allen B. DuMont Laboratories, Inc., and National Airlines, Inc., offer interesting possibilities, according to memoranda being distributed by Ward & Co., 120 Broadway, New York City. Copies of these interesting memoranda are available from the firm upon request.

**To Act As Alternate**

The New York Stock Exchange will consider today the proposal that Joseph V. Shields act as alternate on the floor of the Exchange for John J. Robinson.

*Special Circulars Available on the Following:*

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**Rationing and Price-Fixing**

Roger W. Babson Tells Why These Policies Are Necessary

When rationing and price-fixing were introduced, they were the primary topics of discussion. Human nature being what it is, almost every-



Roger W. Babson

one's first thought was for himself. War, however, makes a person take for granted what in normal times he could not even imagine, and today points, stamps and price-ceilings seem almost natural. But complaints and misunderstandings are still evident. Today I wish to defend and explain the need for rationing and price-fixing.

**War Comes First**

We can never lose sight of the fact that we are engaged in a war. Our first concern is to win.

Keeping our manpower at peak efficiency is necessary. Our fighting men must have first choice of all necessities. The Government sees that our soldiers get the best of everything. What is left goes to the civilian population. There is enough, but its fair distribution cannot be left to chance.

Civilian manpower must back up fighting manpower. Therefore the war workers on the home front, and those with less important jobs, must have their share of vital commodities. If this division were left to the individual there would be too many selfish and thoughtless people who would first see that they got everything they could possibly need. Consequently a plan to divide all scarce items on the basis of fairness and need has been devised. This is rationing.

**Rationing Is Sharing**

Rationing distributes available supplies to all, not just to those who can pay high prices for scarce goods. An example of this is the shoe situation. Heavy sup-

(Continued on page 8)

**Broker-Dealer Personnel Items**

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

(Special to The Financial Chronicle)  
BOSTON, Mass.—George A. Brooks has been added to the staff of The First Boston Corp., 1 Federal Street.

(Special to The Financial Chronicle)  
BOSTON, Mass.—Edward W. Morse, Jr. has become associated with Josephthal & Co., 19 Congress Street.

(Special to The Financial Chronicle)  
BOSTON, Mass.—Peter R. Fournier, Coleman H. Grant, Jr., Fred E. Kroker, and John J. Sweet are now with Trust Funds, Inc., 89 Broad Street.

(Special to The Financial Chronicle)  
KANSAS CITY, Mo.—Lewis G. Lyman has joined the staff of Goffe & Carkener, Inc., Board of Trade Building.

(Special to The Financial Chronicle)  
KANSAS CITY, Mo.—Harry H. Heuler has become associated with Prescott, Wright, Snider Company, 916 Baltimore Avenue. Mr. Heuler was previously with Alexander & Co. and prior thereto was with John J. Seerley & Co.

(Special to The Financial Chronicle)  
KINGSTON, N. C.—Richard T. Hood has joined the staff of McDaniel Lewis & Co., Jefferson Building, Greensboro, N. C.

(Special to The Financial Chronicle)  
LOS ANGELES, Calif.—Harry A. Wiberg is with Bayly Brothers, Roosevelt Building.

(Special to The Financial Chronicle)  
LOS ANGELES, Calif.—Harley Campbell has rejoined the staff of E. F. Hutton & Company, 623 South Spring Street. Mr. Campbell was recently with Houchin and Bradford.

(Special to The Financial Chronicle)  
LOS ANGELES, Calif.—F. Davidson-Schmieder is now with Sutro & Co., Van Nuys Building.

(Special to The Financial Chronicle)  
LOS ANGELES, Calif.—Joseph G. Donaldson has been added to the staff of Van Denburgh and Bruce, Inc., 523 West Sixth Street.

(Special to The Financial Chronicle)  
OAKLAND, Calif.—Harold E. Hacker has become associated with Geo. H. Grant & Co., Central Bank Building. Mr. Hacker was formerly with Bankamerica Company.

(Special to The Financial Chronicle)  
SACRAMENTO, Calif.—Jacob G. Isenhour, previously with Bankamerica Company, is now with Davies & Co., Russ Building, San Francisco.

(Special to The Financial Chronicle)  
SAINT LOUIS, Mo.—M. A. Lambert is now with Barrett Herick & Co., Inc., 418 Locust Street.

(Special to The Financial Chronicle)  
SAN FRANCISCO, Calif.—Fred C. Blumberg, formerly with Bankamerica Company, has become associated with Davies & Co., Russ Building.

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**Charts Would Appraise D. J. Ind. & RR. Averages**

The present technical market position of industrials and rails are indicated in the American Economics Appraisal Sheets of Dow-Jones Industrial and Railroad averages by means of a newly developed technical trend projection. These trend projections are intended to show for two weeks in advance safe or unsafe position, valid and invalid moves, signs of reversal and safe stops by means of detailed daily, weekly and monthly charts. The July 3rd and 10th issues may be had for \$1.00 from American Economic Publications, 537 South Dearborn Street, Chicago, Ill.

**Norton Adams Co. Formed**

Norton Adams & Co. has been formed with offices at 40 Wall Street, New York City, to engage in a general securities business. Partners of the new firm will be Norton Adams and M. N. Adams. Mr. Adams was formerly manager of the bond department of Clark & Co.

**EXCEPTIONAL BUSINESS OPPORTUNITY**

Controlling shares (approximately 60 percent) in a highly reputable old-established company with plant and head office at Pittsburgh, Pa., manufacturing well known line of trademark products, having wide post-war market prospect, can be acquired at substantially less than replacement worth of tangible assets. Plant capacity permits doubling the present yearly sales approaching one million dollars. Real opportunity for anyone prepared to invest approximately \$300,000. Owner desires to retire from all business activities. Box E.B.O., The Financial Chronicle, 25 Spruce St., New York 8, N. Y.

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## Governors Urge Curb Of Bureaucratic Control; States To Demand Return Of Power

At the concluding session of the annual Governors' Conference in Columbus, Ohio, on June 23 a resolution was adopted declaring that all rights of the States heretofore relinquished to the Federal Government to further the war effort be promptly reclaimed when the war shall have been successfully terminated. The resolution also stated that "no further concessions or encroachments on States' rights should be agreed to, except such as may clearly appear to be necessary to achieve victory."

As a supplement to this resolution, the State chiefs directed their organization's executive committee to draft legislation to remove administrative functions from Washington bureaus and to set up a lobby to support such legislation. Gov. Herbert B. Maw (Dem., Utah), author of the motion, said the move was aimed primarily at non-political bureaus administering Federal aid programs. He said these agencies handle social security, public roads administration, public works, employment and similar activities.

Mr. Maw said the setting up of a lobby would come after the Executive Committee draws up amendments to statutes regulating activities of Federal bureaus and after the Governors have had an opportunity to express their approval of the amendments.

The Governors adopted another resolution urging the Federal Government "to act immediately to the end that adequate supplies of corn and other feed, so essential to our war effort, are at once provided to livestock and poultry feeders, dairymen, and manufacturers of feed for livestock and poultry."

In another resolution the Governors formally condemned "any strike by any group anywhere in

America as affecting essential industries for the duration of this war."

At the same time the Governors praised labor and management "for the superb cooperation and unparalleled results that have been achieved in the production of material and equipment essential for complete victory."

In the same resolution, the farmers were commended for their "magnificent and sustained effort in the all-important food and feed victory program."

The Governors also adopted a resolution asking the Office of Price Administration to liberalize food rationing restrictions on home-produced vegetables and fruits.

### Buffalo, Niagara Power Situation Interesting

The current situation in the cumulative preferred stock of Buffalo, Niagara & Eastern Power Corporation offers attractive possibilities according to an interesting memorandum issued by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of the memorandum, discussing the outlook in some detail, may be had from Ira Haupt & Co. upon request.

## Chicago North Western

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## Railroad Securities

One hears a lot these days about the rapid accumulation of cash by the reorganization roads which are not faced with the necessity of meeting their interest charges and which have not, except in a few isolated cases, been making any significant progress in retiring funded debt. A large part of the speculative interest in the reorganization group during the last six months has been based on consideration of these mounting cash balances. The cash accomplishments of some of the solvent roads, particularly of the marginal class, have been no less phenomenal. Southern Pacific is a particularly noteworthy case in point.

It is not difficult to remember back a little more than four years ago when Southern Pacific came to the end of the 1938 recession year in an apparently precarious financial position. The balance sheet showed cash items of only \$21,600,000 against which there were loans and bills payable of \$20,000,000. The net working capital amounted to a little less than \$4,000,000. The recently released balance sheet figures for April 30, 1943 showed a net working capital of \$93,813,774. Moreover, the company has substantial investments in Government bonds which are not included in current assets. At the end of last year these Government holdings stood at \$10,000,000 and had apparently been increased to \$20,000,000 by the end of April. On this basis, net current worth has increased by \$100,000,000 or \$110,000,000 since the end of 1938.

The April 30 balance sheet showed cash items of \$126,794,780 and receivables of \$71,442,747. The major portion of this latter figure is presumably represented by amounts due from the Government for transportation services and as such may obviously be considered the equivalent of cash. The major offsetting liability consists of the U. S. tax liability of just under \$79,500,000. Aside from completely rehabilitating its finances, Southern Pacific in the years 1938-1942 spent roundly \$117,500,000 on additions and betterments to property and equipment in addition to its normal maintenance work. Finally, during the latter part of this period the management has been engaged in an aggressive debt retirement program. As of the end of 1938 the non-equipment debt exclusive of bonds held within the system stood slightly over \$687,000,000 and was increased about \$2,000,000 in the following year. While complete figures for retirements and purchases so far in 1943 are not available it is indicated that this debt now stands at slightly under \$600,000,000. There is

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little evidence of a dying industry in this performance.

For many years one of the main clouds overhanging Southern Pacific, and one of the main considerations leading to investor and speculator suspicion, has been the question of very substantial near term maturities. This problem is being resolved rapidly as the debt retirement program has concentrated mainly on the nearer maturities. Of the \$622,000,000 of non-equipment debt outstanding as of the end of last year (excluding bonds held in the system and by wholly owned subsidiaries), \$215,533,325 was represented by obligations falling due from 1943 through 1951. This now stands no higher than \$193,500,000 and is probably considerably below that figure. Without any additional earnings from here on, this near term maturity problem could be cut more than half without straining finances to the extent they were strained at the close of 1938. With prospects of at least another

(Continued on page 7)

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**Pennsylvania Brevities****Ice Jam Broken**

On June 15, the Third District Circuit Court of Appeals unan- imously upheld the Plan of Recapitalization and Merger of the **York Ice Machinery Corp.** In the opinion of company's counsel; the subject matter of the court action, in which an objector questioned the validity of a merger which would eliminate a preferred stock and its arrearages, is not of a nature which the U. S. Supreme Court would consider. Company

therefore, in accordance with the plan, has adopted the new name of York Corporation and is taking immediate steps to effect the exchange of securities. The former issue of York Ice Machinery Corp. 7% cumulative preferred, on which arrearages of \$105.75 per share existed, is to be eliminated through an exchange into 15 shares of York Corp. common for each share of the old preferred. Former York Ice Machinery Corp. common is to be exchanged share for share into York Corp. common.

The new company begins its corporate existence with a simplified stock capitalization of 962,046 shares of common stock, par \$1.00. York Corp. has assumed the outstanding first mortgage 6% bonds of York Ice Machinery Corp. which issue will be refunded at an early date at a substantially lower coupon rate. York's sales and backlog of unfilled orders are at all time high levels. Production is devoted almost entirely to fulfillment of war orders, civilian work being limited to permissible service and replacements. Recon- version after the war presents no serious problem to York since the Company is engaged in manufacturing its own product and the post-war demand for refrigeration and air-conditioning adaptations is considered almost limitless.

Nimble arbitrageurs have had a field day over the last fortnight, buying York Ice Machinery preferred and selling York Corporation common "when issued" against their commitments. At times the "spread" has ranged between 20 and 30 points. Many dealers feel that York Corp. common under \$10 per share possesses substantial speculative appeal.

**Confusion in U.G.I.**

If the Board of Directors of United Gas Improvement Company and the Committee on Rules of the New York Stock Exchange had deliberately collaborated in an effort to obfuscate stockholders and brokers, they couldn't have turned out a more finished piece of work.

There was nothing particularly involved or complex in U.G.I.'s Plan for Divestment of Assets,

which was approved by the SEC in March and subsequently ratified by directors and stockholders. The initial distributions on U.G.I. common were to consist of fractions of Philadelphia Electric Company common and Public Service Corp. of New Jersey. The distribution per share were clearly stated and it was perfectly logical that "when issued" markets developed not only for the Philadelphia Electric and Public Service "when received," but also for U.G.I. common "ex distributions." For the last three months, the latter have been extensively dealt in as U.G.I. "Residuals" or "Stubs."

On Friday, June 11, the Board of Directors of U.G.I. designated the following Tuesday, June 15, as the record date for the distribution which were covered by the Plan, stating that owing to mechanical difficulties and shortage of personnel the physical distribution of the Philadelphia Electric and Public Service might not be accomplished before the middle of August.

The Philadelphia Stock Exchange, seeing nothing unusual in the situation, ruled that, starting Monday June 14, U.G.I. would be traded "ex distributions." For some obscure reason, the New York Stock Exchange decided to trade the stock both ways, i.e., "ex distributions" (selling around 2¼) and "with due bills" (selling around 9). Thus U.G.I. common, properly designated of course, sold at two prices on the New York Stock Exchange. Then followed a brain-twisting ukase stipulating that a seller of U.G.I. with a due bill, be paid only the "ex distribution" price, the balance to be held back pending delivery of the distributions. Moreover, the seller was to be held subject to margin calls should the market change adversely before final settlement. Confusion was worse confounded and particularly out of luck was a bona fide seller of U.G.I., with stock registered in his own name, who wished to dispose of his shares for cash or for reinvestment in other securities. Many stock Exchange members merely looked sheepish

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**Pennsylvania Municipals**

The public acceptance of the current offering of \$1,500,000 Allegheny County 1¼s, due serially 1944 to 1973, is indicative of the continued strength of the Pennsylvania Municipal market. This account has fared exceedingly well in view of the new price level this offering afforded Allegheny County bonds.

Another interesting sale of recent date was the \$1,000,000 City of Pittsburgh 1¼s, one to twenty-year serial bonds bought by the Union Trust Company of Pittsburgh. There has been, up to the present at least, no re-offering of these bonds and it might readily have been a purchase entirely for "trust account consumption." At any rate, this transaction, in addition to the Allegheny County sale, makes more obvious the fact that a decided scarcity prevails in the local markets.

Philadelphia issues continue to show strength and there are several sizeable blocks of 3¼s and 3½s currently offered at prices a little in advance of those of a week or ten days ago. Activity in Phillies has been confined chiefly to switches for Governments both ways. Other than the three so-termed general market names, i. e., Philadelphia, Pittsburgh and Allegheny County, the market has not been able to show sizeable

and interesting offerings of other Pennsylvania credits.

Current discussion centers around the anticipated Delaware River Bridge Commission (Camden-Philadelphia Bridge) Refunding, which business may come along in the near future. The contemplated set-up will be a 30-year term bond, issued in the amount of approximately \$37,000,000 and the bonds will have a premium call feature exercisable a few years from the date of issue.

There are about \$31,000,000 or \$32,000,000 of the 4¼s outstanding which are callable at 105, hence the expected increase of \$5,000,000 to \$6,000,000 of new bonds. This will be done in order that the current reserves of around \$6,000,000 will not be disturbed. This new issue should provide sufficient activity and added interest in the Pennsylvania market.

and offered to pay off with a receipt.

**Yarnall Offers Philadelphia Elec. \$1 Preference**

Less complicated, however, and more in the normal course of business was a recent offering by Yarnall & Co. of a block of the new Philadelphia Electric Co. \$1 dividend preference common stock at \$25.75 per share to yield 3.88%. Source was from distribution to former holders of United Gas Improvement \$5 preferred. Earnings for 1942 applicable to the 2,369,076 shares of \$1 dividend preference common were \$6.05 per share. This issue is entitled to a preferential dividend of \$1 over the common and may be converted into common on a share for share basis for three years and at a gradually reduced basis during each three-year period thereafter until the conversion privilege expires 12 years after issuance. The stock is tax free in Pennsylvania. The offering received excellent investment demand.

**5 O'clock Trading Post**

Frazzled by a two-weeks' unbroken heat spell, Walnut Street traders are availing themselves of the air-condition facilities for closing the day's business offered by a well-known Philadelphia

restaurateur. After-hour trading starts briskly with any two first arrivals and continues in volume until the "market" closes promptly at 10 p. m. Contracts are oral and, for the most part, genuine. A few moments' "renegotiation" by telephone the following morning clears up any uncertainties. Seen at the "Board" last week were representatives of W. H. Bell & Co., Boening & Co., Buckley Brothers, H. M. Byllesby & Co., Dolphin & Co., F. J. Morrissey, H. N. Nash, Rambo, Keen, Close & Kerner, Reynolds & Co., E. H. Rollins & Sons and Suplee, Yeatman & Co.

**Philco in Radar**

Present indications are that Philco Corp.'s production of war materials will increase further in coming months as engineering work is completed on additional new equipment, Larry E. Gubb, chairman of the board, informed stockholders in a letter accompanying June dividend checks. "Philco has recently been given permission for the first time to announce it is one of the few leading suppliers of radar equipment, great secret (Continued on page 7)

**Pennsylvania**

and

**General Market Municipal Bonds****CHARLES CLARK & CO.**

Members New York Stock Exchange

123 S. BROAD ST.  
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## Investment Banking Industry Will Have Vast Financing Responsibilities Ater The War

(Continued from page 2)

& Trust Co., St. Louis; Donald I. McLeod, McLeod, Young, Weir & Co., Toronto; Maynard H. Murch, Maynard H. Murch & Co., Cleveland; Leonard D. Newborg, Hallgarten & Co., New York; George T. Purves, Graham, Parsons & Co., New York; Walter A. Schmidt, Schmidt, Poole & Co., Philadelphia; Wickliffe Shreve, Lehman Brothers, New York; Robert M. Williams, Murphey, Favre & Co., Spokane.

To illustrate the types of corporate activities that will require much new capital, the Committee listed the following:

"1. The purchase in whole or in part of the plant facilities built by the Government;

"2. Retooling and replacing worn-out machinery with new up-to-date machines;

"3. New construction for the manufacturing of new products perfected during the war and for new plant additions to handle prospective enormous consumer demands for standard products;

"4. Building up inventories which will either be very low or in some cases non-existent;

"5. Development work in creating new markets both at home and particularly abroad;

"6. Building up of balance sheet positions of industrial corporations which in many cases have been seriously disturbed by the effects of the war and the high taxation rate which has made impossible the building up of sufficient cash reserves to take care of the after-the-war conversion period."

Industrial corporations will be in a highly favorable position to raise new capital, the Committee stated, referring to the extent to which they reduced indebtedness during the last ten years prior to the war as a strong factor on the favorable side. Industry needs the Government's aid, however, in order to plan for the reconstruction period, the Committee added. Government can shorten the period of readjustment, it said, by establishing the following definite principles:

"1. It should promptly pledge itself not to operate its Defense Plant Corporation in competition with business;

"2. It should agree to lease or sell its war plants to private companies under such reasonable terms and conditions as may be feasible at the time;

"3. It should adopt such a policy in connection with war contract cancellations that industry will not be thrown into disorder."

Taxes were given as another vital factor in the ability of corporations to reconvert expeditiously. The Committee stated that 817 companies in 93 different industries reported for 1942 a total net income of \$2,245,000,000, a 15% decline from the 1941 figure of \$2,624,000,000. This result reflected higher taxes and costs despite larger gross earnings in most cases, according to the Committee, which said that net earnings will probably be even lower in 1943 on the same account. The Committee added:

"Probably in the after-the-war period taxes will still prevent corporations from making much money on the terrific volume of business they will have, but sufficient tax leeway may be given industries to permit them to support the new securities which must be sold to finance the new capital required."

Investment banking must also have a clear-cut indication of how much Government is going to intrude in the post-war financing of industry before it can make definite plans for the raising of the large amounts of new capital, the Committee said.

Indicating the extent to which

Government is furnishing the huge sums of money needed by industry during the war, the report stated that the RFC subsidiary, the Defense Plant Corporation, now owns 1,479 plants, costing \$7,000,000,000 to build and equip, and that other plants built by the War and Navy Departments and the Maritime Commission amounted to several additional billions. This was contrasted with an estimated present depreciated book-value of \$34,500,000,000 for the nation's entire manufacturing facilities, showing that the Government owns more than one-quarter of all plants in value. It was also pointed out that its properties are considered to be the very latest in design and the most modernly equipped.

The Committee noted that the refinancing of these plants on a private basis, and the refinancing of Government-guaranteed obligations, such as the so-called "V" loans, will be a "terrific task" and will call for the most expert planning, if a serious dislocation of our economic structure is to be avoided. It expressed optimism, however, that "the splendid results achieved by industry in producing weapons needed by the armed forces will serve as an object lesson for the future preservation of our free economic system. Under such a system there is no doubt that the enormous after-the-war financing effort could be handled by the investment banking industry. We have the proper machinery geared and ready for all demands which may be made upon us," it said.

## Railroad Securities

(Continued from page 5)

year to a year and a half of high earnings, even though they may be cut below the recent annual level of more than \$90,000,000 net after charges and taxes, there appears little cause for apprehension over these maturities now.

Debt retirement also naturally brings with it a reduction in fixed charges and it is reasonable to expect that Southern Pacific will emerge from the present boom phase with charges reduced to around \$22,500,000. This would absorb only about 10% of normal gross (1938-1940 average considered as the reasonable normal) and would compare with charges of \$31,688,000 supported in the depression of the 30s. This ratio in itself would be reasonably conservative without consideration of the substantial annual non-operating income. It is indicated that non-operating income may be stabilized normally around \$3,000,000, which would cover more than a third of prospective fixed charges.

The final consideration in the Southern Pacific situation is the secular expansion in the territory served, and the consequent opening up of new traffic sources. This trend was evident in the considerably better-than-average population trends in most of the states served and in the industrialization of the service area, particularly the coastal area, even before the war period. This industrialization has been further stimulated by war needs and it is generally accepted that many of the new plants, particularly aircraft and steel, will remain as permanent accretions to the economy of the area and of Southern Pacific which occupies a dominant position in California railroad transportation. With this background, many rail men have been adopting a much more constructive attitude towards the stock and junior bonds of the system. These securities have not reflected the improvement and prospects to as great extent as have the road's senior bonds.

## Colfer Trading Mgr. For Rufus Waples Co.

PHILADELPHIA, PA.—Lawrence J. Colfer has become associated with Rufus Waples & Co., 1510 Chestnut Street, as manager of the trading department. Mr. Colfer was formerly in the trading department of the Philadelphia office of R. H. Johnson & Co. and prior thereto was with Jenks, Kirkland & Co., Fitch, Crossman & Henry, Inc., and McMillan, Rapp & Co.

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## Pennsylvania Brevities

(Continued from page 6)

weapon of the war, to both Army and Navy," Gubb stated.

### A \$10,000,000 Needle

Leo T. Crowley, president of Standard Gas & Electric Co., which has a recapitalization plan undergoing hearings before the SEC in Philadelphia, denied knowledge last week of \$10,000,000 "hidden assets" which a stockholder said were owned by Pittsburgh Railways Company. It was pointed out that the ownership, though indirect, was real. The cash, in the amount mentioned, is held by the trustees of the Railways Company; the Railways Company is owned by the Philadelphia Company, a direct subsidiary of Standard Gas. Yet the recap plan of Standard gives no consideration to the net asset value, if any, of Pittsburgh Railways. True enough, the traction lines were a liability and a headache for many years, but under war-time transportation demands, have developed into the Little Lord Fauntleroy of the family.

Crowley asserted that if such a reserve is in existence, the law would require that it be administered by the Railways Company trustees. Moreover, Crowley said, Standard Gas & Electric common stock is "so far under water" that it would be valueless even if an additional \$10,000,000 were available.

Kellett Autogiro Corp. has reassumed the name Kellett Aircraft Corp., which was the original name when the company was formed in 1929. A special meeting of stockholders held in Philadelphia approved the change. The helicopter and the autogiro are first cousins, but not twins, and it may be presumed that Kellett is getting into step with later developments.

Jacobs Aircraft Engine Co., Pottstown, Pa., announces its production of aircraft engines and spare parts in May exceeded any previous month in the company's history.

Philadelphia bank stocks turned downward in week ended June 25, when aggregate market value of 10 stocks comprising H. N. Nash & Co. index was \$174,585,000 and yielded 4.89% compared with \$176,830,000 and yield of 4.82%

in the previous week. Decrease in market value was 1.30%.

### Inflation Ahead?

Recommended reading: "Fiat Money Inflation in France," by Dr. Andrew Dickson White. First edition prepared in 1876. Subsequently revised and edited. Now published by D. Appleton-Century Co. Excerpt from foreword:

"The story of 'Fiat Money Inflation in France' is one of great interest to legislators, to economic students and to all business and thinking men. It records the most gigantic attempt ever made in history by a government to create an inconvertible paper currency and to maintain its circulation at various levels of value. It also records what is perhaps the greatest of all governmental efforts to enact and enforce a legal limit of commodity prices. . . . There are limitations to the powers of governments and of peoples that inhere in the constitution of things, and that neither despotisms nor democracies can overcome. . . . The story is full of instruction for all men who think upon the problems of our own time."

### Highlight:

Bushel of flour	1790	1795
Bushel of oats	40c	\$45.00
Cartload of wood	18c	10.00
Bushel of coal	\$4	100.00
Pound of sugar	7c	2.00
Pound of soap	18c	12.50
Pound of candles	18c	8.00
One cabbage	8c	5.50
Pair of shoes	\$1	40.00
25 eggs	24c	5.00

### Within the following year:

Pound of bread	\$9.00
Bushel of potatoes	40.00
Pound of candles	40.00
Cartload of wood	300.00

## 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.

## R. Cornell Co. In Boston

BOSTON, MASS.—Richard W. Cornell and Charles S. Jeffrey have formed R. W. Cornell & Company with offices at 79 Milk Street to conduct a securities business. Partners in the new firm were both formerly associated with Pearson, Erhard & Co., Inc. for many years.

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## Investment Trusts

Someday we're going to tabulate, analyze and report the results of our observations regarding the relationship of sales literature to sales in the investment company field. Preliminary work in this direction reveals nothing startling—but it does underscore certain broad fundamentals which sponsors on occasion seem to forget.

Incidentally, those "fundamentals" which apply to the individual sales piece are expertly embodied in a new folder addressed to dealers by Hugh W. Long & Co. "To Help You Sell Fundamental Investors, Inc." is the title and the material includes a complete mailing and follow-up campaign with simple, sales-tested instructions designed to help the dealer get maximum results.

"Cats and Dogs" are the subject of an interesting discussion in the latest issue of Calvin Bullock's *Bulletin*. We quote:

"In the period of rising stock prices that has existed since April 1942, many stocks which may have been classified in the mind of the public as 'Cats and Dogs' have happily surprised their owners by recording some astonishing, and perhaps unjustifiable, increases in market value. Who owns these stocks, and what are they going to do about the available profits?"

"To be sure, many of the stocks referred to are among those mostly favored by so-called speculators, but it is not likely that a large number of investors across the country have also been enjoying the rise in these stocks?"

"With an eye to the best interests of such investors, — and it is to be hoped there are many of them,—let us take a look at the market from the standpoint of recognized investment and market analysts. The consensus of their opinion is that while, under existing conditions, the long-term trend of the market is definitely upward, the bull market of the past year has particularly featured the spectacular rise of low priced and in many instances intrinsically worthless stocks, and also that the character of trading in the past few weeks seems to indicate that the honeymoon of the 'Cat and the Dog' is nearly over.

"Overstaying the market is one of the most distressing errors of judgment: a profit is never a profit until it is realized. Is it not prudent, then, to recommend earnestly to all those who are interested in conserving their capital that they take their profits in

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the low-grade field forthwith and re-invest with a view to consolidating their gains, remaining in the market, and enjoying the income which well-invested capital produces?"

Keystone's *Keynotes* asks, "Is the stock market high?" and answers the question with a long-term chart of the averages. Conclusion:

"In the course of the past 45 years, there have been eight opportunities to buy stocks at or near the bottom of their buying range—about once in five years. Each time the average has reached this bottom band, a major advance carrying it well into the top band, or selling range, has ensued.

"45 years of precedent indicate that selected common stocks have reached only the top edge of the buying range. In other words, in the over-all swing from indicated buying range to indicated selling range, the Average is still in the bottom 20%, despite the rise since April, 1942."

The volume of investment company literature dropped off somewhat this week. Could it be the time of the year, the recent hesitancy in the market, or the heat wave along the Atlantic Seaboard?

### Dividends

**Manhattan Bond Fund, Inc.** — Ordinary distribution No. 20, amounting to 11c per share, and an extraordinary distribution amounting to 7c per share payable July 15 to stock of record July 6, 1943.



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## Baltimore Exchange Head Urges Elimination Of Restrictions On Exchange Trading Privileges

(Continued from page 2)

on a national securities exchange (stock exchange) are those which are fully registered with the SEC, a few exempted securities and those having unlisted trading privileges on these exchanges, all of which make up only a small percentage of the securities marketed today.

"These small exchanges, prior to the inception of the SEC, supported the securities of small local companies and helped innumerable such companies to develop and become well established in the financial world, while today such companies cannot afford to become involved in the burdensome requirements of the SEC.

"I am in agreement that reasonable regulation is desirable, but cannot understand a condition that permits the above situation to exist.

"Why should the stock exchanges be penalized while the over-the-counter market is permitted to trade in all unlisted securities and also those listed on the exchanges? We have no argument with the over-the-counter market—we merely ask that such rank discrimination be eliminated. "Your decision, when these mat-

ters come before you, will result in one of two things:

"1. The closing of all small exchanges—the only securities markets where records of all purchases and sales are kept for all time and are available to anyone.

"2. Unless appropriate action is taken permitting all regional exchanges to trade in any and all securities, whether listed or unlisted, on these exchanges which afford the ONLY market of record with proper supervision for the protection of the public, it is quite apparent that these small exchanges will be forced to discontinue operations and the entire securities business of the country will become concentrated in the large financial centers.

"I ask that you acquaint yourself with this situation in the interest of your public.

"The best illustration of what is happening through the enforcement of the provisions of these Acts is our own situation, i.e.:

"On Jan. 1, 1933, there were listed on the Baltimore Stock Exchange 134 issues of stocks and 116 issues of bonds, while at this time there are 49 issues of stocks and 24 issues of bonds."

## To Study Post-War Transport'n Prospects

(Continued from page 3)

\$400,000,000 was retired last year, exclusive of any reductions through reorganizations, and a substantially greater amount will be retired this year. Many of the so-called borderline railroads have cut down their interest charges to a level that would have been covered in most of the recent depreciation years."

This result in itself would not enable the roads to raise capital in a sound manner, according to the Committee, which said: "Equity money must be attracted and it cannot be attracted unless there is sufficient earnings for dividends and then only after a record of dividend payments has been established."

Large public financing is anticipated in connection with a great expansion in aviation after the war. There is no question in the Committee's mind about the investment bankers' ability to raise all the capital aviation will need, however. The Committee likewise said:

"Present market prices of the stocks of the airlines indicated the optimistic attitude of investors toward their future. New issues of securities, particularly of equities, can probably be quickly sold, but the big question is how much new capital will be needed during the first years following the war and how much will Government want to supply."

As to the amounts of new capital, it was "conservatively" estimated that \$300,000,000 would be needed within three years after the close of the war for equipment on existing domestic lines without any allowance for expansions or extension into foreign fields. Other estimates cited indicate a total of \$1,500,000,000 for new equipment for domestic airlines during the first ten-year period following the war. The Committee, giving these estimates out as indicative forecasts, promised to go more thoroughly into the prospects for aviation expansion and financing in a further report to be submitted at the Association's annual meeting to be held in November.

Chairman of the Committee is John S. Loomis of the Illinois Company of Chicago. Other members are: Ewing T. Boles, The Ohio Company, Columbus; F. J. Campbell, Wells, Fargo Bank &

Union Trust Co., San Francisco; Pierpont V. Davis, Harriman, Ripley & Co., New York; Fairman R. Dick, Dick & Merle-Smith, New York; Allen N. Jones, Morgan, Stanley & Co., New York; Robert G. Rowe, Stroud & Co., Philadelphia; Percy M. Stewart, Kuhn, Loeb & Co., New York, and Henry S. Sturgis, First National Bank of the City of New York.

## Rationing And Price Fixing

(Continued from page 4)

plies are needed for the armed forces. When they are taken care of little remains for civilians. Without rationing, the well-to-do would rush to buy more than they needed, leaving little for others. Under rationing, however, everyone is given the same opportunity to obtain shoes. This is the democratic way.

Some people, however, refuse to abide by the rules. Others take advantage of this fact to operate black markets. These make scarcities worse and create new scarcities where none existed before. An example is the meat situation. Supplies are cut down, thus hurting soldiers and honest civilians. Livestock, often slaughtered under unsanitary conditions, may be unhealthy. Our soldiers are deprived of such medical supplies as surgical sutures, adrenalin and insulin; also gelatin, hides and fats. If everyone would cooperate, none would lose out.

### Economics and Prices in Peace-Time

Before defending price-fixing, I wish to discuss some economic rules connected with prices, production and inflation. I say "rules," but there are so many modifying factors that they do not always work out. Under normal economic conditions production and the amount of money in circulation are kept in balance through prices. If there is an increase in money because of higher wages or greater employment there will be more money than products. People will bid for these products and this will cause prices to rise. If this continues, there is inflation.

In normal times, however, these higher prices will cause increased production because of the greater opportunity for profits. As more products appear on the market, prices decline. Production and

prices will continue at an even level until something occurs to throw them out of balance. It can be seen that one way to head off inflation is to let production rise with prices.

### War and Inflation

Wartimes are not normal, and economic rules are modified. Production for civilian consumers is secondary to military needs. Many lines are cut out altogether. For instance, automobiles, radios and refrigerators have not been manufactured since our entry into the war. Payrolls, however, are much larger and there is more money than ever in circulation.

As previously explained, when money increases, prices, then production, should rise, followed by a fall in prices back to normal. But today civilian production is strictly regulated as to quantity and type and cannot be allowed to rise with prices. Therefore people bid for what products there are, prices go up, and inflation sets in, notwithstanding rationing.

### Price-Fixing Is the Answer

Inflation discriminates against those whose incomes have not kept pace with rising prices. It is a major cause of the post-war crashes. During the last war the then administration let prices take their course. Sugar prices, for example, rose to some five times above normal. Peace came, prices fell, and sugar holders had to take losses. This was especially bad in instances where sugar was purchased on borrowed money. The loans could not be repaid and banks were weakened and many even failed.

By fixing prices the evils of inflation may be avoided and the inevitable post-war crash can be delayed and made less harmful. Both price-fixing and rationing are fair and necessary for the years of war and can help to avert the depressions which have always followed war. Therefore it is important that everyone cooperate in obeying the rules of rationing and price-fixing.

## Urges Regulation Of Labor Unions

(Continued from page 3)

result today is that there is a distinct danger that a very severe public reaction may set in at any time. Such reaction, characterized by severe regulatory legislation, would be as bad for the long-term program of labor as is the present unbridled opportunism practiced by unions and union organizers.

"Surely, Congress and the Administration will not temporize any longer. Today it is absolutely essential that nothing—not labor, or capital, or anything else—be permitted to interrupt the increasing flow of war materials, food and supplies to our fighting men all over the globe. Tomorrow, it will be equally essential that nothing—least of all unsolved labor problems—be permitted to restrict the rapid conversion of our industrial and business facilities to a prosperous peace-time economy under the American system of free enterprise."

"The labor program outlined may look extreme and severe," Mr. Emery averred, but in defense of it he said:

"It actually takes nothing from labor organizations which now rightfully belongs to them. Neither does the program impose any restrictions or limitations which might be detrimental to the best interests of the country as a whole. In the long run, whatever is best for the country at large will be found to be best for organized labor, too.

"This, in the final analysis, is the test upon which all matters of national policy should be founded."

## Basis For Permanent Peace And Methods Of Preventing Aggression Subject Of Forum

Dr. Shotwell, Senator Taft and J. F. Dulles Discuss Plans For International Collaboration

The view that "there is a growing recognition that we cannot enjoy lasting peace without assuming responsibility for its maintenance and enforcement" was expressed by Dr. James T. Shotwell at a forum in Washington last month devoted to the discussion of measures to effect a permanent peace which was broadcast on a network of the National Broadcasting Company. Senator Robert A. Taft (Republican) of Ohio, who was also one of those presenting his views, stated it as his belief that "we should devote our immediate attention to the terribly complicated problem of the immediate post-war period," and he noted that "the question of a permanent organization of the world to prevent aggression in the future is already producing wide differences of opinion in this country." He styled "an international super-state with an international police force" as "fantastic," adding that "the state would fall apart in a few years, and leave more chaos than if it had never begun." "I believe myself," said Senator Taft, "that any plan must be based on the retention of sovereignty by every nation, with covenants be-

### Canadian Business Volume Still High

In its June 23 "Business Summary," the Bank of Montreal reports that with the end of the first half year close at hand, Canadian business is running at the high speed recorded in the first four months when the volume was substantially larger than in the corresponding period of last year.

The bank's monthly review added:

"The national income, moving upward almost uninterruptedly since 1938, was close to \$736,000,000 in April, indicating an annual rate of approximately \$8,800,000,000. A tentative estimate of \$2,850,000,000 for the first four months of the year represented a gain of 24% over the first four months of 1942, reflecting greater economic activity and somewhat higher commodity prices. The gain in the cost of living in this period was only 1.3% but there was a further fractional gain in May in consequence of higher food prices, rents and miscellaneous items. Wholesale prices also advanced in May and Canadian farm products prices reached a new peak in that month at an official index figure of 94.5, closing at 94.4 as compared with the previous thirteen-year maximum of 92.5 in July, 1937.

"Industrial employment as a whole suffered a moderate curtailment at the beginning of April, following a trend established in 18 of the 22 previously recorded years. The decline, however, was less than average and was confined largely to logging and construction, the numbers released by the reporting firms in these industries being 12,700 and 4,900 respectively. There was less activity in mining but more in the remaining industrial groups, with manufacturing, transportation and trade showing the greatest gains.

"In the general crop situation weather conditions have been a disturbing factor. Heavy rains, coupled with low temperatures in some areas, have held back work in the fields and the growth of plants already seeded. Seeding operations are far from complete in Ontario and Quebec and, to a lesser extent, in the Maritime Provinces, while the western provinces have suffered from an insufficiency of warm weather. Growth is very backward as compared with other years, although in most parts of the Prairie Provinces crops are described as all well rooted."

tween them to join in preventing international aggression." "I believe," he continued, "that our people must commit themselves to use military force under certain conditions where aggression has been found by an international body to exist."

John Foster Dulles, of Sullivan & Cromwell, and Chairman of the Commission to Study the Basis of a Just and Durable Peace of the Federal Council of Churches of Christ in America, observed that his Commission has outlined "a future of international collaboration in six vital areas," styled the "Six Pillars of Peace." Mr. Dulles offered an explanation as to "how these proposals would operate" and stated that "finally we want an international bill of rights to assure people everywhere, without regard to race or class, the basic intellectual and spiritual freedoms." "Here again," he said, "we are dealing with something which used to be considered of purely domestic concern, which we now see is really of universal concern. For whenever anywhere a government regiments the intellectual and spiritual life of its people, then there is a threat to the moral foundation of peace." Among other things, Mr. Dulles said, "we would organize a new way of dealing with important economic and financial matters," "we propose to have an international organization to deal with the colonial problem," "we would have an international organization to control armament," etc.

Dr. Shotwell, who is Chairman of the Commission to Study the Organization of Peace, stated that "the Commission believes that a beginning must be made in the organization of peace while the war is being waged" and the recommendation was made that a conference or Council of the United Nations be created to consult on ways and means for bringing it about.

#### Dr. Shotwell's Views

In full Dr. Shotwell's remarks follow:

"On January first, 1942, twenty-six United Nations, now 32, signed an agreement to fight together until victory had been achieved. These United Nations represent 80% of the population of the world and the major part of its resources. If they were to declare that their fraternity of sacrifice for victory were to be continued in the peace and if this were implemented by a world organization, there would be no more world wars.

"The Commission to Study the Organization of Peace stands squarely for one great principle, namely, that there must be international organization instead of anarchy if civilization is to endure. In recent months this principle has been given nation-wide acceptance. There is a growing recognition that we cannot enjoy lasting peace without assuming

responsibility for its maintenance and enforcement.

"There could be no finer manifestation of the processes of democracy than the discussion of these vital issues which is now going on among the people of this country and in Congress itself.

"The Commission believes that a beginning must be made in the organization of peace while the war is being waged. We recommend that a conference or council of the United Nations be created as quickly as possible, to consult together on the ways and means for bringing it about.

"It is too much to expect that all men everywhere in the world will suddenly renounce the age-old method of resort to war under some kind of religious conversion to a higher moral code. But we have a right to expect that nations which have established the institutions of peace within their own borders will be able to find a way to establish it in their relations with their neighbors.

"The task is not easy. It was not easy to achieve domestic peace, and it is sometimes violated. Yet we have all come to see that law and order and the administration of justice are a basis of the state.

"Now the same kind of political evolution which has safeguarded our liberty at home must be applied to the problems of world affairs and our relation to them. This does not mean that we transfer our allegiance from the United States to a world government. Any such step is unthinkable. It does mean, however, that our government must strengthen its place in the world by securing a less haphazard way of dealing with other nations.

"First of all we must make provision against militaristic nations by adequate defense and this means continued cooperation with peace-loving nations. It will also mean that we must keep our powder dry for some time to come.

"But that is only a beginning. The basis of permanent security will have to be found in disarmament, with inspection to make sure that it is carried out, and provision for policing to prevent the outbreak of war, rather than to suppress it after it has begun. Like your town and mine, the United Nations will need organization for safety and welfare.

"It is unthinkable that we will again supply the munitions of war to nations preparing to attack, as we did before Pearl Harbor. The United Nations control about 90% of the resources of the world needed for war; they should deny their resources, their trade and the benefits of international life to any gangster nation.

"But any such provision may never need to be invoked if the gangsters are disarmed. Universal disarmament cannot come at once. We must first be sure that we are safe from the enemies of today. But after the war is over, and the resulting anarchy suppressed, we can go on where the Geneva Disarmament Conference left off. They had practically agreed to a 70% reduction in 1933, and even Germany was then for the abolition of submarines. No wonder Hitler attacked the organization of peace when it was just planning to be effective!

"But it is not enough to control the machinery of war. The World Depression taught us that our prosperity depends upon a prosperous world. We must therefore organize for social and economic welfare. It was in this field that the League of Nations justified itself more than in any other.

"We must make its initial successes permanent. Already we

(Continued on page 15)

We offer, subject:

\$100,000

Canadian Pacific Railway Co.

5% Bonds, due December 1, 1954

Price 104 and interest

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York 5

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## Canadian Securities

By BRUCE WILLIAMS

The Canadian economy continues to expand at an amazing rate. Last week at Oshawa, Ontario, the Canadian automotive industry celebrated the completion of its 500,000th unit of motorized army equipment.

The Government-sponsored Polymer Corporation, it was announced recently in the House of Commons, will commence in the

fall to produce an estimated annual production of 34,000 long tons of Buna and 7,000 long tons of Butyl rubber, which will satisfy all Canada's wartime requirements. A hitherto ignored and almost limitless source of commercial alcohol has just commenced to be tapped by the Thorold mill of the Ontario Paper Co. It is produced from the ordinary waste sulphite liquor, a by-product of the pulp and paper industry, and is potentially a vast source of synthetic rubber and plastics.

Under-Secretary of War Patterson disclosed last week that a military project in the Canadian North West Territories had just been completed, and had resulted in the development of the Fort Norman oil fields and the construction of pipe lines which will supply the needs of the Army and Navy in Alaska and along the Alaska Military Highway.

It is increasingly evident that Canada after the war will continue her dynamic expansion and it is natural that the capital requirements of the Dominion will largely be financed in this country. Our financial interests therefore should follow closely and study attentively the significant developments that are taking place north of the border.

During the past week, the Canadian securities market has seen increased activity with further advances in many sections. British Columbia bonds were in keen demand; market supplies and a few offerings from Canada were readily absorbed. The 5s of 1954 changed hands at 111% and all maturities brought higher prices. City of Toronto issues were active and reached new high levels with the 10-year bonds breaking through a yield of 3%.

Direct Dominions made some recovery after their recent recession and Canadian Nationals were firm with little available supply. There was an increased turnover in Manitobas, but following their rapid advance, there is a tendency now to mark time price-wise. Likewise, Ontarios and Quebecs remain stationary around a 2.90% yield basis for the longer maturities.

An extraordinary volume of long-term New Brunswicks, the residue of a large offering from Canada, traded during the week. It is now likely that a long overdue appreciation in these securities will soon take place. The recent announcement of an offering in Canada by this province of \$2,500,000 12-year 3s, or alternatively 15-year 3 3/4s, will undoubtedly assist this movement. In comparison, the current yield on our market of over 4% for the U. S. dollar bonds is remarkable.

This week the Canadian National Railway July, 1969, bonds have their call date falling within one year. At 107 7/8 the yield, based on the call price of 105, is

still over 2% to call date. Since, if by some remote chance the bonds are not called, they will become immediately more valuable, it is expected that this issue will soon become a center of interest.

Renewed active demand for internal Dominions caused the appreciation of the Canadian dollar in the free exchange market to 9 3/4 discount. It will be interesting to see whether the demand will continue to a point where the supply of exchange resulting from the July dividend checks will be exhausted, and the Canadian Foreign Exchange Control Board will be obliged for the first time to supply the market at its selling price of 9.09.

That Canada leads the world in organizing the fight against inflation receives confirmation in the recent survey of the Brookings Institution of Washington, D. C. After a study of British anti-inflation measures, it was stated that there was no body in Great Britain comparable to the Canadian Wartime Prices and Trade Board, and it was further suggested that this organization might well serve this country as a pattern for use in fighting the menace of inflation.

### Paraguay Head Honored

President Higinio Morinigo of Paraguay was given an official welcome of the City of New York at City Hall on June 21 with Mayor F. H. LaGuardia and a reception committee of distinguished citizens greeting him.

In extending the welcome the Mayor said that "today we present to the whole world a full and complete understanding of our unity, embracing every country of North, Central and South America." The Mayor added:

"With that unity I am pretty sure that the enemies of the democracies, the dictators who had their greedy and brutal eyes on exploitation of our continent, on our hemisphere, have understood by this time that we will not only establish order in Europe and the Far East, not only destroy those cruel dictatorships, not only help people of Europe and the Far East in gaining perpetual and permanent peace and security, but that no nations of the world will ever even dream of setting foot or acquiring any territory or will have the hope of exploitation of any part of North, Central and South America."

President Morinigo, who is visiting the United States at the invitation of President Roosevelt, arrived in New York on June 17 after a tour of war-production centers. An honorary degree of Doctor of Laws was conferred on the Paraguayan chief executive by Fordham University on June 19.

His visit in Washington was noted in these columns June 17, page 2299.



James T. Shotwell

### Large Part Of Nation's Population Faced With Disaster From Rising Tide Of Inflation

A report, of a survey of consumers in all parts of the country and at different income levels, made public on June 26 at a meeting of the organization in the New School for Social Research, shows that a large section of the nation's population is faced with "actual disaster" from the rising tide of inflation, said the New York "Times" of June 27, which gave further details of the report as follows:

The survey, based on an analysis of 10,000 questionnaires, disclosed that 50% of the middle and upper income families answering the questionnaire had received increased incomes since the out-

break of the war. Among low-income families, however, only 28% had obtained rises. "A majority of the questionnaires," the report said, "were received from families having incomes over \$2,000 a year, and the replies indicate that many of these families are having serious financial difficulties." But the returns from families with incomes under this level give striking evidence that a large section of the population is faced with actual disaster from the rising tide of inflation.

"To meet the skyrocketing prices of food and other necessities, 5% of the families below \$1,500 state that they are borrowing, 15% are drawing on savings, 35% are saving less than they did, 55% are

buying less, 68% are cutting down on amusements, trips, etc., and 67% are buying more carefully than they did formerly. In most cases, the questionnaires indicate that a combination of several of these means of meeting higher costs are being used."

Of the 50.4% of those answering the questionnaire who have higher incomes, 67% are doing more careful buying, 65% are cutting down on amusements, 44.6% are buying less food and clothing, 42.2% are saving less, 11.4% are

drawing on savings and 2.8% are borrowing to pay their larger bills.

Dr. Robert S. Goodhart, chief of the nutrition in industry division of the Food Distribution Administration, told the meeting that the present ration allowances of meat, cheese and fats and processed foods were sufficient to meet dietary requirements. He predicted that there would be enough of the foods needed by citizens here, although there might not be enough of all the foods desired.

The meeting adopted a resolution advocating an excise tax upon all advertising of consumer goods. It elected the following directors: Gerald Wendt, Paul Kern, Madeline Ross, Leland Gordon, Edward Reich and Mrs. Sherwood Anderson.

In the evening session representatives of the OPA and educators discussed the work of the Government agency. Dr. Hartley W. Cross, Professor of Economics at Springfield College, Mass., urged over-all control for a successful price control operation and the granting of subsidies to strengthen such a policy. Dr. Leland F. Gordon, Professor of Economics at Denison University, Ohio, also advocated the use of subsidies and charged that "the imminent breakdown of price control is the responsibility of Congress."

Two OPA representatives, Ormsbee W. Robinson, Educational Services Officer, and Dickson Reck of the Standards Division, commented upon agency activities.

### Kaiser Unveils Model Of \$400 Post-War Car

Henry J. Kaiser, according to Detroit dispatches of June 25, plans a \$400 post-war automobile, and announced that he would market it in every gasoline station in the country.

According to the dispatches, Mr. Kaiser unveiled a prototype of the car and predicted that 10,000,000 people in this country could pay cash for a \$400 car, and announced his plan to merchandise it through gas stations instead of through dealer organizations.

Recalling that there were 241,836 gasoline filling stations in this country (1939 census), he stated that "every gasoline station can sell this car, and they can sell it for cash, eliminating the financing charges and much merchandising overhead. We'll sell it without turn-ins."

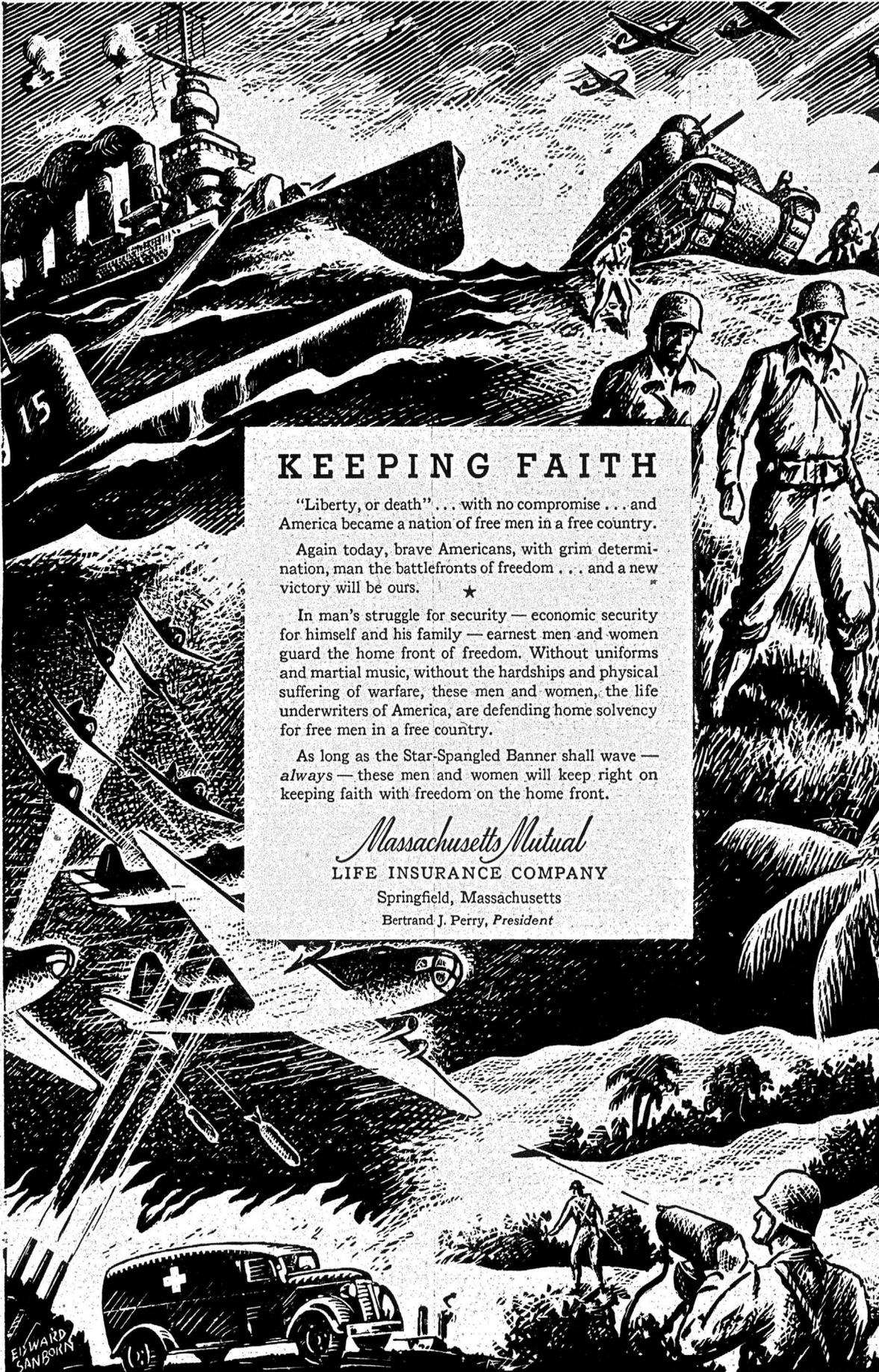
"That will free millions of dollars for the purchase of luxury items," he added, predicting that his plans would provide a stimulus for new enterprise and improvement throughout the automotive industry.

"I hate to have anyone feel that I am out to hurt the existing industry," Mr. Kaiser said. "I'm aiming for a market that present cars reach only third or fourth hand. When Henry Ford built Model T for \$375 it provided the greatest stimulus the country had seen in the sale of higher priced cars."

The engine he has in mind, he said, is a Kaiser development, a two-cycle, 16-cylinder, opposed radial type air-cooled engine, that is projected to develop 80 horse-power. He said the engine was running on test now, but that it was too early to estimate what gasoline economy could be expected of it.

Asked where he would produce his new car, Kaiser said:

"Production facilities will be no problem. We already have 52 experienced automotive industry suppliers in and around Detroit building parts for the prototype of the new car. The facilities are already here."



### KEEPING FAITH

"Liberty, or death" . . . with no compromise . . . and America became a nation of free men in a free country.

Again today, brave Americans, with grim determination, man the battlefronts of freedom . . . and a new victory will be ours. ★

In man's struggle for security — economic security for himself and his family — earnest men and women guard the home front of freedom. Without uniforms and martial music, without the hardships and physical suffering of warfare, these men and women, the life underwriters of America, are defending home solvency for free men in a free country.

As long as the Star-Spangled Banner shall wave — always — these men and women will keep right on keeping faith with freedom on the home front.

*Massachusetts Mutual*  
LIFE INSURANCE COMPANY

Springfield, Massachusetts  
Bertrand J. Perry, President

EDWARD SANBORN



**Today**  
**Barges that**  
**land armies...**

**Industry is helping win the war...**  
**industry must help build a peacetime world**

**Fighting now is winning the war...**  
**Thinking now can win the peace**

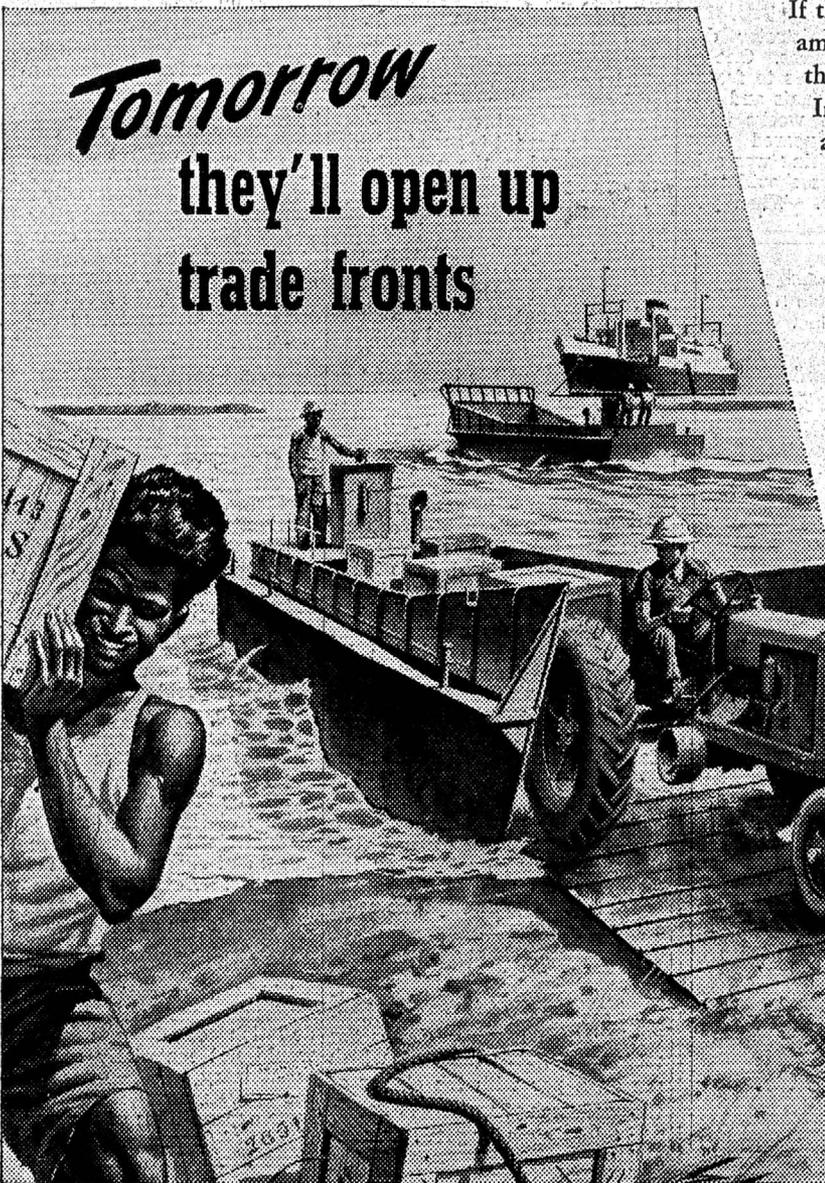
*Today* millions of service men are fighting for "a better world to live in." Other millions of individuals are performing miracles of production through the united efforts of management and wage earners—all of one mind—for "an unconditional surrender."

*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.

**THE INTERNATIONAL NICKEL COMPANY, INC.**  
*Subsidiary of The International Nickel Company of Canada, Limited*  
 New York, N. Y.



**Tomorrow**  
**they'll open up**  
**trade fronts**

## Price Fixing Discourages Production And Leads To Rationing, Dr. Roos Declares

(Continued from first page)

"Post-war planning must begin by making assumptions, many assumptions. We must be willing to determine or postulate answers to such questions as: Will the European war end before the Japanese? When will the European war end? What will be the pattern of civilian supply if we conclude the European war before the Japanese war?"

"Lend-lease trade with Europe will, of course be important. But even if one knew all the Lend-lease plans and was sure that they would be carried out, he would still have only a partial answer. He must also know how much war production we will be likely to need to defeat Japan. Unless we are willing to answer adequately such questions, we have no way to compute how much deferred demand for durable goods, such as furniture and home appliances, and semi-durable goods, such as clothing and house wares, will exist.

"We will be unable to answer such further important questions as: Where will the price level be? How much working capital will be needed to carry on present business volume? What will be the distribution of wealth at the end of the war? What effect will this distribution, whatever it is to be, have upon consumer buying habits? What cities will offer the best opportunities for retail trade? Will the city in which your store is located grow north, east, south, or west and what will growth in either direction do to your trade? Should you make a short or long-term lease?"

"Allied strategy has called for concentration of forces against the European part of the Axis first, with enough strength diverted to the Pacific to contain the Japanese and possibly force them back at a few strategic points. So far this has worked well. Can it continue?"

"The ultimate outcome of the war is not now in doubt. We can conclude with reasonable certainty that we will have overwhelming superiority at the lines of battle in 1944 and possibly sooner.

### Early End of European War

"When the Axis becomes convinced that it cannot overtake us and that further struggle is, therefore, useless, an armistice may come with startling swiftness. It would indeed not be unreasonable to assume an European armistice before Christmas, particularly if the Russians are able to break up an expected German offensive this summer.

"If we could then count upon England, France, Holland, China, and Russia helping us to defeat Japan, our war production could be tapered off considerably. We would have large stocks of munitions all over the world and trained armies and navies vastly exceeding those of Japan. We would need to produce chiefly small arms and munitions. We could, therefore, fight Japan aggressively and at the same time convert many of our war plants back to civilian production for both Lend-lease and domestic production.

"Under these conditions business would continue good, but we would no longer be building up huge backlogs of demand. We might even be able to produce enough civilian goods after five or six months of such warfare as to use up some of the backlog accumulated during the past 18 months. Of one thing we can be reasonably certain. If we can bring the European phase of the war to a close before the Japanese, there will be no serious problems of post-war transition for manufacturing industry.

"Much of the transition will take place while we are still fighting a war and thus still receiving the stimulus to manufacturing that this provides. If the retailer keeps informed as to the progress of conversion, he need have no serious problems.

"From what I have just said you will see that I expect that enough of you will be in business next year to hold another Controllers' Congress. There should also be enough food to hold another dinner. In fact, I would not be surprised to learn later that you had served sirloin steak or filet

mignon. None of you will have to wear your bathing suits or birthday clothes. There will be enough clothing.

"So far during the war the supply of civilian goods has been about adequate to take care of the usual consumer demand. There have been shortages here and there, but with the exception of gasoline and fuel oil no great discomforts have resulted.

"Shortages of both gasoline and fuel oil have affected the East more than the West. When we are pressing the war against Japan, shortage of gasoline will affect the West more than the East. If what one of my old college mates, Col. Jack Major, writes from New Guinea is correct, there may be unexpected difficulty.

"He says, 'The mosquitoes are vultures. One landed on an airfield recently and the mechanics put 100 gallons of gasoline in it before they discovered that it was not a P-38.'

"During 1942 inventories of goods were large; there were still several million unemployed and inflation could be controlled without great difficulty. My old office-mate, Leon Henderson, could 'control' prices by talking them down in his inimitable way, freezing them at arbitrary levels which were usually speculatively high and threatening retailers with inventory control. Leon had another advantage in 1942. He could look the other way as quality changed.

"Income increased steadily during 1942 and the supply of civilian goods shrank. The problem of price control became progressively more difficult. Threats were no longer effective. Quality changes were already obvious even to the poor ignorant consumer. Farm prices which had not been placed under Mr. Henderson's control had risen sharply and labor wanted higher wages. Mr. Henderson did the only thing possible. He resigned.

### 'Fixing' Prices

"The new Administrator decided to fix food prices. One of his earliest efforts was to freeze the prices of restaurants and hotels. Within a few weeks table d'hote meals disappeared from the menus. Everything was a la carte. You retailers should take a lesson from that. When you

price a shirt, you should also price each sleeve, the collar, front, back, tail, and buttons. Then when you get squeezed under price freezing, you can sell shirts 'a la carte.'

"All during the first quarter of 1943 consumer purchases have been greater than they should have been on the basis of the demand-income relationships of the past twenty years. Now that income greatly exceeds the supply of goods, absenteeism has increased substantially.

"The worker, unable to buy what he wants—usually a durable good or better quality consumer good—even though he has the income, decides to invest in leisure. He prefers leisure to income which he cannot use. Sometimes this leisure takes the form of a week-end orgy which makes him or her unfit to work Monday morning.

Sometimes the leisure is spent looking through the shops for nylon hosiery or other merchandise which is becoming scarcer and scarcer. Sometimes the leisure is spent making or building at home the things which can no longer be purchased in the shops.

### Changing Armaments

"There is hope that the bazooka or rocket gun will make the tank and much of our modern armament obsolete so that pressure of the war on the durable goods industries will be lessened and so prevent this home industry 'trend', if we may dignify it by that name, from developing to the point where it will threaten retailers' markets.

"Seriously, it is conceivable that the changes in the character of warfare may be sufficiently startling so that a few durable consumers' goods can be made available even before we take Hitler's measure. This, however, would have only slight effect in arresting the trend towards inflation.

"This problem of inflation is so important that we are justified in spending a little time upon it. I am quite confident that most of your serious post-war problems will be concerned with the price level and inflation. Therefore, at the risk of seeming to be lecturing to you, I want to spend a little time portraying the underlying causes of price inflation.

"Whenever demand exceeds supply, an increase in price is indicated. The price increase decreases the demand and usually increases the supply until demand and supply again come into balance. When the national economy is operating near capacity, as it is today, there is little likelihood of increasing supply so that price increase operates only upon demand.

"When the American economy is operating at capacity purchasing power both in being and in potential, i.e., that which can be created by bank loans or by monetizing the public debt, is so large that price increases have to be large to shut off demand. Indeed, small price advances have the effect of inducing speculation by consumers and so increasing the demand. Small price advances 'feed upon themselves' and bring about large price advances or inflation.

"During wartime a substantial part of the working force is engaged in the production of goods which are not to be consumed in the usual sense by them or the workers who are producing the goods that do go through the usual channels of trade.

"Yet the workers who produce war goods get paid in the same kind of money as those who produce consumers' goods. The war-worker thus receives claims for consumers' goods (money) which are on a par with the claims of the producers of consumers' goods. The total claims for goods thus increase substantially.

### \* Stimulated Demand

"If the production of war goods is considerably greater than the usual savings of the public, excessive claims to goods or excessive purchasing power is necessarily created. During 1942 total savings were about \$28,000,000,000 and excessive purchasing power amounted to something like 16 or 17 billion dollars.

"About \$6,700,000,000 of this excessive purchasing power became 'adventitious' savings in the form of increased demand deposits. Another \$4,000,000,000 represented an increase in currency in circulation and the rest expressed itself in price increases and war bond purchases.

"During 1943 excessive purchasing power will amount to 25 or 30 billion dollars. This means that the public will receive 25 to 30 billion dollars in income in excess of what it would normally spend for the goods and services available and save on the basis of past relationships between incomes and demand and incomes and savings. These 25 to 30 billions of dollars of excess purchasing power, plus the uninvested savings of last year of about \$10,700,000,000 represent the inflationary force at work in 1943.

"So long as a price advance calls forth increased total production, it performs a useful social function. But when total production cannot be increased, a price advance merely redistributes wealth and income.

"In general, when everyone can earn sufficient incomes to provide for the necessities of life and some savings, the majority do not wish to change the distribution of wealth by inflation. Nonetheless, individual groups always want to improve their status. Everyone is opposed to inflation except insofar as his own income or product is concerned.

"A common argument is that to change the income distribution for this or that group would have little or no effect on the price level of the economy. Yet an advance here leads to an advance there and the accumulation of a lot of little advances makes a big one.

"If we increase farm income, we necessarily increase the cost of living and so deprive the worker of purchasing power. If we increase wages, we necessarily must increase prices (at least after the advantages of the lower costs due to increased production have been absorbed) and so deprive the salaried worker, the fixed income recipient and the farmer of purchasing power.

### Anti-Inflation Methods

"There are probably nearly as many methods proposed for controlling inflation as there are economists or business or political leaders who have studied the problems. But the methods which receive most attention embrace one or more of the following: Monetary sterilization or destruction; Forced savings; Taxation; Price-fixing; and Rationing.

"A brief discussion of each method and its effectiveness will be helpful to an understanding of the whole problem.

"In 1920, 1931 and again in 1937 destruction of bank deposits (money) was effective in reversing inflationary trends. But it should be recognized that each of those inflationary situations was characterized by speculative demand and excessively high stocks of goods. Deflation of deposits, therefore, served merely to break the speculation and thereby bring about corrections in demand and price.

"At the present time when stocks of goods are dwindling fast, deflation of deposits probably would not materially affect the inflationary trend. In fact, with the government financing the huge expenditures of the war deflation of deposits could not safely be tried. It necessarily would

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### NEW ISSUE

200,000 Shares

## Gar Wood Industries, Inc.

Common Stock  
(Par Value \$1.00)

Price \$5.875 per share

To facilitate the offering, it is intended to stabilize the price of the Common Stock of the Company on the New York Stock Exchange, on the over-the-counter market or otherwise. This statement is not an assurance that the price of the above security will be stabilized or that the stabilizing, if commenced, may not be discontinued at any time.

Copies of the Prospectus may be obtained only from such of the undersigned as are registered dealers in securities in this State.

Emanuel & Co.

Hallgarten & Co.

A. C. Allyn and Company, Inc.

McDonald-Coolidge & Co.

Van Alstyne, Noel & Co.

Johnston, Lemon & Co.

June 29, 1943.

mean a sharp rise in interest rates and this would not encourage savings by the public.

#### Currency Increase

"Currency in circulation is rapidly increasing. This is partly because higher payrolls accompanying full employment require more currency in circulation. But this is not the whole story. A substantial part of the increase in currency in circulation can be traced to its desirability as a medium for savings. Although it bears no interest, it is negotiable at any time and so is preferred to low coupon bonds by many.

"This very negotiability feature, however, is what makes the increase in currency in circulation dangerous. It is likely to be used at any time as a claim for goods. On the one hand, it would be desirable to decrease the volume of currency in circulation; on the other hand, this would mean a substantial increase in the desire to possess the liquid asset, money, and hence adversely affect interest rates.

"Many writers on inflation have urged forced savings as a cure for inflation. We actually have a small withholding tax which is to be refunded after the war. This is a form of forced savings.

"This small tax, however, is none too popular and it is doubtful that the tax can be substantially increased. Yet it must be drastically increased if it is to be effective. Excessive purchasing power of about \$50,000,000,000 is likely for 1943.

"If the public is forced to save only a part of this amount, it is likely to adjust its other savings so that little effect on the inflationary problem will be achieved. For example, let us say that John Public intended to invest \$22,000,000,000 of his purchasing power in government bonds, \$5,000,000,000 in currency, \$18,000,000,000 in bank deposits, and \$5,000,000,000 in bidding up prices of the available goods. The government enacts a plan of forced savings.

"John Public is forced to lend the government \$10,000,000,000. He thereupon rearranges his budget to read \$12,000,000,000 for government bonds, \$5,000,000,000 for currency, etc. He may even cut the \$12,000,000,000.

#### The 'Ideal' Solution

"If it were feasible, the ideal solution would be to pay for the entire war out of current income. This would mean pay-as-you-go taxes equal in amount to the total government expenditures. Such a solution would so decrease purchasing power as to bring disposable income and, hence, demand in line with civilian supply.

"There would then be no problem of inflation. But such a solution, while ideal, has never been politically feasible. Even the 50% taxes of Great Britain are regarded by Britons as excessive. They probably could not be enacted in this country, and if they were, there would still be an inflation problem here.

"Just as the primitive physician treated the temperature of his patient by blood-letting, ice-packs, etc., so the primitive economist has offered to treat inflation by fixing prices. In cases where the price advances were caused by speculation, immediate results seemed to develop; by fixing prices below the market the speculator was confronted with a loss. As a result, speculative demand collapsed.

"The OPA tried this remedy effectively early in 1942 when markets were highly speculative and when supply was more than adequate to meet normal demand. But as manufactured supplies shrunk, this method became less and less effective. Merchants and manufacturers refused to do business unless their costs were covered. Labor demanded higher wages to offset price increases.

"The OPA Administrator was replaced. Supplies have continued to shrink and the new Administrator is under fire in every direction.

"Price-fixing discourages production and so brings about the need for its corollary—rationing.

"In its utmost simplicity rationing represents an attempt to substitute a scarce super-money (the ration coupon) for the excessive ordinary money. The first effect is to shift the demand from the rationed commodity to others which are growing scarce and are, therefore, likely to be rationed.

"When shoes were rationed early in the year, the demand for almost all types of department and variety store merchandise increased sharply. This increase in consumer spending intensifies the shortages of merchandise and thereby increases the inflationary pressures. It hastens the day when other goods must be rationed.

#### Stimulants to Evasions

Problems of enforcement are especially grievous because for many years the American public has been taught that it is smart to avoid or even evade the law. The old Prohibition Law sired this attitude. The contradictory and often unnecessary orders of OPA have nurtured it.

"Nothing offered so far by government that is politically feasible will prevent the price level from

rising. Retailers, therefore, should count upon increases in prices. Their post-war planning should assume higher price levels. Many of the problems facing retailers after the war will be associated with changing price levels.

"Since they are faced with inventory control and cannot hedge against price increases by holding large stocks of merchandise, and since price 'control' and the Excess Profits Tax law prevent them from keeping any significant part of profits that could be obtained from rising price levels, retailers by and large should assume that they will need new financing in the post-war world. In the immediate months after the war their receivables will be low. As these increase, they will need more and more working capital.

#### Distribution of Wealth

"The economic pressures of the war will unquestionably bring about further changes in the distribution of wealth. The former 'have-nots' will by the end of 1943 possess claims to fifty or more billion dollars worth of goods, whereas the total wealth of the country will probably not exceed \$600,000,000,000. It seems reasonable to assume that this great shift in the claims to goods will change the demand of consumers.

"The war is relocating population. Some cities are becoming

better trading centers than others. A good many of these population shifts will be permanent, since many war plants have been located near power resources and raw materials.

"This, of course, means that as national income again lines up with the supply of civilian goods in the post-war days, either (1) by national income dropping as armament work falls off faster than civilian work can be resumed, or (2) by prices rising because consumers quickly exercise their war-originated claims to goods, some areas are going to do smaller unit volumes of business and some larger. Each retailer here would be well-advised to become a gadfly to the industrialists of his city.

"If he can force them to make post-war plans more ambitious than the mere shutting down of factories or parts of them, he will render them, his community and himself a service. By assuming such a role, each of you can know what purchasing power is likely for your community and so what level of trade you can expect.

"You will also have information to judge the direction in which population in your city is likely to move. You will then be in a position to determine whether you should have a short or long-term lease and whether you should enlarge your present plant or move to a better location. In

short, you will be able to plan intelligently for the future of your business."

## C. B. & Q. Subsidiary Asks Permit To Enter Aviation

Possible railroad entry into the aviation business on a large scale was indicated June 26 when the Burlington Transportation Co., a wholly owned subsidiary of the Chicago, Burlington & Quincy RR., asked the Civil Aeronautics Administration for permission to operate helicopter or similar aircraft service in the area that it serves. The Burlington's bus company operates 8,500 highway miles in 13 Middle Western States.

"The contemplated service would afford millions of people residing in towns and small cities in the territory we serve the benefits of coordinated air transportation between the communities in which they live and the airports served by transcontinental or transoceanic airliners, as well as with motor bus and railroad services," said I. B. James, President of the Burlington Transportation Co.

The application to the C. A. A. said the bus company proposed to have 6,380 route miles of air service.

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

**\$28,483,000**

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Due July 1, 1968

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The Series "D" 3¾% Bonds will be redeemable as a whole only, except for the Sinking Fund, at the office or agency of the Company, upon sixty days' previous notice, on any interest date to and including January 1, 1959 at 105% and accrued interest and thereafter on any interest date at a premium equal to ½% for each twelve months or part thereof between the redemption date and the date of maturity.

Sinking Fund of \$285,000 per annum to be applied to the purchase or redemption of Series "D" Bonds. Bonds will be redeemable for the Sinking Fund on July 1, 1944 and on any July 1 thereafter to and including July 1, 1956, at 103% and accrued interest and thereafter on a graduated scale downward.

The issue and guarantee of the above Bonds and their sale to the undersigned are subject to the approval of the Interstate Commerce Commission, and all legal proceedings in connection with the issue, guarantee and sale thereof are subject to the approval of counsel for the undersigned.

*In the opinion of counsel, these Bonds will be legal investments for savings banks under the laws of California, New York, New Jersey and other states and also for savings banks organized under the general laws of Pennsylvania.*

Copies of the Offering Circular dated June 24, 1943, describing these Bonds and giving information regarding the Company may be obtained in any State from only such dealers participating in this issue as may legally offer these Bonds under the securities law of such State.

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New York, June 25, 1943.

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## The Securities Salesman's Corner IT'S ALL IN KNOWING PEOPLE!

Only people who have had actual selling experience can realize what a small part a "good argument" plays in making the average sale. Most laymen think salesmen just have to be good at winning arguments. Good salesmen know that just the reverse is true. There is an old adage that goes, "He won the argument but lost the sale." It's more truth than poetry.

Of course, there are times when you have to give other people good reasons for doing the thing that you suggest. People do like to feel that they have the power of making their own decisions—even if most of us would privately admit that we are far too lazy to accumulate the necessary facts in order to do so. Since our ego must be satisfied, the experienced salesman makes us think we are coming to our own decisions AND THEN HE MAKES IT EASY FOR US TO ACT IN ACCORDANCE WITH HIS SUGGESTIONS. Most people actually like being sold something—though most of us won't admit it.

All of this leads up to the truth of what the psychologists have been telling us for years—that we are creatures of habit. All of us have developed certain behavior patterns from childhood. We have various likes and dislikes, we hold prejudices and opinions, we become angry, happy, petulant, discouraged, serious, lighthearted, etc., at different times and for various reasons. The successful salesman is always making a study of people. His first business is that of a psychologist. Though he may not have a medical degree in the science of reading human nature, if he is a real salesman, he will know much more about "what makes his fellowman tick" than he will ever admit he knows.

In short, the major portion of psychology which is of any practical benefit to the average man, whether he be a professional salesman or just one who has to go through life doing what we all have to do occasionally (making others agree with us) is what is technically called the principle of **partial identity**. This law goes: ANY PART OF A SITUATION WHICH CAUSES A DEFINITE ACT MAY LATER CALL FORTH THE SAME RESPONSE, EITHER IN WHOLE OR IN PART.

That is why when someone puts a pen in our hand WE FEEL THE URGE TO WRITE. Or when a pencil draws a line on a paper WE ARE INCLINED TO FOLLOW THE POINT WITH OUR EYE. Or if one man looks up at the sky on a crowded street corner THERE IS SOON A CROWD AROUND HIM ALSO LOOKING UP.

That is why PRESTIGE is so valuable in salesmanship. It is connected with habit. THE PRESIDENT, A SUPERIOR COURT JUDGE, ESPECIALLY IF HE IS WEARING HIS ROBES, AN ADMIRAL OR GENERAL IN UNIFORM, A MEMBER OF THE CLERGY, A RENOWNED SCHOLAR, IMPOSING IN APPEARANCE AND THE TRAPPINGS OF OFFICE, ARE FACTORS WHICH ENFORCE THE HABIT OF SUGGESTIBILITY.

Prestige, furthermore, is enhanced by an acknowledged ignorance. THE PHYSICIAN'S SUGGESTIONS ARE MORE CLOSELY FOLLOWED BECAUSE OF THE PATIENT'S IGNORANCE OF PHYSIOLOGY OR MEDICINE. THE SAME CAN BE SAID OF SELLING SECURITIES IF YOU FIRST KNOW HOW TO BUILD UP YOUR OWN PRESTIGE.

After a salesman knows his people then he must know two things more—what he should do and say to make them act, and WHAT HE SHOULD NOT DO AND SAY THAT WILL BE ANTAGONISTIC TO THEM. Sounds simple, doesn't it—well, it isn't, and although we try all our lives to learn more and more, we all can say together: "We're all just beginners in the great game of understanding mankind and human nature."

## Post-War Period Of Large Scale Unemployment Predicted By Fleming

A post-war period of large scale unemployment, with continuing high taxes, priorities and rationing was predicted on June 28 by Major General Philip B. Fleming, Federal Works Agency Administrator, according to a United Press dispatch from Chicago on June 28, which went on to say:

"Taxes are not going to come down immediately to pre-war levels," he told the Governing and Advisory Board of the Associated General Contractors of America.

"We should expect to see rationing of many things continued for several months or even years.

"There will be no immediate rush to buy new automobiles, washing machines, radios and air conditioning systems simply because these commodities will not exist. They will have to be brought into existence, and that will take time. The problem of what to do with the gigantic manufacturing facilities now owned by the government is cer-

tain to be a major national headache for years."

General Fleming said he does not believe the millions of war veterans will come home to well-paying jobs in private industry.

"Unless some provision is made in advance, I think it rather more than possible that a good many of them may be without jobs for a long time," he said. "To their number must be added some millions now working on war goods who somehow must be reabsorbed into industries producing for peace."

## Tomorrow's Markets Walter Whyte Says

Congressional acceptance of inflationary measures points to higher prices. Lack of volume and slowness of rails, however, indicate another reaction. Confirmation of important trend should appear before next week.

By WALTER WHYTE

For months, if not for years, the spectre of inflation has appeared on the horizon. But each time its threat seemed imminent and it acquired a considerable stock market following, something occurred and the thing some people feared and others hoped for did not materialize.

That some sort of inflation was inevitable was taken for granted. But in whatever form it would come I did not

## Confidence In Post-War Business Expansion Voiced By Dr. Moulton

Confidence that the United States would weather the post-war period successfully, profiting by lessons learned by both private enterprise and Government, was expressed on June 23 by Dr. Harold G. Moulton, President of the Brookings Institution, Washington, D. C., in an address before the Special Libraries Association convention in New York City.

Dr. Moulton said he views the future "with more confidence in the summer of 1943 than I have done for many years in the past."

His remarks as reported in the New York "Times" of June 24 follow:

Private enterprise, as a result of past shortcomings, and Government, in attempts to regulate business, had learned from mistakes and excesses on both sides, which "gives us some hope that progress will be made," he said.

Declaring that the Government should continue temporarily to set up controls against inflation, Dr. Moulton warned that a private enterprise system, "if we're to pin our faith to it," must be permitted to operate in a general climate of opinion which gives it confidence.

Asserting that "great wars are not always followed by depressions," he predicted that it would take at least two years to demobilize the Army, during which time industry would convert to peace production and absorb the labor supply. A large amount of public work would be available for those who cannot find work in private enterprise, he added.

He urged that a more satisfactory state of industrial relations between labor and capital must be evolved to replace the present economic warfare for profits; that the proper balance be maintained between production and consumption, with a broader and more efficient distribution of income; that financial stability be maintained through establishment of an international monetary system and that channels of international trade be reopened.

believe the common sense of our lawmakers would permit an upheaval that might end in chaos. Apparently I didn't reckon with personal pique and avarice.

That certain elements in Government and in the business world wanted inflation I was aware of. I spoke with them. I listened to their arguments. I knew what they were thinking of. But the fact that most of these arguments were so naive led me to believe that a deliberate inflationary program would be avoided. I know now how mistaken I was.

For the kind of inflation that spells ultimate danger is happening here. It is happening because powerful minorities which control certain legislators have been working day and night to bring it about.

The slogan from now on will be something called "controlled" inflation. Remember that phrase. You will hear more of it in the next few months. You will read all sorts of pedantic articles to prove that the country will go to the dogs unless this so-called controlled inflation becomes a fact. The powerful farm bloc which was licked on one score when it tried to lift ceilings on various agricultural products is again in the saddle and getting practically everything it wanted.

There's no point in moralizing about the road we are on. From a stock market viewpoint moralizing is not only foolish but at times even dangerous. In order to make money in the business of buying and selling stocks you have to accept things as you find them. You can't change them; you just follow them. All this means one thing. And that one thing means higher prices. Whether or not these higher prices will compensate you for the increased cost of everything else you buy is something you will have to discover for yourself.

Last week's closing market sessions took their cue from the House shenanigans and started up. As this week opened prices kept improving. Bullishness again took the

place of nervousness and even pessimists started to sit up and notice.

The Dow Industrials, which stood at 140.86 last Thursday, closed at 142.88 at the end of the week. The rails, that were at 35.42 on Thursday closed Saturday at 35.96. As this is being written these averages are respectively 142.41 and 36.02. This, as anybody can tell you, represents a new high in the industrials though not a new high for the rails. But if the market did go up its advance did not attract any unusual volume.

If you will read last week's column you will note that I warned that if the market went up but volume did not increase proportionately the significance of the rise would be negligible. This is just what you saw happen. But even a volumeless rising market has significance, even if this significance is not what most people like it to be. From what I can see of it, it looks like a "news" market. Some people who think they know what is about to happen have bought certain stocks. So far it looks as if they were right. But there are certain other signs hidden in the lack of volume, plus the comparative immobility of the rails, that point to at least another shakeout before the real trend of the market can assert itself. Therefore to buy stock now, while appearing as an ideal program, does not seem the sensible thing to do.

It's possible that instead of another reaction the market may go into a period of dullness, of which the current action is a phase, and then go up. But even in that case there will be at least another week or two in which to make a decision.

From what I can see of the technical performance I believe that by next week enough tangible clues will have appeared to make a better decision possible. So until then I suggest just sitting by and watching.

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.)*

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## Basis For Permanent Peace And Methods Of Preventing Aggression Subject Of Forum

(Continued from page 9)

have begun to do so. The recent Food Conference shows how it can be done. A whole series of other conferences are to follow it, conferences dealing with money, labor, trade and the suppression of social evils.

"It is through efforts of this kind that civilization advances and peace is assured. There is no reason to doubt that mankind will yet make good the wistful hope that 'all the men in all the lands may live out their lives in freedom from fear and from want.'

"Then, finally, the whole structure of international life must be safeguarded by the World Court and other tribunals. A later broadcast will deal with this great field of justice and human rights in which international law will assume new and greater importance.

"All this program is but the extension and fulfillment of the promise of American life. I have no doubt that we shall make that promise good."

### Remarks of Senator Taft

Senator Taft spoke as follows: "We fight, first, to prevent the victory of ruthless aggression in the world and to punish the aggressors. To accomplish that purpose we must destroy their armies and navies, and secure a surrender so unconditional that no nation in our lifetime will proceed on the assumption that might can make right. The winning of the war, therefore, is the first purpose of the war. Secondly we fight to establish a world in which war will not recur. The war has destroyed all economic relationships and we hope may destroy many prejudices. We have a clean slate upon which to write. Our second purpose has two divisions, first to accord to all nations a place from which they may go forward to prosperity and progress, and second to determine how national aggression in the future may be best prevented. Many say that we must now establish a plan to abolish war. We can all sympathize with this ideal but many wise leaders and warsick peoples have had that ideal before and no one has yet found the solution. The differences among Americans today do not relate to the ideals of insuring future peace. I believe all of us are willing to make commitments to use money and men in foreign fields if we can be sure that those commitments will contribute to peace rather than to war. But it is impossible to exaggerate the difficulty of the task, and global plans for international states or alliances cannot solve that problem by the use of catch phrases. Even the union of the thirteen colonies led 75 years later to the most destructive civil war this country has ever seen.

"I believe we should devote our immediate attention to the terribly complicated problem of the immediate post war period. How shall the boundaries of the nations be drawn. How shall the people of Europe be fed... What shall be the general structure of international trade to give every country a reasonable standard of living. How shall the various na-



Robert A. Taft

tions achieve a self-supporting economic life at the very earliest moment—there may not be fundamental differences of opinion in this country on these questions but they have not been thought out nor have we sat down with the other United Nations to work them out in a cooperative way. The military victories will impose upon England and Russia and the United States a power over all the world which cannot be permanent but which temporarily will give an opportunity to start the new world on a sound basis. It is an opportunity which must not be lost in a dispute over future forms of organization.

"The question of a permanent organization of the world to prevent aggression in the future is already producing wide differences of opinion in this country. We are being asked to commit ourselves to all kinds of fantastic and inconsistent plans before we know what the world will look like after the war. We certainly do not wish to assume obligations unless the plan is one which gives some reasonable chance of practical success in assuring world peace. We do not wish to assume any obligations unless the territorial and economic settlements are fair to all nations, so that we can agree wholeheartedly to stand behind them...

"My own view is that an international superstate with an international police force is fantastic; the state would fall apart in a few years, and leave more chaos than if it had never begun. The United States was almost destroyed because of one difference between people of common ancestry and common speech. But here it is proposed that we combine people with different languages and methods of writing, with different forms of government, with different standards of living and with utterly divergent ideals. Nor do I believe the nations are willing now to disarm, which would be essential if the international police force is to accomplish anything except keeping order in the Balkans...

"On the other hand, we have Walter Lippmann insisting on a world of alliances, and military force, in which the British and ourselves will organize an order 'in which other peoples find that their liberties are recognized by laws that the great powers respect and that all peoples are compelled to observe.' This idea is absolutely contrary to the Stassen plan international state and inconsistent with President Wilson's ideals of a league of independent nations... I believe myself that any plan must be based on the retention of sovereignty by every nation, with covenants between them to join in preventing international aggression. I believe that our people must commit themselves to use military force under certain conditions where aggression has been found by an international body to exist.

Certainly we are not ready to make our decision now as to the kind of permanent organization we should have. We should devote ourselves to the immensely important problem of the immediate post-war period, not losing sight, however, of the ultimate goal, which is cooperation with all other nations in the most practical plan to prevent future war."

### Comments by Mr. Dulles

Mr. Dulles explained the "Six Pillars of Peace" as follows:

"The Commission of which I am Chairman has outlined a future

of international collaboration in six vital areas. We call such collaboration the "Six Pillars of Peace." Many of you have, no doubt, seen our Statement. I will try now to explain how these proposals would operate.

"We first proposed an overall, top, political body. This, as I see it, would periodically bring together the political representatives of the nations for consultation and collaboration on matters of common concern and for supervision of technical, functional agencies. We would start with the United Nations, which have already formed the habit of consulting together. But ultimately we want universality. At the same time, universality must be practiced with regard for basic realities. One of these is that nations which are physically close usually have more common problems than nations which are far apart. Therefore, within the framework of a universal body, there may be regional councils concerned primarily with areas like Europe or the Americas. Another reality is that nations with far-reaching interests and influence must assume a more active role than nations of limited interests.

"In the second place, we would organize a new way of dealing with important economic and financial matters. Here the world has grown very interdependent and nations cannot go on dealing with these matters as though they were of purely domestic concern. I do not think that it is practical now to have free trade, but it is practical to organize world trade so that it will rest on agreements between the nations which fairly take into account their different needs, both for trade and for protection. Also, world trade needs a world bank to help people with one kind of money to buy from people who use another kind of money.

"Thirdly, we call for a standing international body to look out for

needed changes. You may be sure that the treaties which first establish the conditions of peace will be outmoded 100 years from now, just as we today could not get along with the laws we had 100 years ago. We may not yet be ready for a world legislative body with power to impose change on the nations. But at least we need to have a body whose job it is to study and make timely suggestions of changes. That will create strong moral pressure upon nations that tend to become obstructionists by insisting too much on maintaining the status quo.

"Fourthly, we propose to have an international organization to deal with the colonial problem. In some cases an international body might actually take over the task of colonial administration. In other cases, the present colonial power may be the best administrator. But, if so, it should be responsible to some higher authority, charged with assuring that the administration actually is working toward ultimate autonomy and that in the meantime there is no economic exploitation of the subject peoples.

"In the fifth place, we would have an international organization to control armament. No doubt a first task will be to assure that peoples who might be disposed to a war of revenge will not have weapons for that purpose. But the task is broader than that because all armament should be brought under international control. No one can foresee what nation may become a future menace. Japan and Italy were part of the alliance against Germany in the First World War, but they were the first thereafter to become aggressors. No single nation should ever have such a large military force that it feels that it may successfully defy the moral judgment of the rest of mankind. Also, we should have a central agency to promote the mobilizing of power to support international order.

"In the sixth place, and finally, we want an international bill of rights to assure people everywhere, without regard to race or class, the basic intellectual and spiritual freedoms. Here, again, we are dealing with something which used to be considered of purely domestic concern, but which we now see is really of universal concern. For whenever anywhere a government regiments the intellectual and spiritual life

of its people, then there is a threat to the moral foundation of peace."

### Remarks of Elmer Davis

Elmer Davis, Director of the Office of War Information, was also a speaker at the forum, acting as Chairman of the program, presented under the caption "For This We Fight." Mr. Davis said that "the United Nations were united at first in resistance to aggression. Now they are united in counter-attack, and many of us hope they will remain united in the sense that they are united now, that is that they will exercise their sovereign powers by collaborating to preserve the peace which they have won."

Mr. Davis added: "What form that collaboration may take cannot yet be predicted. Two things only can be said: First, that without some kind of collaboration the world is likely to be in for another war—bigger and worse than this one—by the time the little children of today are grown up; and second, that the most useful sort of collaboration is one that springs not from theory but from practice, collaboration through instrumentalities established to meet specific needs."

The United Nations idea was born of necessity, not theory. It did not come into being full-blown but developed as the situation requires. The first full-time, continuous agency was the United Nations Information Board in New York, bringing together the information services of the various governments. The first corporate activity was the recent United Nations Conference on food and agriculture which brought the representatives of 44 nations to Virginia to work out a long-range program on world food and nutrition as a first step to secure freedom from want. The second step was the project circulated last week on behalf of the United States, Britain, Russia and China, proposing a United Nations relief and rehabilitation administration to meet the immediate emergency problems of relief and reconstruction following the war.

Thus the United Nations is becoming the method not only of winning the war but of safeguarding the victory. This combination is the most simple, the most powerful answer to the Axis coalition which won all its victories before the Nations became united, and which has now no alternative but unconditional surrender to these United Nations.

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"Our Reporter On Governments"

By S. F. PORTER

The new 1 1/2s of 1947 are an excellent bond. . . . Were a bargain. . . . Despite the pre-issue rumors that a note would be offered—a forecast first made in this column weeks ago—and despite the stories that the Treasury would be generous in its offering, the fact that the 1 1/2s were sold still came as a pleasant surprise to professionals. . . . Immediately, oversubscriptions of several times were predicted. . . . Some sources believe a four-times oversubscription will be announced. . . . Allotments will be small, with the big buyers getting mighty few of the notes they ask for. . . . And a premium is certain—in fact already is being quoted on the issue. . . .

It looks wonderful and the deal was a sparkling success. . . . No doubt about it, Secretary Morgenthau's advisers do know how to handle these straight market operations. . . . And as for precedents, we now may look with confidence on the pattern being established in the money market. . . . To wit: . . . A 3/8% rate on short-term stuff, due in 92 days. . . . A 1 1/2 to 1 3/4% rate on notes due in four to five years. . . . A 7/8% rate on one-year certificates. . . . A 2% rate on 10-year bonds. . . . A 2 1/2% rate on longest-term securities. . . .

There it is—all laid out neatly in blocks and squares. . . . It really makes it quite simple. . . .

But now that the deal is over, these are the points to emphasize: (1) There'll be a 1/4 to 3/8 point premium on the 1 1/2s and then the curve should level out. . . .

(2) The market should settle down for a while now, for there's nothing in the way to push it in either direction. . . .

(3) Some excellent switching opportunities should be on the calendar, due to the normal readjustment after a new financing. . . .

(4) Some large-scale operations by the Federal Reserve System, which is actively handling the market these days. . . .

But now to another point—one that has nothing to do with today's news, but which has a lot to do with events leading up to this financing. . . .

CRITICISM FOR TREASURY

In the pre-war days, it was perfectly natural for the Treasury Chief to delay announcing details on a financing deal until the last few hours. . . . As this observer has written several times recently, the policy was justified. . . . It prevented undue speculation. . . . It gave out-of-town investors who have less chance to obtain inside news, a fair chance to compete with the giant New York institutions. . . . It added an atmosphere of excitement to the market that rarely did any harm. . . .

So it was an accepted policy. . . . But then came the war. . . . The multi-billion dollar deals instead of multi-million dollar deals. . . . And the necessity for preparation, for giving the experts some advance notice became apparent and logical. . . .

Until this June financing, Morgenthau has been especially careful about notifying investors and dealers in time about the terms of a pending operation. . . . This time, though, he has been coy. . . . And he has brought down upon his head the wrath of dealers and traders throughout the financial district. . . . Right or wrong, the result of his policy has been unfortunate. . . . One dealer called the idea "silly". . . . Another termed it "unfair". . . . A third used the characterization of "ridiculous and valueless". . . . The terminology gives you the psychology—and there's no reason why that should exist now. . . .

However, the waiting is over now. . . . And the reason for this report is to indicate the resentment of the financial community. . . . Assuming Morgenthau listens to the talk, which is a logical enough assumption, we may expect less secrecy next time. . . .

COMPLACENCY

The observation of one trader about this market is important enough to warrant repetition and analysis. . . . Said he:

"This market is too complacent. Everybody I talk to seems so sure that prices will stay up that they're not even thinking

about a reversal of sufficient size to be worth notice.

"The attitude of most seems to be that the market never is going to go down. They're looking for income rather than profits, therefore, and they already have more income than they've had in years."

Just study those comments and then turn to your own investment department or think about yourself. . . . Are you one of the "complacent" investors to whom he is referring? Have you decided nothing can ever happen to hurt your profits? . . . Have you forgotten that no market continues indefinitely on a one-way street? . . .

Without question, the complacency to which this dealer is objecting is widespread. . . . This commentator admits to an equal share of blame on spreading the gospel that the authorities have so powerful a grip on this market that they can do just about anything they want with it. . . . But there are points to be mentioned and to be remembered at all times—particularly now, after a prolonged rise in the market and at the beginning of a summer lull:

For instance:

(1) In informed circles recently, the rumor has been spreading that the Federal Reserve Open Market Committee would be much happier if this market were "at a more sensible level". . . . The Federal is the major control, of course. . . . If it really decides to help the market find "a more sensible level," it can do a lot to point the way. . . .

(2) Another report has been that the Federal Reserve's selling of bonds has been for freeing of profits rather than for supply purposes in a rising market. . . . The Federal has been selling bonds almost without interruption for weeks. . . .

(3) We're liable to move into a comparatively tight money situation later this Summer and see excess reserves down to an extremely low mark. . . .

(4) Talk of a reduction in reserve requirements is premature at this time. . . . If a reduction is decided upon, it should come just before the next prime financing so that the easing of the money situation will have a direct beneficial effect. . . .

This is not to imply that any important reaction is in the offing. . . . On the contrary, it may be emphasized again and again that a major decline during a period of large-scale borrowing is unthinkable. . . . It just can't be permitted to happen—and therefore, it won't. . . . But it is possible, in fact probable, that we'll see some correction in prices over the coming months. . . . Before the September deal. . . . And it would be fine for all concerned if the complacency in the nation today were dissipated. . . . If a 1/4 or 1/2 point drop in prices would accomplish that, the authorities may decide to push one along. . . .

INSIDE THE MARKET

Partially tax-exempt bonds still appear cheap in comparison with the rest of the list. . . . For institutions in need of tax-exemption, the fact that issues like the 2 3/4s and 2 7/8s due in the late '50s and '60s still may be bought at in-reach premiums is good news. . . . Latest information on the widely popular 2 3/4s of 1965/60 is that the bonds have plenty of room despite the recent important advance. . . .

One dealer forecasts a price of 115 1/2 for the issue before the move is over. . . . The bond is at 112.9 at this writing. . . . Another trader figures more conservatively that the 114-115 level is a logical forecast. . . . Either one would represent a terrific advance. . . .

Other reported attractions are the 2 7/8s of 1960/55, the 2 3/4s of 1959/56, the 2 3/4s of 1963/58. . . . Maybe these bonds will take plenty of time to get up but with the tax outlook being what it is, the attraction is obvious to all. . . .

Secretary Morgenthau's move to discontinue sale of the Series A tax notes hailed throughout the financial district as wise and sensible. . . . Only \$303,000,000 of the notes are outstanding and in New York, total sales of the A notes from August, 1941, to date of elimination reached only \$85,000,000. . . . No point in cluttering up financing picture with an issue of that kind, no matter what its initial advantages. . . . And, of course, pay-as-you-go eliminated need for A notes. . . .

tire room becomes an attractive part of general living quarters", an extra room for play or study.

Some of the resulting innovations are startling. The cooking unit has specially designed cooking vessels recessed into the unit for most efficient utilization of heat; they act as serving dishes, too. Food mixer, waffle iron, toaster and sandwich grill are all built in. Three fourths of all meal-preparing can be done while seated. There is a timing device which watches the cooking while the housewife is away.

The equally revolutionary oven is raised to convenient working height and it roasts, broils or barbecues. It is covered with a hood of transparent heat-tempered glass which permits full visibility, minimizing heat loss or risk of injury. A revolving, motor-driven spit for barbecuing and a griddle for pan-frying also are included.

The refrigerator becomes a handsome service bar separating the kitchen and dining alcove. Accessible from either room through sliding thermopane doors permitting a full view of the contents while providing full insulation, it has separate compartments for various kinds of food. Shelves revolve so that food doesn't have to be removed while the housewife searches for some item tucked in back. The heat of the compressor is utilized to dry dish towels.

The kitchen provides also for a built-in concealed dishwasher; the sink has an illuminated splash panel of white vitrolite; foot pedals operate the faucets so that the housewife may use both hands at her tasks.

Other features include a glass dining table that swings up against the wall to form a distinctive mural framed by its folding legs, opening up the dining room for recreation.

MacNichol reported that the kitchen will be available for inspection by designers and manufacturers indefinitely.

FDR Hails 10th Year Of Public Housing

President Roosevelt on June 16 hailed the tenth anniversary of public housing in the United States as "a notable milestone" and forecast "challenging possibilities" of developing broader post-war projects.

In a message to the National Public Housing Conference in New York, the President said:

"The tenth anniversary of national public housing is a notable milestone. Tremendous strides forward have been made in the decade since the National Industrial Recovery Act of 1933 provided for a public works program, of which housing became a significant part.

"Great social gains were effected through the public housing program before the war. Publicly financed war housing has made a large contribution to our entire war effort. I see also challenging possibilities of developing even broader housing programs for even more extended segments of the population under the program of the National Housing Agency when the war is over."

Lapham Resigns from WLB

President Roosevelt accepted on June 24 the resignation of Roger D. Lapham as an employer member of the War Labor Board. Mr. Lapham submitted his resignation because he said he had agreed to run for Mayor of San Francisco in a non-partisan election in November.

Mr. Lapham, Chairman of the Board of the American-Hawaiian Steamship Co., has served as one of the four employer members of the WLB since its creation in January, 1942.

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Full-Scale Model Of "Tomorrow's Kitchen" Shown By Libbey-Owens-Ford Glass Co. Takes Post-War Planning Off Drawing Board For Industrial Preview

Post-war planning left the drawing board for the familiar world of three dimensions here today as designers put finishing touches upon a full-scale model of the "kitchen of tomorrow", developed by Libbey-Owens-Ford Glass Company and previewed over the last few weeks by more than 100 architects and manufacturers.

The man in the street and the queen of his culinary department might marvel at a conception of kitchen design that transforms the drudgery center of the home into a playroom most of the time. But industrial visitors, looking beyond surface appeal, saw striking proof that no visionary test-tube materials are necessary to enable the post-war home to attain new standards of comfort and beauty.

G. P. MacNichol, Jr., Vice President of Libbey-Owens-Ford, told how what had started out as a kitchen planned to illustrate the decorative and utilitarian advantages of glass, had evolved as a complete, and perhaps revolutionary, unit, because H. Creston Doner, L-O-F design chief, "threw away the book" and started from scratch.

"Following wherever their imagination led them, our designers came up with what we hope may prove to be a great many practical ideas, many of which have nothing to do with glass," MacNichol said. "They attempted no mere improvement of existing model design. They did, however, make use of familiar materials and de-

vices in new ways, and although the result certainly does not represent the ultimate, we will be gratified if it proves stimulating.

"An unexpected, but very pleasant result is the interest shown by other industries whose representatives are as anxious as we are to get post-war planning from the blue print stage into more substantial form. We welcome their use of all ideas displayed in our kitchen."

The designers believe the kitchen can be built into low and medium cost homes if it is produced in volume, he added.

Doner began its design by eliminating the conventional stove, refrigerator and storage cabinets. Then he created a room made spacious and airy by large picture windows, with colorful vitrolite walls offset by softly glowing panels of translucent glass. He put the equipment back, to be sure, but concealed it in a sleek buffet which becomes a single unit, arranged in efficient order. Between mealtimes the en-

## Home Front Fails To Face Realities

### Dr. Clothier Tells Banking School

"As a nation we still fail to face the realities in the present crisis," members of the graduating class of the Graduate School of Banking were told on June 25 at their commencement exercises in New Brunswick, N. J., by Dr. Robert C. Clothier, President of Rutgers University, who was the commencement speaker.

The Graduate School of Banking is a school in advanced study for bank officers which the American Bankers Association conducts at Rutgers. Its course requires the completion of two years of extension study, attendance at three summer sessions of two weeks each on the Rutgers campus, and the writing of an acceptable thesis on some banking, financial, or economic subject.

The graduating class consisted of 133 bank officers from 21 States and the District of Columbia. Of the total, 41 were from New York State and 23 from New York City. This was their third summer session at New Brunswick. In all, 414 officers of banks from 34 States, Havana, Cuba, and Mexico City were enrolled in the student body of the school.

A feature of the commencement ceremony was the conferring of two honorary degrees. The degree of Doctor of Laws was conferred by Dr. Clothier on behalf of Rutgers University on O. Howard Wolfe, Vice-President of the Philadelphia National Bank, who is now serving as Chief Administrator of the Philadelphia Ordinance District.

Mr. Wolfe is a member of the faculty of the Graduate School of Banking where he teaches the art of bank management. A degree of Master of Arts was conferred by Dr. Clothier on David C. Barry, Vice-President of the Lincoln-Alliance Bank & Trust Co., Rochester, N. Y. Mr. Barry is also a member of the Graduate School faculty, in which he teaches consumer credit.

Asking the question, "Are We As a Nation Facing Realities?" Dr. Clothier said:

"The prolongation of this war by one day may well cost in the end a thousand American lives. Any one of those boys may be yours or mine. Yet can any one of us say that we as a nation have really gone to work to win it? Granting the outstanding achievements of American industry and large groups of workers, have any of us made the sacrifice the Russians did, say at Stalingrad? Have any of us shown the courage of the British during the battle of London or evidenced anything approaching the great fighting heart of the Chinese? How can we explain the incredible phenomenon, under existing circumstances, of strikes for increased wages in the coal and manufacturing industries resulting already in lessened production of the things on which the lives of our fighting men depend? How can we explain the acquiescence of our people in what may prove to be the humiliating surrender of the dignity and majesty of our government to group pressure and political expediency? Must war bring personal tragedy to us as it has brought personal tragedy to the people of China and Russia, and the conquered countries before we are willing to face these realities?"

"Perhaps we have grown so soft with plenty and with the illusion of security that we have lost the capacity for self-discipline. If so, we can look to the future with grave apprehension, whatever the outcome of the war, for history leaves no doubt of the destiny of a nation which has grown superior to the ancient virtues of simplicity and integrity and industry. To many of us the most cheering aspect of the present crisis is the way in which our young men have reacted to the challenge of national disaster with faith and courage and complete self-forgetfulness. It still remains for us on the home front to prove ourselves as worthy as they."

## Peace-Time Prospects Of Chemical Industry

(Continued from first page) many businesses. Unlike certain other types of business, the chemical industry does not run the risk seeing its products made obsolete, because its products are intermediates. It is the end-product that changes.

In wartime, this same condition meant that the chemical industry had few problems of converting its plants to war work, or of retooling or redesigning. The end-products in most cases have changed drastically and output has expanded in certain chemicals, notably in those chemicals that go into the manufacture of military explosives for the government.

While our diversified chemical business has exceeded its peacetime volume, we are still working with the same chemical materials. We have uncovered, under the impetus of wartime research, considerable new chemical knowledge that will have an immediate application to postwar products.

Hercules has drawn up the plans for a plant construction program after the war that will surpass the expansion of any pre-war year. These plans will call for a record number of employees.

Financially, the chemical industry will be prepared for immediate postwar expansion. The industry has always been distinguished by the relatively large percentage of gross earnings which it plows back into research, improvement, and development. The industry also sets aside adequate amounts out of earnings to take care of obsolescence.

Equipped, therefore, with many new research accomplishments and with a sound management policy, the American chemical industry should be one of the strongest forces in the reconstruction of the postwar world.

## First Fed. Savs.-Loan Ass'n Of Detroit Opens Safety Deposit Vaults

Safe deposit vaults containing 2,800 deposit boxes have been opened by First Federal Savings and Loan Association of Detroit in its headquarters on Griswold at Lafayette. At the same time, the association announced a new War Bond safekeeping service.

As an additional service particularly interesting to war-workers, First Federal is remaining open every Monday evening from 6:00 to 8:00. All facilities of the association including deposit boxes are available during those hours.

Following removal to its Griswold-Lafayette building acquired some months ago, First Federal opened a cafeteria on the fourth floor for the accommodation of employees and their guests. Luncheon is now served daily without charge to employees by the association, and this policy is reported to have been highly successful, as part of First Federal's continuing effort to maintain and improve employee relations. The fact that downtown cafeterias and restaurants in busy, war-working Detroit are expensive, badly crowded and frequently overflow into waiting lines of a half block or so, serves to make the association's cafeteria and "free-lunches-to-employees policy" even more appreciated than would be the case in normal times.

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## Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Early in July bank statements will be released showing the condition of each bank as of June 30, 1943. These "Statements of Condition" are the equivalent of the "balance sheets" of industrial corporations, and when properly scrutinized can be very revealing to the bank stock analyst. National banks, on call by the Comptroller of the Currency, must release statements at least three times a year, usually at the end of the first, second and fourth quarters. Member banks of the Federal Reserve System are also required to issue statements, usually as of the same dates as the national banks. With regard to State chartered banks, the requirements vary, but at least two statements per year are generally ordered. Most of the leading banks and trust companies in the large cities regularly publish statements at the end of each quarter. Quarterly earnings reports, however are rarely released, but most leading banks now report annual operations to their shareholders in some detail, and many of them on the standard form recommended by the American Bankers' Association. Thus, annual net operating earnings are readily obtainable in most cases, but interim earnings can only be calculated on an "indicated" basis, through comparison of a bank's statements of condition, quarter by quarter.

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In view of the importance of these statements of condition, and the regularity with which they are issued, it seems worth while for this column to discuss briefly their analysis. In so doing we shall confine ourselves to the usual condensed form as published in newspapers and (Continued on page 18)

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## TRADING MARKETS

### STOCKS

Aetna Standard Engineering  
Alabama Mills  
American Cyanamid Pfd.  
Argo Oil  
Arlington Mills  
Auto Ordnance  
Autocar Co. Com.

Bendix Home Appliances  
Berkshire Fine Spinning  
Boston Woven Hose  
Botany Worsted Mills Pfd.  
Braniff Airways  
Buffalo Niag. & East. \$1.60 Pfd.  
Buda Co.

Cliffs Corp.  
Collyer Insulated Wire  
Cornell-Dubilier  
Crowell Collier Pub.  
Cuban Amer. Manganese

Deep Rock Oil Com.  
Dewey & Almy Chem.  
Dictograph Products  
Dwight Manufacturing Co.

Eastern Corp. Com.  
Eastern Sugar Pfd.  
Eastern Util. Associates Com.

Farnsworth Radio & Tel.  
Federal Mach. & Weld.  
Federal Water & Gas  
Foundation Co.

General Machinery  
General Water, Gas & Elec. Com.  
Giddings & Lewis  
Gleaner Harvester

M. A. Hanna  
Haskelite  
Hearst Cons. Pub. "A"  
Hooker Electro-Chem.  
Houston Lighting & Power

Indian Motorcycle  
International Mach. Tool

Jefferson Lake Sulphur Pfd.  
Jefferson Lake Sulphur Com.

Kansas City Pub. Service Com.

Liberty Aircraft Products  
Loft Candy Corp.

P. R. Mallory  
Marlin Rockwell  
Mass. Power & Light Pfd.  
Mass. Utilities Associates Pfd.

Nashawena Mills  
Nashua Manufacturing Com.  
Nashua Manufacturing 1st Pfd.  
Nashua Manufacturing 2nd Pfd.  
New Eng. Pow. Associates Pfd.  
Nicholson File  
Northeast Airlines  
Nu-Enamel

Oxford Paper Pfd.

Peoples Lt. & Pwr. \$3 Conv. Pfd.  
Charles Pfizer  
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## What Should Become Of A Salesman's Accounts When He Enters The Armed Forces?

By WHITMAN C. HAFF

Many securities salesmen have entered the Armed Forces leaving, perhaps, thousands of customers' accounts formerly covered by them to their firms to be taken care of and serviced. Just how will these accounts be taken care of? Will they be split up among other salesmen or will they be treated as "house accounts" and returned to the salesmen when they return to their respective firms? In all fairness to these men, who have offered, if necessary, to give their lives for their country, these accounts should be treated as "house accounts" or split up among other salesmen in such a way that they will be returned when the war is over in the event these service men return to their firms.

There are circumstances, of course, surrounding this most important problem. If, for instance, some of these accounts were "house accounts" before the salesman entered the service they naturally revert back to the firm but if they were obtained by the salesman's own efforts or were brought to the firm by the salesman when he entered the firm's employ it is generally conceded in the "Street" they should be returned to him when the war is over.

It is gratifying to observe that most firms are making, or have made, provisions for these accounts to be returned and are taking the right attitude toward these men but regrettably there are a few who are not doing so and who seem to believe that when a man leaves the firm and enters the service his accounts, which he obtained through his own efforts, belong to them and that they can use them as they best see fit. Everyone knows that a salesman's accounts are his "bread and butter" and many of these men will come back hoping to again cover their accounts as they did before they entered the service. Many of these men, perhaps, spent years building up such accounts. It certainly was not the fault of these men that they had to relinquish their accounts for the duration of the war.

Many lawyers, doctors, dentists and other professional men, upon entering the service, have given their accounts to other professional men to cover for the duration but professional ethics would not allow these men to retain such accounts when the other men returned from the war. Such should be the case of the securities salesman who has gone to war, not only to fight for his country but his firm as well and it is to the credit of the vast majority of houses that they recognize this fact.

### Sees Present Pessimism On Assoc. Gas & Electric Situation Not Warranted

Present pessimism about the reorganization plan for Associated Gas and Electric system is not fully warranted, G. A. Saxton & Co., Inc., 70 Wall Street, New York City, declares in an interesting memorandum discussing the situation in detail. The plan, G. A. Saxton & Co. believes, is very realistic, perhaps to the extent of being overly conservative, and there are several important aspects which have received emphasis in the papers or in the plan itself. Copies of the memorandum may be had upon request from the firm.

### Post-War Prospects Of Airline Good

John J. O'Brien & Co., 231 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, have prepared a recent analysis of Transcontinental & Western Air, Inc. discussing the interesting post-war prospects of the company. Copies of the circular may be had from John J. O'Brien & Co. upon request.

## Bank & Insurance Stocks

(Continued from page 17)

mailed to shareholders, and shall ignore the more detailed "legal" form supplied to the Comptroller of the Currency. The condensed form does not permit of great precision in analysis but the results are entirely satisfactory for most practical purposes.

An example of the "condensed" form is the accompanying "Condensed Statement of Condition" of Chemical Bank and Trust Company, New York, at the close of business March 31, 1943:

Assets	
(1) Cash & Due from Banks	\$261,910,314.37
(2) U. S. Government Obligations Direct & Fully Guaranteed	509,560,658.92
(3) Bankers Acceptances & Call Loans	37,472,098.70
(4) State & Municipal Bonds	66,041,910.37
(5) Other Bonds & Securities	96,442,377.47
(6) Loans & Discounts	149,273,844.51
(7) Banking Houses	464,793.50
(8) Other Real Estate	4,563,096.25
(9) Mortgages	1,206,969.10
(10) Credits Granted on Acceptances	2,732,874.53
(11) Other Assets	4,295,815.52
	\$1,133,964,753.24
Liabilities	
Capital	
Stock	\$20,000,000.00
Surplus	55,000,000.00
Undivided Profits	5,805,606.30
Dividend Payable 4-1-43	900,000.00
Reserves, Taxes, Interest, etc.	6,685,540.16
Acceptances Outstanding	3,863,352.14
Other Liabilities	304,824.75
Deposits, Including Official & Certified Checks Outstanding	1,041,405,429.89
	\$1,133,964,753.24

The general purpose of statement analysis is to determine the liquidity and solvency of the bank, its investing policy and its earning power. Various fundamental and significant ratios are used but no single ratio alone can be considered as conclusive. Each must be judged in conjunction with other ratios and other factors.

Liquidity ratios are of particular interest to the depositor as indicating the degree to which his funds are protected and are available. The first ratio in this category is the amount of cash resources divided by total deposits, viz: in the case of Chemical, \$261,910,314 divided by \$1,041,405,430 equals 25.2%. Next is the ratio of cash plus Government securities to total deposits, viz: \$771,470,973 to \$1,041,405,430 equals 74.0%; and, thirdly, the ratio of quick assets to total deposits, or cash plus Governments, plus State and Municipal bonds, plus other marketable securities, plus, also, bankers acceptances, commercial paper and loans eligible for rediscount. Unfortunately, the condensed form of statement does not give all this information, neither does it differentiate between demand and time deposits, hence, ratios calculated from the condensed form are necessarily approximate. In this instance quick assets can be considered as comprising items 1 to 5 inclusive on the statement, which add up to \$971,427,359, the ratio of which to total deposits is 93.3%. It will be noticed that the cash ratio is 25.2%, which is in excess of the 20% on demand deposits required by the Federal Reserve System for New York City member banks. The above three ratios of 25.2%, 74.0% and 93.3% considered together indicate that

Chemical has a highly satisfactory measure of liquidity.

Investment Policy ratios are especially interesting to the stockholder, since they have important bearing on the earning power. The first ratio is that of total securities to total deposits, viz: (items 2 4 and 5), \$672,044,946 to \$1,041,405,429 equals 64.5%. A second ratio is that of loans and discounts to total deposits, viz: (items 3 and 6), \$186,745,944 to \$1,041,405,429 equals 18.0%. A third ratio is that of total earning assets (including fixed assets) to available funds, the latter comprising total deposits plus capital funds. Total earning assets include items 2 to 9, and aggregate \$865,025,748, while available funds total \$1,122,211,036. The resulting ratio is 77%.

The ratio of 64.5% for securities is abnormally high and is a reflection of the war financing policy of the Government superimposed on the "Deficit Financing" of the New Deal since 1933. On the other hand, and as further evidence of an abnormal condition, the ratio of 18.0% for loans and discounts is exceptionally low. The ratio of 77% for total earning assets is very favorable.

Earning ratios are "leverage" ratios and have particular significance for the stockholder. The most generally considered leverage ratio is that of deposits to capital funds, and represents the relation between the depositor's interest and the stockholder's interest in the bank. With Chemical the ratio is \$1,041,405,430 to \$80,805,606 equals approximately 13 to 1, indicating that for each \$1.00 of the stockholder's interest there are \$13.00 of deposits which, ignoring cash reserve requirements, can theoretically earn for him. A more realistic ratio is that of "earning assets" to capital funds, viz: (items 2 to 9), \$865,025,748 to \$80,805,606 equals 10.70 to 1.0. Another helpful earning ratio is that of "earning assets" per share, viz: \$865,025,748 divided by 2,000,000 shares equals \$432.51. This can then be related to the market price of the stock (around 46), which shows the stockholder that for each \$1.00 of market value of stock there are \$9.40 of earning assets.

Book value per share of stock is equivalent to capital funds per share of stock, when there is only one class of stock, as in the case of Chemical and most other large banks. Chemical's book value as of March 31, 1943, was \$20,000,000 plus \$55,000,000 plus \$5,805,606 equals \$80,805,606 or \$40.40 for each of the 2,000,000 shares.

"Indicated Earnings," as calculated from the statements of condition, are obtained by noting the increase (or decrease) in surplus and/or undivided profits over the period in question and adding to this dividends disbursed or accrued. Briefly, the increase or decrease in book value, plus dividends, will give the "indicated earnings" before reserves, etc. Unfortunately "Indicated earnings" can at times be so misleading as to be meaningless, unless one is familiar with the policy of the bank in relation to hidden adjustments, reserves, etc.

In the case of Chemical, capital stock and surplus were unchanged on March 31, 1943, compared with Dec. 31, 1942. Undivided profits, however, increased from \$5,456,273 to \$5,805,606, or by \$349,333; dividends paid were \$900,000; the total of these two items was \$1,249,333, equal to \$0.62 per share. It is of interest to point out that Chemical's "indicated earnings" for the year 1942 were \$2.44 per share, but that total net operating earnings were \$2.68 and security profits \$0.14, giving total net earnings of \$2.82 per share, as reported to the stockholders in the annual report. Not much more than the main

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points of bank statement analysis can be covered in a single brief article. Most of the significant ratios have been covered, however, and for most practical purposes these should be sufficient for the bank stock student and should enable him to compare one bank stock with another or a group, and thus determine those which appear to be in the most favorable statistical position.

## Moors & Cabot Admit L. Clark & R. Smith

BOSTON, MASS.—Leon D. Clark and Roy E. Smith will be admitted to partnership in the firm of Moors & Cabot, 111 Devonshire Street, members of the New York and Boston Stock Exchanges, effective July 8th.

## "Peace Through World Trade" Removal Of Trade Barriers Urged

(Continued from first page)

the development of which means so much for the preservation of peace? Following the last war, we all made colossal blunders in trade policies. We built up high tariffs, we choked the channels of commerce. Each nation was out for itself and itself alone. All followed policies that were frequently destructive, leading to antagonisms and bitter trade reprisals. I am accusing no one nation. America in all this spite of tariffs and embargoes was pretty bad, and worse than some others.

"No one nation set out to be that way. All of them simply failed to realize that our only hope for a prosperous world was to work together. Now we are waking up. We are realizing that the same principles hold true internationally as in our own country alone. Just as with us industry cannot prosper if our farmers are in the doldrums, so it is that our great industrial and trading nations are sick or well together.

"In the 1920s shortsighted trade policies—world wide, I say—were in large part responsible for the great business depression of the 1930s. Then in the 1940s Germany and Japan rush in to conquer the world. And so today we find ourselves struggling on land and sea and in the air to preserve even our own freedom! Peaceful world trade in itself is no certain guarantee of world peace. But assuming that strong, liberty-loving peoples, acting together, can stop that cruel and ferocious Axis aggression once and for all, then, as I have said, expanding international trade is a great factor making for permanent tranquility.

"When this gigantic struggle ends the world will be confronted with vast losses and dislocations. When the world's only hope of making good this great devastation is to bring about an economy of abundance—in America and all over. The height of our payrolls, of our living standards, are all related to our volume of trade, both domestic and international. The United States is a great trading nation. We far more than most must have a peaceful and prosperous world to trade in.

"It is not our role to guide the whole world. That is too much to expect or ask for. But certainly the responsibility will be

ours to join in with other like-minded peoples in establishing conditions that mean peace for us and for our neighbors. America, powerful as she is, can do more perhaps than any other single nation to spread hope and opportunity over the globe by helping to maintain law and order in the world, by accepting imports more freely than we have in the past, always remembering that trade is a two-way street.

"The greater freedom of trade that we build for, the more attractive do we make that policy for other countries. Open up our own markets and we shall build up the markets of others."

### Mr. Watson's Comments

"All of these great questions of politics and economics come down in the last analysis to the decisions and actions of individual men and women. They are questions of human relations and we ought always to think about them in terms of the men and women, the individual human beings who are involved in them. If we can get human relations on a proper basis, the statistics, finance and all the other complicated technical aspects of these questions will take care of themselves.

"The simple rule to follow in all human relations is the Golden Rule: 'Whatsoever ye would that men should do to you, do ye even so to them.' This rule applies to all human relations, great as well as small. Four years ago this month I had the opportunity of speaking to the Biennial Congress of the International Chamber of Commerce at Copenhagen, Denmark. I said then, and I say again today, that our international difficulties and troubles come from failure to observe this rule. Too many have tried to make this a man's world instead of God's world. And it just won't work.

"The Golden Rule is a rule of justice between men and between nations. There are times when justice calls for the execution of firm, and even severe, policies towards those who deserve such treatment. That is why we are fighting this war with everything we have—our armed forces, our home front and our material resources. We are determined to teach the aggressor nations that force and violence against nations, and inhuman treatment of individuals will not be tolerated in the future.

"After Victory our number one obligation is to see that justice is done to all the peoples and countries which have received such inhuman treatment and experienced such untold suffering and misery. Human relations is the formula which will help us solve these difficulties. We have to think always of these peoples as human beings, not as names on a map. The people who live in the little countries should not have to fear the aggression of their big neighbors.

"We Americans have every reason to be proud of the international policies for which our Government has stood. We do not want to annex the territory of any other people. This cornerstone of our foreign policy has brought us the confidence of our good neighbors—in the Americas—and all over the world. Our neighbors to

the south know that the Monroe Doctrine is not a threat of domination, but a guarantee against aggression. The way they have rallied to our cause in this war is proof that our human relations with them are on a sound basis and that they consider the Monroe Doctrine a two-way street.

"What we have done on the political side we should do also on the economic side, not through free trade but by fair adjustment of trade barriers. We should help to establish trading policies that are fair to all people. The people who live in the little countries should be able to produce and trade in fair competition on the world's markets. Secretary Hull's policy of negotiating reciprocal agreements is an application of the Golden Rule, a policy of sound human relations. It is based on the principle of fair dealing—the principle of equal trading opportunity. This is the principle that has made our country the great and powerful country it is today. Secretary Hull's policy strives to extend this principle of equal opportunity to our trading relations with all countries.

"If we follow this policy of reciprocal trade agreements we can lay a solid foundation for the four freedoms we are fighting for. The first settlers who came to our country sought a place where they could worship God in their own way. They established freedom of worship in these United States and it is a freedom our people have always cherished and will always fight for.

"Freedom of speech also is essential to our way of life. It allows each one of us to think his own thoughts and express his own opinions—to seek truth and to speak his mind freely. These two freedoms of speech and religion we are fighting to preserve.

"The other two freedoms we are fighting to win, and we shall win.

"We can be free from fear only when we have established lasting peace in the world by cooperating with the other peoples in the world who are determined, as we are, that there shall be no more war, that nations as well as individuals shall be subject to international agreement, and we must provide whatever means are necessary to enforce the agreements. If we do these things we can look forward with confidence to a lasting peace.

"Freedom from want means improving the standards of living for all people, by making the resources of the world accessible to all nations, large and small, on the same fair basis, and assisting in every way possible the less progressive nations in making use of these privileges to their advantage.

"These four freedoms mean opportunity for the young men and women of all countries who have vision and courage and are willing to apply human relations in their dealings with others.

"The kind of future our young Americans will demand after Victory will call for fair relations between Government and business, business and the people, the people one with another, employers and employees, labor leaders and business leaders, our country with other countries, economically and culturally. They are also going to demand policies that will prevent the spreading of evil propaganda from within our country or from sources outside of it—and sound plans which will provide jobs for all those who are able to work and good care for those who are physically unable to work.

"Our young Americans are willing and capable of assuring their full share of this responsibility.

"Human relations intelligently applied will enable us to solve these problems, because with humane thoughts constantly in our minds we will give due consideration to the human element in our relations with others."

### Remarks of Mr. Johnston

"If we are to create a world in which peace has enduring qualities, it must be a world in which we strive at all times to assure all nations a maximum of material well-being. Thus will the demagogue and would-be dictator be thwarted in their selfish and bloody ambitions.



Eric A. Johnston

"Global material welfare depends first of all upon the enterprise of each nation in lifting its own productivity to the highest possible level. On this score, I believe no national economic system promises as much and accomplishes as much as capitalism—a creative competitive capitalism that brings out the enterprise of men in the production of the necessities of the world. A prosperous world demands that nations must look to their own backyards, in the first instance, for the pot of gold.

"But if we stop there, we would fall very short of the mark. The world is not constructed, economically, with adequate resources to be found in any single nation. Some of us are fortunate to have a great many of the important industrial resources within our own boundaries. Yet, this war has shown us that we can be almost disastrously upset when certain key products are shut off from us.

"So, when the war is over, if we are to have lasting peaceful world relations, we must also have lasting international trade relations of a productive and trade promotive character. If instead, we build Chinese walls about our individual nations, we shall very soon find guns poking their noses over those walls, for the very purpose of forcing certain commodities into circulation.

On the other hand I know that we cannot level all walls without disastrous consequences to many industries.

"It seems to me that the United States Government during the past decade has approached the question from the sane point of view. It has sat down around the table with the officials of one nation after another and endeavored to identify those places where a liberalization of trade might be accomplished without disastrous effect to the industries of either country.

"I believe it highly essential that this policy of constant examination of the tariffs and controls that affect international trade must go on as a continuous process and that provision should be made for such a process.

"I believe that when peace is established certain very fundamental broad principles of liberalization of trade interchange through the world can be set down. Yet merely to set down a general policy and not establish the machinery to make it effective is futile. We must have the machinery for transforming good wishes into practical action.

"Let me say one more word in closing. This job of keeping the channels of world trade cleared of jagged rocks and sunken logs, is not merely the job of government. It should be the job of government in the closest cooperative relationship with business and industry. If we are to have peace through world trade, then the traders of the world must be definitely a part of the picture. Thus there falls upon government, in my opinion, the highest necessity for calling into its deliberations the men who daily

## TRADING MARKETS

### RAILROAD BONDS

- Baltimore & Ohio R. R., 4s/44
- Balt. & Ohio R. R. Conv., 4 1/8s/60
- Boston & Albany R. R., 4 1/8s/78
- Boston & Albany R. R., 5s/63
- Central R. R. of N. J., 5s/87
- Chi. & Alton R. R., Ref., 3s/49
- Chi., Milw. & Gary, 1st 5s/48
- C.M. St. P. & Pac. R.R., 'A' 5s/75
- C.M. St. P. & Pac. R.R., 'A' 5s/2000
- Colorado & South. Ry., 4 1/8s/80
- Deny. & Rio Gr. W. R.R. 'B', 5s/78
- Denver & Rio Grande, 4s/36
- Georgia, Sou. & Florida, 5s/45
- Lehigh Valley R. R., 4s/2003
- Mo.-Kans.-Tex. R.R., 4s/62
- Mo.-Kans.-Tex. R.R., 4s/90
- Mo.-Kan.-Tex. R.R., Adj. 5s/67
- Mo. Pacific R.R. Gen., 4s/75
- Missouri Pacific R.R., 5s/77
- Missouri Pacific R.R., 5 1/4s
- Missouri Pacific R.R., 5 1/8s/49
- Old Colony R.R., 1st 5s/45
- Old Colony R.R., 1st 5 1/2s/44
- St. Louis-San Fran. Ry., 4s/50
- St. L.-San Fran. Ry. 'A', 4 1/2s/78
- St. L.-San Fran. Ry. 'B', 6s/36
- Seab'd Air Line Ry. Act., 5s/31
- Seab'd Air Line Ry. CDS, 5s/31
- Seab'd Air Line Ry., 6s/45

### PUBLIC UTILITY BONDS

- American Gas Power, 3-5s/53
- American Gas Power, 3-6s/53
- Associated Electric, 5s/61
- Associated Gas & Elec., 3 3/4s/78
- Associated Gas & Elec., 4s/78
- Associated Gas & Elec., 5s/73
- Central Public Util., 5 1/2s/52
- Consol. Elec. & Gas 'A', 6s/62
- Inland Power & Light, 6s
- Portland Elec. Power, 6s/50
- Republic Service, 5s/51
- Southern Cities Utilities, 5s/58

### REAL ESTATE BONDS

- Beacon Hotel, 2-4s/58
- Circle Theatre, 6s
- Embassy Theatre, 6s
- Equitable Office Bldg., 5s/52
- 50 Broadway, 3-6s/46
- 40 Wall Street, 5s/66
- Harriman Building, 6s/51
- Hotel Gov. Clinton, 2-4s/52
- Hotel Lexington Units
- Hotel St. George, 4s/50
- Madison & 52nd St., 4s
- New York Postal, 5 1/8s/37
- Poli New England, 5s/83
- Savoy Plaza Hotel, 3-6s/56
- Shereth Corp., 3-5 3/4s/56
- 61 Broadway, 3 1/2-5s/50
- State Theatre, 5 3/4s

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deal in the commodities under consideration. And similarly there falls upon business the paramount duty of informing government, with patriotic honesty, as to all of the facts that bear upon a particular modification of a tariff rate or suspension of a trade control.

The remarks of the speakers were broadcast over Stations WEAf and NBC.

## Unison Of Action To Win War And Peace Urged By Szymczak

The country must be constantly on the alert to effect a "unison of action" necessary to win the war and the peace, it was stated on June 24 by M. S. Szymczak, member of the Board of Governors of the Federal Reserve System.

Speaking at the opening of "Liberty Center-Northwest Town" war exhibit in Chicago, Mr. Szymczak warned that that unison of action is threatened "every day and every moment" by several dangers.

He urged people to buy more war bonds to help win the war and to help fight inflation, explaining as follows:

"Using additional income for buying war bonds has the opposite effect to using it for buying civilian goods. It is in effect using money for war materials which must be produced in enormous quantities now, and preventing it from exerting demand for goods whose production might interfere with the war effort. The bonds we buy direct our additional income away from the channels where it will do the most harm and toward the channels where it will do the most good."

### STANY Will Present Seven Ambulances

Contributions to the Security Traders Association of New York fund for ambulances for the United States Armed Forces will enable the Association to purchase seven ambulances. The presentation will take place on the Sub-Treasury steps on a date to be announced later.

#### Contributors to Ambulance Fund

- |  |                                     |
|--|-------------------------------------|
| Samuel Goldschmidt                       | W. Wallace Lyon & Company           |
| Frazier, Free and Company                | M. W. Janis Company                 |
| Edwin F. Peet                            | Mid-Continent Gas & Fuel Corp.      |
| Charles W. Goodeve                       | Murray L. Gottlieb                  |
| Goodbody and Company                     | J. B. Lang and Company              |
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| Gordon Saunders Company                  | Norfolk Company                     |
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| A. L. Stamm & Co.                        | The Hargus Cafe Co., Inc.           |
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| Cage—Abraham & Co.                       | Billings & Frank                    |
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| King and King                            | Tripp and Co.                       |
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| Eugene Treuholtz                         | Wm. J. Merleka and Co., Inc.        |
| Maurice Hart                             | Maples and Goldschmidt              |
| New York Hanseatic Corp.                 | Charles A. Bianchi                  |
| Seligman, Lubetkin & Co.                 | The Loan-Tex Corp.                  |
| Dick and Merle-Smith                     | Clare M. Torrey                     |
| McLaughlin, Baird & Reuss                | John Grimm                          |
| J. F. Reilly and Company                 | Hood and Co.                        |
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| Sam Weinberg                             | Charles F. Bryan                    |
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|  | Mr. and Mrs. T. G. Campbell         |

### Our Reporter's Report

(Continued from page 3)

#### Looking Far Ahead

These are days when the underwriting bankers do not let any grass grow under their feet, to quote an old saying. And accordingly the filing of the proposed recapitalization and simplification plan of the Niagara Hudson Power Company has turned the experts to sharpening their pencils.

Although it will be some months before the necessary hearings and preliminaries are carried out and the consolidations consummated, bankers visualize in the plan the possibilities of very substantial underwritings necessary to reshaping the financing structure of the properties involved.

Major bond issues of the companies involved run close to \$170,000,000 and among the principal prospects are \$66,000,000 of 3 3/4s of the New York Power & Light Corporation; \$48,000,000 3 3/4s of Central New York Power Corporation; \$20,000,000 of 4 1/2s of the Buffalo General Electric Company and \$17,000,000 of 3 1/2s of the Buffalo Niagara & Eastern Power Corporation.

#### Nearer Term Prospects

But of more immediate concern are two other utility issues for which plans are well along and where it may be only a short time before the calls go out for submission of bids.

Northern Indiana Public Service Company, of the Midland Utilities Company group, is prepared to go ahead with an issue of \$45,000,000 of first mortgage 3 1/4% series C bonds to mature in thirty years.

Proceeds would be used to retire an equivalent amount of outstanding series "C" bonds due in 1969 carrying an interest rate of 3 3/4%.

And the South Carolina Electric & Gas Company has filed for \$20,000,000 of first mortgage bonds also of thirty years maturity. The sale here would provide funds for the redemption of certain bonds to be outstanding upon completion of its merger with the Lexington Power Company effective July 26 next.

#### Stock Issues Move Out

Good demand was indicated for two stock issues placed on the market early this week. The first involved 91,317 shares of cumulative preferred \$4.25 dividend stock of the Beatrice Creamery Co., priced at \$102.50 a share.

Dealers who had a participation in this undertaking, which covered the unexchanged portion of a recent offering to holders, reported a brisk interest in the offering.

Meanwhile another group, offering 200,000 shares of common stock of Gar Wood Industries, Inc., at 5.87 1/2 a share disposed of the entire block within an hour of the opening of subscription books.

#### Forms Frank Russell & Co.

TACOMA, WASH.—Frank Russell has opened offices in the Rust Building to act as dealer and broker in investment securities under the firm name of Frank Russell & Co. Mr. Russell was formerly local representative for Wm. P. Harper & Sons & Co.

#### Situation Looks Good

The current situation in Pittsburgh Terminal Warehouse & Transfer first 5s of 1936 offers interesting possibilities, according to a memorandum issued by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

#### Situation Of Interest

Western Pacific old and new securities 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.

### Vice-Pres. Wallace Contends Jesse Jones Obstructs War Effort

Vice-President Henry A. Wallace on June 29 alleged that Secretary of Commerce Jesse H. Jones had used "obstructionist tactics" against the Board of Economic Warfare in its effort to secure adequate stocks of strategic materials. Secretary Jones countered with the allegation that Mr. Wallace was engaging in "misstatements."

In Associated Press Washington advices of June 29 it was stated:

Mr. Wallace, as Chairman of the Board of Economic Warfare, declared in a long and sharply worded statement for the Senate Appropriations Committee that Mr. Jones, as Chairman of the Reconstruction Finance Corporation, which supplies funds for BEW buying, had obstructed the BEW in its "single-minded effort to help shorten this war by securing adequate stocks of strategic materials."

The Vice-President saw in Mr. Jones's attitude "a timid, business-as-usual procedure."

Mr. Wallace also stated that Mr. Jones had created a "false impression" in testimony before the Congressional Economy Committee headed by Senator Byrd (D., Va.)

"It is time to prevent further harmful misrepresentations of this nature," said the Vice-President, adding:

"Although the President, on April 13, 1942, transferred full control over the programming of imported strategic materials from the Reconstruction Finance Corporation to the Board of Economic Warfare, which operates under broad directives received from the War Production Board, Mr. Jones has never fully accepted that authority.

"He and his personnel down the line have thrown a great many obstacles in the way of our exercise of the powers given us to carry out wartime assignments. Some of these obstructionist tactics have been minor and annoying and some have been of major consequence in this job of waging total war."

In the New York "Journal of Commerce" of June 30 it was stated that according to Mr. Jones' statement "RFC commitments for foreign purchases have been approximately \$3,500,000, of which not more than 10% was originated by BEW. We actually have received and paid for materials to the value of \$1,600,000,000, of which less than 5% can be credited to BEW initiative."

Yesterday (June 30) James F. Byrnes, Director of War Mobilization called together Vice-President Wallace and Secretary of Commerce Jones to discuss their differences over stockpiling war materials according to the Associated Press, which stated:

"The chief of the Office of War Mobilization said that he asked the two principals to come to his White House office late this afternoon to talk over their case. Mr. Byrnes told a press conference that he had made some progress in dissolving a number of inter-governmental differences, but that he knew that "as long as men with strong convictions are in the departments, there will be differences of opinion."

#### Tweedy & Co. Resumes

Tweedy & Company, 52 Wall Street, New York City, is resuming activity in the investment business. The firm, originally established in 1920, will act as dealers and brokers in over-the-counter securities specializing in inactive industrial stocks and bonds. Partners are F. B. Tweedy and Joseph R. Reilly.

### DIVIDEND NOTICES

#### Electric Bond and Share Company

\$6 and \$5 Preferred Stock Dividends  
The regular quarterly dividends of \$1.50 per share on the \$6 Preferred Stock and \$1.25 per share on the \$5 Preferred Stock of the Company have been declared for payment August 2, 1943, to the stockholders of record at the close of business July 6, 1943.  
L. B. WIEGERS, Treasurer.

#### MANHATTAN BOND FUND, INC.

The Board of Directors of Manhattan Bond Fund, Inc., has declared Ordinary Distribution No. 20 of 11 cents per share and Extraordinary Distribution of 7 cents per share payable July 15, 1943, to holders of record as of the close of business July 6, 1943.  
THOMAS F. CHALKER, Secretary.

### PACIFIC GAS AND ELECTRIC CO.

#### DIVIDEND NOTICE

#### Common Stock Dividend No. 110

A cash dividend declared by the Board of Directors on June 16, 1943, for the quarter ending June 30, 1943, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on July 15, 1943, to shareholders of record at 12:00 o'clock noon, Pacific War Time, on June 30, 1943. The Transfer Books will not be closed.  
E. J. BECKETT, Treasurer  
San Francisco, California

### TEXAS GULF SULPHUR COMPANY

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

### VANADIUM CORPORATION OF AMERICA

420 Lexington Avenue, New York, N. Y.  
June 28, 1943.  
At a meeting of the Board of Directors held today, a dividend of twenty-five cents per share was declared, payable July 15, 1943, to stockholders of record at 3:00 o'clock p. m., July 8, 1943. Checks will be mailed.  
B. O. BRAND, Secretary.

### REDEMPTION NOTICE

Church of the Covenant, Erie, Pa. First Mortgage extended 3's due January 1, 1960: entire issue to be redeemed at par at The Marine National Bank of Erie, Erie, Pa. on July 1, 1943. Interest will cease July 1, 1943.  
HUGH S. DARSIE  
Vice-President and Trust Officer

### Boston S. E. Firms Association Elects

BOSTON, Mass.—At the 23rd annual meeting of the Boston Association of Stock Exchange Firms held at the office of Kidder, Peabody & Co., the following were elected Governors to serve for three years: Alvah R. Boynton, F. S. Moseley & Co.; Albert P. Everts, Paine, Webber, Jackson & Curtis; Horace W. Frost, Tucker, Anthony & Co.; Albert W. Tweedy, H. C. Wainwright & Co. To replace three vacancies on the Board due to military service, the following were elected to serve until 1944: Russell A. Ballou, Schirmer, Atherton & Co.; Frank A. Day, R. L. Day & Co.; Charles C. Waterman, Draper, Sears & Co.

Officers elected were: John R. Chapin, Kidder, Peabody & Co., Chairman of the Board; Horace W. Frost, Tucker, Anthony & Co., Vice-Chairman; Robert B. Almy, Townsend, Dabney & Tyson, Treasurer and Assistant Secretary; and Edward H. Kittredge, Hornblower & Weeks, Secretary and Assistant Treasurer. Executive Committee elected include the Chairman, Vice-Chairman, Ralph Hornblower, Hornblower & Weeks; A. R. Boynton, F. S. Moseley & Co. and Lester Watson, Hayden, Stone & Co.

### Mid-Year Bank Figures Study Now Available

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting analysis of bank stocks revised to include the mid-year figures. Copies of this analysis may be had from the firm upon request.

### Chic., Milw. & St. Paul Situation Of Interest

The current situation in Chicago, Milwaukee & St. Paul 5s of 1975 offers interesting possibilities, according to a descriptive circular prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this circular may be obtained from the firm upon request.

### 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.

### Rail Situations Interesting

Leroy A. Strasburger & Co., One Wall Street, New York City, have prepared an interesting descriptive circular on several lots of railroad bonds in registered form which offer attractive possibilities, the firm believes. Copies of this circular may be had from Leroy A. Strasburger & Co. upon request.

### Situation Looks Good

The current situation in Pittsburgh Terminal Warehouse & Transfer first 5s of 1936 offers interesting possibilities, according to a memorandum issued by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

## Municipal News & Notes

Eight factors that explain present high prices and demand for municipal bonds are presented in the annual Mid-Year Review of the Municipal Bond Market of Halsey, Stuart & Co., Inc., Chicago, just published.

The eight factors are: scarcity of new offerings of municipal bonds; Federal control of interest rates; the diminishing probability that the existing tax immunity of municipal bonds will be removed; the increasing value of tax immunity because of increasing Federal tax rates; better tax collections by municipalities; debt reduction by municipalities; more economy in municipal operations; and the quest of many investors for security.

"State and municipal financing for the year to date," Halsey, Stuart & Co.'s annual Mid-Year Review of the Municipal Bond Market states, "totaled only about \$270,000,000 compared with over \$338,000,000 in the first six months of 1942, which latter figure was, in turn, the smallest volume for any similar period since 1934.

"The scarcity of new offerings has been offset in some part by liquidation of substantial amounts of the holdings of municipal bonds by institutional investors who now find it profitable to dispose of such bonds at the attractive prices available to them, placing the proceeds in some of the newly offered Federal issues. The tax exemption of their municipal bonds, in other words, has greater value to the new purchasers than to the former institutional holders. Estimates place the total of such secondary distributions at a figure almost equal to the amount of new offerings during the past several months."

"Interest rates in a free economy," the Mid-Year Review of the Municipal Bond Market continues, "are determined primarily by supply of, and demand for, available funds. We do not, of course, have a completely free economy at present, and though there is no lack of demand for funds, that demand is concentrated so largely with one borrower—the Federal Government—that instead of competitive demands forcing rates upward, the one large borrower is in a position to establish its own rate, which it has chosen to do at a very low level.

"The very low yields to be had from the highest grade issues (of municipal bonds) have caused some buyers needful of more income to dip into issues of lesser grade, thus stimulating the demand for the latter and improving their price position. The secondary classifications, moreover, have in many cases shown improvement under the full-employment and high-wage level which have been characteristic of war-time economy. This factor, coupled with widespread relocation of industry and population, has greatly altered the situation of whole sections of the country and of many individual States and communities in particular.

"The improvement in situation and outlook of certain sections and communities is not, however, confined to secondary classifications alone. The financial position of municipal borrowers generally has shown improvement. For one thing, municipal debt, instead of trending upward, as had been the general situation previously, has, during recent years, moved in the opposite direction. This results from several factors: the extinguishment of old debt through serial maturities, the advancement of Federal funds during the depression years for undertakings which normally would have been met by the municipalities them-

selves, and more recently the unwillingness or inability to initiate new capital improvements. Along with these developments, tax payments, both current and delinquent, have been excellent and administrative and operating policies and costs have shown improvement in response to public demand. Many States and communities have, in fact, built up substantial reserves, looking toward possible need in the period of readjustment which is expected to follow the war. Except for the burden of Federal debt which must, of course, be considered in evaluating the overall picture, it is fair to say that the financial situation of States and municipalities generally has not been as satisfactory for years as at present."

### Delaware River Commission Plans Refunding of Debt

The Delaware River Joint Bridge Commission, acting on the recommendation of Joseph K. Costello, Secretary and General Manager, voted unanimously on June 25 to refer the plan for refinancing of the Bridge Commission's outstanding indebtedness to its Finance Committee. The Committee held its first meeting on June 30 to work out details of the proposed refinancing. Mr. Costello stated that the \$35,238,000 of 4½% bonds maturing subsequent to Sept. 1 can be refunded at a rate of 3% or lower and the bonds sold at par or better. The Commission voted to retain Thomson, Wood & Hoffman of New York City as special bond counsel for the refunding. Mr. Costello said that the new series of bonds would be placed on sale by the latter part of August.

### Puerto Rican Income Tax Not Applicable to United States Bondholders

Holders of Puerto Rican insular and municipal bonds residing outside of the Island are not affected by amendments to the Insular Income Tax Law, passed by the Puerto Rican Legislature on Dec. 3, 1942, removing the exemption from the Island's income tax formerly accorded to the interest on the bonds of the Government and its local subdivisions, Harold L. Ickes, Secretary of the Interior is reported to have stated on June 25. A report on the entire subject was received by B. W. Thoron, Director of the Division of Territories and Island Possessions, from Governor R. G. Tugwell. Regarding rumors that United States holders of bonds would be affected by the amendments to the Island tax law, Governor Tugwell is reported to have stated as follows: "You may reassure the banking and bond-holding community that the Treasurer does not intend to withhold any part of future interest payments nor to attempt taxation of nonresident bondholders."

### Imperial Irrigation District Analysis Issued

A comprehensive study dealing with all phases of the Imperial Irrigation District, California, has just been issued by Kaiser & Co., San Francisco and New York. Embracing 60 pages, it sets forth in detail the history of the financing effected by the district and contains numerous tables and text matter illustrating the nature and security underlying the unit's indebtedness. The publication is extremely timely in view of the recent award by the district of \$13,815,000 new refunding bonds to a nationwide banking group headed by Blyth & Co., Inc., and Kaiser & Co.

## Pennsylvania, Ohio & Detroit Issue Offered By Kuhn, Loeb & Co.

Kuhn, Loeb & Co. offered formally, June 25, a new issue of \$28,483,000 Pennsylvania, Ohio & Detroit RR. first and refunding mortgage 3¾% bonds, series D, dated July 1, 1943, and due July 1, 1968, at 101¼ and accrued interest, to yield 3.64% to maturity. The issue comprises one of the largest items of senior railroad financing in recent months. The new bonds are guaranteed as to principal, interest and sinking fund by indorsement by Pennsylvania RR. Issuance, guaranty and sale of the bonds are subject to approval of the Interstate Commerce Commission.

The issuer will use the proceeds for redemption on or before Oct. 1, 1943, of an equal par value of first and refunding mortgage 4½% bonds, series A, due April 1, 1977, at 102½ and interest.

An annual sinking fund of \$285,000 will be applied to the purchase of the series D bonds now offered. For sinking fund purposes the bonds will be redeemable at 103 to July 1, 1956, and on a graduated downward scale thereafter. The bonds are redeemable otherwise as a whole only at 105 from July 1, 1944, to Jan. 1, 1959, and after the latter date at a premium equal to ½% for each year or part thereof between the redemption and the maturity.

The company intends to apply for listing of the bonds on the New York Stock Exchange and for their registration under the Securities Exchange Act. In the opinion of counsel the bonds will be legal investments for savings banks under laws of California, New York, New Jersey and other States, and also for savings banks organized under the general laws of Pennsylvania.

The properties of Pennsylvania, Ohio & Detroit RR. are leased to Pennsylvania RR. for 999 years. They form an integral part of the Pennsylvania system and include about 680 miles of track in Ohio and Michigan. Lines of the company are vital for entry of the Pennsylvania system into Detroit, Toledo, Sandusky and Akron.

### Purcell Again SEC Head

The Securities and Exchange Commission announced on June 25 that Ganson Purcell had been re-elected as Chairman of the Commission for the year ending June 30, 1944. Chairman Purcell was appointed to the Commission's staff as an attorney in August, 1934; served in various positions on the staff, including that of Director of the Trading and Exchange Division from October, 1937, to June, 1941; became a member of the Commission in June, 1941; and has served as Chairman of the Commission since January, 1942.

President Roosevelt on June 23 named Mr. Purcell to serve as a member of the Office of Economic Stabilization, which is headed by Fred M. Vinson. Mr. Purcell said the appointment will give the SEC more direct contact with the OES in problems dealing with investments and securities.

### New Haven Railroad and The Reorganization Plan

Vilas & Hickey, 49 Wall Street, New York City, members of the New York Stock Exchange, have prepared a new study of New York New Haven & Hartford. It is expected that a new ICC plan for reorganization will be forthcoming shortly, and such a reorganization is discussed in the light of the recent St. Paul decision. Copies of this study may be had from the firm upon request.

## New York Title - Series C-2 1st Mortgage Liquidating Certificates

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

MARKET: 38 - 39

Complete descriptive circular will be sent upon request.

## Seligman, Lubetkin & Co.

Incorporated  
Members New York Security Dealers Association  
41 Broad Street, New York 4 HANover 2-2100

## Real Estate Securities

### PIERREPONT HOTEL

4% Fixed Interest—8.75% Earned On Bonds

The feature of the first mortgage bonds of this hotel is the conservative mortgage based on the amount of mortgage per room as compared with other hotels with bond issues. The following comparison illustrates this point:

Hotel	No. Rooms	Mortgage	per Room
Pierrepont	573	\$928,200	\$1,640
St. George	2,050	8,376,000	4,086
Granada	353	1,107,550	3,137
Lexington	801	3,677,600	4,591
Park Central	1,600	5,255,000	3,284
Taft	1,550	3,437,823	2,285
Goy. Clinton	1,098	5,485,000	4,995

The bonds are secured by a first mortgage on land approximately 10,857 square feet in area, situated on the north side of Pierrepont Street, approximately 50 feet east of Hicks Street, Brooklyn, N. Y., together with the 16-story hotel standing thereon, containing 573 guest rooms, a gymnasium, a swimming pool and the usual public rooms.

Bonds originally issued were \$1,175,000 and bonds currently outstanding amount to \$928,200. The property is valued at \$1,360,000 by the City of New York in its 1942-43 assessment.

Under a plan of reorganization under 77B, the maturity of the bonds was extended from 1940 to 1951. Fixed interest was reduced from 5¾% to 3% until July, 1941, and 4% thereafter until maturity of the bonds.

Subordinate to the bonds is a second mortgage of \$83,832.

**Sinking Fund**—Available net earnings after operating and administrative expenses, taxes and fixed interest are applicable: first, to payments to a sinking fund up to 2¼% of the original amount of first mortgage bonds issued in reorganization (\$1,072,000); next to payment of 2% income interest on the second mortgage. Any then remaining balance of net earnings would be applicable to further first mortgage retirements until reduction of the issue to \$600,000 and thereafter to general corporation purposes. The lien of the mortgage securing the bonds has been broad-

ened to include all furniture and equipment contained in the hotel, a chattel mortgage on the furniture of \$32,790 having been paid off in October, 1938.

Percentage earned on outstanding bonds, before interest and amortization has been as follows:

1942	8.75%
1940	5.81%
1939	6.71%
1938	6.03%



### TRADING MARKETS IN REAL ESTATE SECURITIES

SHASKAN & 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.

Prudence Collaterals Series A-18

and all other  
TITLE CO. CERTIFICATES & MTGS.

SIEGEL & CO.  
39 Broadway, N. Y. 6 Digby 4-2370  
Bell System Teletype 1-1942

## Bank Of America Common Stock Sold

A block of 100,000 shares of the Bank of America National Trust and Savings Association of San Francisco common stock was offered on June 24 by a nationwide banking group headed by Eastman, Dillon & Co., and including Kidder, Peabody & Co., Shields & Co., Hayden, Stone & Co., E. H. Rollins & Sons, Inc., and thirty-six other investment houses. The stock will be priced at \$42.50 a share.

The subscription books on the offering were closed early in the day. The stock was formerly owned by the Transamerica Corp.

The Bank of America N.T.S.A. is rated as the fourth largest bank in the United States and the largest outside of New York, operating 487 branches throughout California. Resources at the end of 1942 were \$2,771,689,000 and loans and discounts totaled \$840,450,000. Organized with a State

charter in 1904, the bank acquired a national charter in 1927. Earnings for 1942 were at the rate of \$4.01 a share, against \$4.16 a share in 1941.

Transamerica Corporation at the end of 1942 held 492,529 shares of the common stock and 423,374 shares of preferred stock.

### Now Capt. Woolf, U. S. A.

Edward B. Woolf, formerly President of Stokes, Woolf & Co., Inc., 105 South La Salle Street, Chicago, Illinois, has recently been appointed a Captain in the Army of the United States.

### Hinsch Co. A Partnership

(Special to The Financial Chronicle)  
CINCINNATI, Ohio.—Charles A. Hinsch & Co., Union Trust Building, formerly a corporation, is now doing business as a partnership. Partners in the firm are: Charles A. Hinsch, Neil Ransick, and Emery Eyler.

## Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 28 that the tenders for \$1,000,000,000, or thereabouts, of 92-day Treasury bills to be dated June 30 and to mature Sept. 30, 1943, which were offered on June 25, 1943, were opened at the Federal Reserve Banks on June 28.

The details of this issue are as follows:

Total applied for—\$1,305,659,000.

Total accepted—\$1,005,718,000 (includes \$58,294,000 entered on a fixed-basis at 99.905 and accepted in full).

Range of accepted bids:

High—99.910; equivalent rate of discount approximately 0.352% per annum.

Low—99.904; equivalent rate of discount approximately 0.376% per annum.

Average price—99.904+; equivalent rate of discount approximately 0.374% per annum.

(84% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 30 in amount of \$805,048,000.

Secretary Morgenthau on June 30 invited tenders for a new \$1,000,000,000 issue of 92-day bills, to be dated July 7 and to mature Oct. 7. Tenders will be received at the Federal Reserve Banks and branches up to 2 p. m. tomorrow (July 2).

## Vote To End Food Subsidy Payments

Senate and House conferees agreed on June 29 on the legislation ending the subsidy-rollback program of the Office of Price Administration.

The bill, extending the life of the Commodity Credit Corporation for two more years and increasing its borrowing power by \$750,000,000, prohibits further payments to processors to cut back the retail prices of beef, butter and coffee and bans further subsidy payments unless specifically authorized by Congress. The subsidy programs for which previous commitments had been made are to be liquidated after the bill becomes law. Subsidies for the sole purpose of encouraging production of vitally needed crops and minerals, to finance higher wartime transportation costs, and some other payments are to be continued.

The House voted to end the food subsidy program on June 25 and the Senate took similar action on June 26.

The conference report was expected to be approved by both branches yesterday (June 30) and then the measure will be sent to the White House, where it faces a possible Presidential veto.

In Associated Press Washington advices June 29 the following was reported:

The CCC extension measure would permit Government payments up to \$150,000,000 to retain the present program of subsidizing increased transportation costs and production of critical metals and stimulating necessary output of war-essential food products.

After nearly seven consecutive hours in welding the two measures together, the House and Senate Conference Committee declared the bill would erase the subsidy rollback on retail prices of meats and butter, which the Office of Price Administration already has inaugurated.

It would permit payment, however, of commitments made by the Administration up to June 15 and allow Government agencies until Aug. 1 to liquidate the accrued payments.

While the Senate measure would have transferred subsidy powers from the Office of Price Administration to the War Food Admin-

istrator, the Conference Committee's version, Senator Robert A. Taft (Rep., Ohio) said, would "emphasize and reassert" present provisions of law requiring payment of the limited subsidies only with approval of the Administrator and when he believes it necessary to encourage production.

The conferees declared that no additional funds for subsidy payments above the \$150,000,000 could be obtained without Congressional assent. The War Food Administrator also would be empowered to supervise what the conferees termed a buying-selling procedure that would allow a subsidizing agency to buy food at a loss from the farmer or on the open market to stimulate production.

The Government would be permitted to continue incentive payments on canning crops such as tomatoes, corn, beans and peas; on specially crops such as peas and beans and on potatoes, hemp and sugar. The price-support program on domestic vegetable oils and fats likewise would be continued as well as payments permitting sale of wheat for feeding purposes.

## Sees Synthetic Rubber Opening New Era For Rubber Securities

"Synthetic Rubber—Its Influence on Rubber Securities" is the title of a new circular just released by Hirsch, Lillenthal & Company, members of the New York Stock Exchange, 25 Broad Street, New York.

In their booklet, the company expresses the view that the adoption of synthetic rubber is ushering in a new period for the rubber industry. As a consequence, analysts must view rubber securities as investments and not as speculations as has been the common practice in the past.

The brochure points out that regardless of how much synthetic rubber replaces natural rubber in manufacturing processes, it will serve as an effective clamp on rubber prices. Rubber companies need no longer suffer the huge inventory losses which have confronted them each time crude rubber prices fluctuated sharply.

Copies of the booklet may be had upon request from Hirsch, Lillenthal & Co.

## N.Y. State Comm. Chamber Awards Essay Winners

More than 200 school children—the prize winners in the annual essay contest conducted by the Chamber of Commerce of the State of New York in conjunction with the Board of Education and the Catholic School Boards—received their awards on June 18 in the Great Hall of the Chamber at 65 Liberty Street. Approximately 250,000 students in the public and parochial schools in the five boroughs submitted essays on the subject of this year's contest—"In What Ways Can I Contribute Most of the War Effort?"

The hall was filled to capacity with the successful competitors, their parents and friends and teachers. Each prize winner was applauded as he or she went to the rostrum to receive a money award. Eleven of the pupils won both group and grade prizes, the double awards ranging from \$25 to \$40. The other 200 winners received awards of from \$2 to \$15.

## Gar Wood Industries Stock Offered By Emanuel & Co.

Formal offering of 200,000 shares of common stock par value \$1, of Gar Wood Industries, Inc. was made June 29 by a banking syndicate headed by Emanuel & Co. The stock was priced to the public at \$5.875 per share. Other members of the underwriting group include Hallgarten & Co., A. C. Allyn and Co., Inc., McDonald-Coolidge & Co., Van Alstyne, Noel & Co., Johnston, Lemon & Co., Sills, Troxell & Minton, Inc., Dempsey-Detmer & Co., Wm. C. Roney & Co., Sutro & Co., Carleton M. Higbie Corp., Pacific Co. of California, Shillinglaw, Crowder & Co., Inc., Stein Bros. & Boyce, Taussig, Day & Co., Inc., Ferris, Exnicios & Co., Inc., and Albert McGann Securities Co., Inc.

Proceeds to be received by the company from the sale of these securities, augmented by other funds, will be used to redeem all of the company's 128,000 outstanding shares of 5% cumulative preferred stock at \$10 per share, plus accrued dividends from June 1, 1943 to date of redemption.

Upon completion of the present financing, the outstanding capitalization of the company will be as follows: \$5,400,000 notes payable to banks—renewable under regulation "V" bank credit agreement to November 30, 1945; \$75,000 mortgage notes payable—due in installments from 1943-1945; and 1,000,000 shares common stock, par \$1 per share.

The company was incorporated in Michigan in 1922 under the name of Wood Hydraulic Hoist & Body Co. At present the manufacturing capacity of the company is almost 100% devoted to war production. Among the war products being manufactured are included many of the company's standard peacetime products with improvements and adaptations for war purposes which did not require major changes in the character of the company's operations.

The peacetime business done prior to 1942, and intended to be resumed by the company after the war, consisted of the manufacture, sale and distribution of a diversified line of products. These were divided into six major divisions as follows: Hoist and body divisions, road machinery division, winch and crane division, tank division, air conditioning and heating division and boat division.

## SEC Requires Report On Renegotiation Data

The Securities and Exchange Commission announced on June 24 the adoption of amendments to Rule X-13A-6 and Form 8-K under the Securities Exchange Act of 1934. The rule requires the filing of a current report upon the occurrence of the events specified in the rule. Such reports are required to be filed not later than the tenth day of the month following the month in which the event occurs.

The Commission's announcement explained:

"The amendment relates to companies having war contracts which are subject to renegotiation proceedings pursuant to Section 403 of the Sixth Supplemental National Defense Appropriation Act, as amended. The amended rule requires a report upon the settlement of any such renegotiation proceedings. No report is required, however, if effect was given to the settlement in the most recently filed financial statements or if financial statements for the period covered by the settlement have not been filed. In the latter case, it is assumed, of course, that effect will be given to the settlement when financial statements for the period are filed."

## Canadian Crops Are Generally Favorable

In its June 24 report on Canadian crops, the Bank of Montreal states that "in the Prairie Provinces crop conditions are generally favorable, although the season remains somewhat later than normal." The bank's report adds:

"Early cool weather promoted sturdy growth, and recent higher temperatures, prevailing over most of the Prairies, have stimulated development. Crops are generally well stooled and healthy and early-sown wheat is entering the shot-blade stage. Moisture reserves are satisfactory in Manitoba and most of Saskatchewan, but good rains are urgently needed in the southeast area of Alberta. Weeds are prevalent in some districts. Insects have caused slight damage. Pastures are in good condition. In the Province of Quebec the season is still from two to four weeks later than normal and seeding and planting have not yet been completed. Heavy rains have caused serious damage to crops and delayed operations generally. Pasture and hay lands look promising. Orchards are in satisfactory condition and small fruits show promise. Warm dry weather is urgently needed in most districts. In Ontario better weather has prevailed since the beginning of June and prospects for all crops have improved materially, but the season remains about three weeks later than normal. Seeding of Spring grains is practically completed and planting of corn and roots is well under way; recent growth has been good. Hay and clover crops and pastures have made excellent progress. In the Maritime Provinces seeding and planting are still uncompleted, but hay lands are showing good growth, and in apple orchards there is evidence of a good set following heavy bloom. In British Columbia, all crops are late, and in general, below normal. Bloom in apple orchards was followed by a fairly heavy drop and the outlook is for a crop 50% to 75% of average."

The Bituminous Coal Division has just completed an estimate which shows that there were 79,505,000 tons of bituminous coal in consumers' stockpiles on June 1. This was a gain of only 838,000 tons more than the amount in storage on May 1. We should have increased stockpiles by more than 3,000,000 tons during May. We are still losing ground in June.

"It will be hard work to regain the ground we have lost, and we may not be able to do it. We certainly cannot do it unless we have uninterrupted production from now on."

The 79,505,000 tons of bituminous coal in storage on June 1 represented an average of 54 days' supply at the May rate of consumption, but would represent a considerably lower number of days' supply at the fall and winter rate of use. Consumption in May was nearly 6% less than in April. The 78,667,000 tons in consumers' stockpiles on May 1 represented an average supply of 49 days at the April rate of consumption. A large number of individual plants had far less than the national average number of days' supply of bituminous coal in storage. In fact, information indicates that 1,700 plants, including a large number of war industries, have less than 10 days' supply on hand.

## Beatrice Creamery Co. Pfd. Stock Offered

Public offering was made June 29, by an underwriting group headed by Glore, Forgan & Co., of the unexchanged portion of 91,317 shares of new \$4.25 cumulative preferred stock of the Beatrice Creamery Co. at \$102.50 per share. Holders of the company's presently outstanding \$5 preferred stock had the privilege, since expired, of exchanging their shares for the new stock on a share for share basis. Proceeds of the sale of new shares to underwriters will be applied by the company to the redemption on October 1, 1943 of all of the \$5 preferred stock then remaining outstanding.

Beatrice Creamery Co. is the outgrowth of a business originally established in 1891. The 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 and other specialty food products, and operation of cold storage plants, and in practically every branch of the dairy industry. Company operates 77 manufacturing plants in 17 states and the District of Columbia. Cold storage warehouses are operated in six important cities. Dairy products are marketed for the most part under the trade name "Meadow Gold" or "Blue Valley." The principal frozen items distributed are those of the "Birds Eye" line and are marketed under that trade name.

Total assets of Beatrice Creamery and its subsidiaries as of Feb-

ruary 28, 1943 were \$26,741,459, of which \$13,490,910 were current assets. Current liabilities at that date were \$2,682,973. The company's capital structure consists of 91,317 shares of authorized and outstanding preferred stock and 750,000 authorized shares of \$25 par common stock, of which 381,866 shares are presently outstanding.

In the fiscal year ended February 28, 1943, the company and its subsidiaries reported net sales of \$101,627,726. Consolidated net income before Federal and State income taxes was \$4,760,935, and \$1,664,994 after such taxes.

The annual dividend charge on 91,317 shares of \$4.25 cumulative preferred stock to be outstanding is \$388,097.

## Gain In Coal Stockpiles Below Expectations

The bituminous coal stockpiles in consumers' hands, to which the Nation looks for protection against curtailed war production and cold homes caused by fuel shortages next winter, grew only 838,000 tons in May because of the loss of production due to strikes, Solid Fuels Administrator Harold L. Ickes announced on June 26.

"Since we must build up stockpiles in the spring and summer if we are to have sufficient coal to carry us through the fall and winter, our failure to increase them now to the full extent of our capacity will multiply our difficulties next winter," Administrator Ickes said. "Whether we can avoid an emergency then will depend upon how much coal we can get into storage between now and fall."

"The Bituminous Coal Division has just completed an estimate which shows that there were 79,505,000 tons of bituminous coal in consumers' stockpiles on June 1. This was a gain of only 838,000 tons more than the amount in storage on May 1. We should have increased stockpiles by more than 3,000,000 tons during May. We are still losing ground in June."

"It will be hard work to regain the ground we have lost, and we may not be able to do it. We certainly cannot do it unless we have uninterrupted production from now on."

The 79,505,000 tons of bituminous coal in storage on June 1 represented an average of 54 days' supply at the May rate of consumption, but would represent a considerably lower number of days' supply at the fall and winter rate of use. Consumption in May was nearly 6% less than in April. The 78,667,000 tons in consumers' stockpiles on May 1 represented an average supply of 49 days at the April rate of consumption. A large number of individual plants had far less than the national average number of days' supply of bituminous coal in storage. In fact, information indicates that 1,700 plants, including a large number of war industries, have less than 10 days' supply on hand.

Preliminary information had indicated that the coal tonnage in storage on June 1 was less than on May 1. The receipt of complete data used in estimating stockpiles, however, revealed the small gain in total tonnage for the Nation.

## "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.

# Calendar of New Security Flotations

## OFFERINGS

### UNITED MERCHANTS AND MANUFACTURERS, INC.

United Merchants and Manufacturers, Inc., has filed a registration statement for 60,000 shares of 5% cumulative preferred stock, par value \$100 per share.

Address—314 Industrial Trust Building, Wilmington, Del.

**Business**—Corporation is a holding company controlling companies operating textile merchandising organizations, mills and finishing plants engaged in various aspects of textile manufacturing located in the United States, Canada and Argentina. The underlying principle in accordance with which the corporation and its subsidiaries were organized and are operating is that they constitute principally a merchandising and selling organization.

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

**Underwriting**—Lehman Brothers is named principal underwriter. Others will be supplied by amendment.

**Proceeds**—Proceeds derived from sale will be applied to such net corporate purposes as may be determined from time to time by the board of directors, providing some or all of the subsidiaries of the corporation with additional funds; modernization and improvement of manufacturing properties and plant equipment for some or all of the subsidiaries prior to and after termination of the war; providing for post-war contingencies and possible post-war expansion. It is the present intention of the directors to apply approximately \$2,000,000 of the proceeds for the purchase from certain subsidiaries of the corporation of preferred stock which will be authorized for issuance by the subsidiaries, thereby improving the capital position of these subsidiaries by enabling them to reduce their bank indebtedness and substitute therefor the proceeds of the sales of their own securities.

Registration Statement No. 2-5154. Form A-2 (6-1-43).

Offered June 30, 1943 at 104 a share and div. by Lehman Brothers.

### GAR WOOD INDUSTRIES, INC.

Gar Wood Industries, Inc., has filed a registration statement for 200,000 shares of common stock, par \$1 per share.

Address—7924 Ripelle Street, Detroit.

**Business**—At present time company is devoting almost 100% of its combined manufacturing capacity to war production. The peacetime business consisted of the manufacture, sale and distribution of a diversified line of products classified into six major divisions: hoist and body; winch and crane; road machinery; tank; air conditioning and heating, and boat divisions.

**Underwriting**—Emanuel & Co. is named principal underwriter. Others will be named by amendment.

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

**Proceeds**—Net proceeds from sale of stock, augmented by funds currently allocated to the company's "Retirement Fund for Preferred Stock," and by general funds of the company to the extent required for the purpose, will be used to

redeem all of the company's 128,000 outstanding shares of 5% cumulative preferred stock, which, upon the issuance and delivery by the company of the common stock registered, will, upon 15 days' notice, be called for redemption at the par value of \$10 per share plus accrued dividends from June 1, 1943, to the date fixed for redemption.

Registration Statement No. 2-5156. Form S-1 (6-18-43).

Offered June 29, 1943 at \$5.875 per share by Emanuel & Co., A. C. Allyn & Co., Inc., McDonald-Coolidge & Co., Van Alstyne, Noel & Co., Johnson, Lemon & Co. and associates.

### 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: Glorie, Forgan & Co., Chicago; Hayden, Stone & Co., New York; W. E. Hutton & Co., New York; Mellon Securities Corp., Pittsburgh; First Trust Co. of Lincoln, Lincoln, Neb.; Central Republic Co., Inc., Chicago; Kebbon, McCormick & Co., Chicago; Lee Higginson Corp., Chicago; Wisconsin Company, Milwaukee; Bacon, Whipple & Co., Chicago; Blair, Bonner & Co., Chicago; Farwell, Chapman & Co., Chicago; G. H. Walker & Co., St. Louis; Boettcher & Co., Denver; Bosworth, Chanute, Loughbridge & Co., Denver; Maynard H. Murch & Co., Cleveland; Kirkpatrick-Pettis Co., Omaha, and Burns, Potter & Co., Omaha. Offering price to the public will be supplied by amendment.

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

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

Registration statement effective 2:45 p.m. EWT. on June 16, 1943.

Public offering of unexchanged portion made June 29, 1943 at 102.50 per share, by Glorie, Forgan & Co. and associates.

## SUNDAY, JULY 11

### TWENTIETH CENTURY-FOX FILM CORP.

Twentieth Century-Fox Film Corp. has filed a registration statement for 100,000 shares of prior preferred cumulative stock, without par value. The dividend rate will be supplied by amendment.

Address—444 West 56th Street, New York City.

**Business**—Corporation is both an operating and holding company, having 36 active subsidiaries, 21 of which are foreign companies and all but two of which are wholly-owned. Engaged principally in the production and distribution of motion pictures of all kinds.

**Underwriting**—The underwriting group will be headed by Lehman Brothers, Blyth & Co., Inc. and Hayden, Stone & Co., all of New York.

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

**Proceeds**—Net proceeds, together with other cash funds of the corporation sufficient to aggregate \$13,000,000, will be used to purchase 1,044 shares of the outstanding capital stock of National Theatres Corporation, representing 58% of the outstanding capital stock of that corporation, the remaining 42% of which is already owned by Twentieth Century. The stock proposed to be purchased is now owned by the Chase National Bank of New York which has entered into an agreement with Twentieth Century under which the latter acquired the right to purchase such stock for the sum of \$13,000,000. It is expected that the option will be exercised and the shares of National will be purchased concurrently with the delivery of the prior preferred stock to the underwriters. The statement says that in event this financing may be delayed or the management may deem it advisable to exercise the option prior to the consummation of the financing, the corporation may borrow \$10,000,000 from certain banks in New York, and the proceeds to be received from the sale of stock may be used to repay such indebtedness.

Registration Statement No. 2-5158. Form A-2 (6-22-43).

## TUESDAY, JULY 13

### COMMUNITY PUBLIC SERVICE CO.

Community Public Service Co. has filed a registration statement for \$6,850,000 first mortgage bonds, 3 3/4% series due 1973.

Address—408 West Seventh Street, Fort Worth, Texas.

**Business**—Engaged primarily in the manufacture and purchase, distribution and sale of electricity and ice, purchase, production, distribution and sale of natural gas, and production, distribution and sale of water.

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

**Underwriting**—Central Republic Co., Inc., Chicago, is named principal underwriter. Others will be supplied by amendment.

**Proceeds**—Proceeds from sale of the bonds, together with other funds of the company, will be used to redeem its outstanding first mortgage bonds which will require, exclusive of accrued interest, \$7,202,700. This first mortgage bonds comprise \$5,454,000 face amount of 4% series due 1964 redeemable at 105, plus accrued interest from March 1, 1943, to date of redemption, and \$400,000 face amount of 1% bonds, second series due 1964, redeemable at 106 1/2 plus accrued interest from March 1, 1943, to date of redemption.

Registration Statement No. 2-5159. Form S-1 (6-24-43).

## WEDNESDAY, JULY 14

### TWENTIETH CENTURY-FOX FILM CORPORATION

Twentieth Century-Fox Film Corporation has filed a registration statement for 365,715 shares of preferred stock, \$1.50 dividend cumulative, convertible, without par value. The shares are already issued and outstanding.

Address—444 West 56th Street, New York City.

**Business**—Corporation and its subsidiaries are engaged principally in the production and distribution of motion pictures of all kinds, including features, short subjects and newsreels, in various parts of the world, but primarily in the United States.

**Underwriting**—The shares of preferred stock registered are outstanding shares owned by the Chase National Bank of the City of New York. The names of the several underwriters who will purchase the shares will be supplied by amendment, together with the amounts to be purchased by each. The purchase agreement and price to be paid for the stock also will be covered by amendment.

**Offering**—Offering price to the public will be supplied by amendment.

**Proceeds**—Proceeds will go to the selling stockholder. The corporation will not receive any proceeds from the sale of the stock.

Registration Statement No. 2-5160. Form A-2 (6-25-43).

### JACOB RUPPERT

Jacob Ruppert, a corporation, has filed a registration statement for \$2,744,000 5% sinking fund debentures, due July 1, 1950.

Address—1639 Third Avenue, New York City.

**Business**—Engaged in the business of brewing and selling fermented malt liquors. Its principal product is lager beer sold under the name of "Ruppert."

**Underwriting**—First Boston Corp. of New York is principal underwriter. Names of other underwriters will be named by amendment.

**Offering**—Price to the public will be supplied by amendment. The securities are now outstanding and will be sold by six holders as follows: Estate of Jacob Ruppert, George E. Ruppert, Amanda E. Silleck, Manufacturers Trust Co., J. Ruppert Schalk and Anna C. A. Dunn. The company has now outstanding \$2,996,000

face amount of 10-year 5% debentures, due July 1, 1950. It is proposed to modify the debentures without, however, extending the date of maturity or changing the interest rate thereof, changing the designation to 5% sinking fund debentures and providing other covenants. \$252,000 face amount of the debentures, as modified, are to be retained by the holders.

**Proceeds**—The company is not directly to receive any of the proceeds from the sale of the securities. George E. Ruppert and Amanda E. Silleck have each agreed to apply the proceeds to be received by them, to the extent necessary, to repayment in full of their respective debts to the company, aggregating \$766,229 face amount, plus interest from July 1, 1943, (\$876,291 principal and interest at March 31, 1943.) The company proposes to add the proceeds so received to its general corporate funds.

Registration Statement No. 2-5161. Form A-2 (6-25-43).

## 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 \$25 per share, and 131,090 shares of common stock, par \$1 per share, to be reserved for issuance upon the conversion of convertible non-cumulative preferred stock into common stock.

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

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

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

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

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

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

Registration statement effective 5:30 p.m. EWT. on June 21, 1943 as of 5:30 p.m. EWT. June 16, 1943.

### FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registers, with SEC \$45,000,000 First Mortgage Bonds, due Oct. 1, 1971; \$10,000,000 Sinking Fund Debentures, due Oct. 1, 1951 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

**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-5 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 1/2%, the \$52,000,000 of company's First Mortgage 5% 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 A-2 (9-17-41).

Amendment filed June 15, 1943, to defer effective date.

### IOWA 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, 1975.

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 June 16, 1943, to defer effective date.

### 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 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).

### 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.

### PRESIDENT APARTMENTS CORP.

President Apartments Corp. has registered with the SEC \$336,333 of first mortgage 4 1/2% real estate bonds and warrants due July 1, 1955, and certificates of deposit representing \$336,333 of first mortgage 5% real estate bonds and warrants due July 1, 1943.

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

**Business**—Apartment building.

**Purpose**—It is proposed to issue certificates of deposit to the holders of the first mortgage 5% real estate bonds and warrants due July 1, 1943, and upon the consummation of the plan of extension and revision of the bond issue, to issue in lieu and instead of such certificates of deposit said first mortgage 4 1/2% real estate bonds and warrants due July 1, 1955, which will be created and issued by the execution and delivery of an extension and revision agreement, the stamping of said first mortgage 5% real estate bonds and warrants due July 1, 1943, with an appropriate legend, and affixing of new coupon sheets.

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

Registration statement effective 3:30 p.m. EWT. on June 24, 1943 as of 5:30 p.m. EWT. on June 6, 1943.

### UNION LIGHT, HEAT AND POWER COMPANY

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

Address—4th & Main St., Cincinnati, Ohio

**Business**—Operating electric utility company

**Underwriter**—Columbia Gas & Electric Corp.

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

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

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

Amendment filed June 26, 1943, to defer effective date.

(This list is incomplete this week.)

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

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

Offerings will rarely be made before the day following.

## SUNDAY, JULY 4

### SEARS, ROEBUCK & CO.

Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. Employees and Sears, Roebuck & Co. have filed a registration statement for 20,000 memberships and 160,000 shares of capital stock, without par value, of Sears, Roebuck & Co.

Address—Sears, Roebuck & Co., 925 South Homan Street, Chicago.

**Business**—Profit sharing pension fund.

**Offering**—The 20,000 memberships in the pension fund represent the maximum estimated number of memberships which may be offered to eligible employees, during the 12 months following the effective date of registration statement, upon their becoming eligible for membership. The 160,000 shares of capital stock of Sears, Roebuck & Co. represent the maximum number of shares which, it is anticipated, may be purchased by the fund for its members during said period in accordance with the rules of the fund.

**Purpose**—To permit employees to share in the profits of the company; to encourage the habit of saving, and to provide a plan through which each eligible employee may accumulate his own savings. Company each year contributes to the fund certain moneys out of its net profits for the year and each member contributes a certain percentage of his salary or service allowance and these contributions, with other moneys received by the fund, are, if invested, invested in shares of the capital stock of the company. Recently certain funds were invested in obligations of the U. S. Government.

Registration Statement No. 2-5153. Form A-2 (6-15-43).

## WEDNESDAY, JULY 7

### OIL VENTURES CORPORATION

Oil Ventures Corporation has registered 3,000 shares of Class A capital stock, without par value, fully paid and non-assessable.

Address—19-21 Dover Green, Dover, Del.

**Business**—Organized under the laws of Delaware on April 27, 1943, for the purpose of engaging either alone or with others in any phase of the oil business.

**Offering**—Price to the public is \$100 per share.

**Underwriting**—Teller & Co., New York, is principal underwriter.

**Proceeds**—To be applied and used for any of the proper corporate purposes as its board of directors may determine. Statement says it is the purpose and objective of the management to be free at all times to take advantage of any condition or set of circumstances which, in its opinion, offers opportunity for profit to the corporation.

Registration Statement No. 2-5155. Form S-2 (6-18-43).

## THURSDAY, JULY 8

### UNITED WHOLESALE DRUGGISTS OF FORTH WORTH, INC.

United Wholesale Druggists of Fort Worth, Inc., has filed a registration statement for 5,000 shares of common stock, no par value.

Address—100 West Tenth Street, Wilmington, Del.

**Business**—Company is a new corporation organized March 25, 1943. It will engage in the business of selling drug store merchandise, other than that manufactured by United Drug Co. to its stockholders who will be the distributors of products of United Drug Co. While the corporation is being sponsored by United Drug Co., no control over its operations will be exercised by that company.

**Offering**—Common stock will be offered to retail druggists at \$50 per share.

**Underwriting**—No underwriters are named.

**Proceeds**—Proceeds from sale of common stock will furnish to the company both operating capital and security.

Registration Statement No. 2-5157. Form A-2 (6-19-43).

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**The Business  
Man's Bookshelf****BALTIC STATES AS A BRITISH MARKET IN THE PAST AND FUTURE**—Dr. V. Raud, former Commercial Counsellor and Consul-General for Estonia in London—Paper.**CARE OF CHILDREN UNDER FIVE IN WAR TIME** (England and Wales)—British Information Services—30 Rockefeller Plaza, New York City—Paper.**COTTON IN THE POST WAR WORLD**—Transcript of proceedings of the National Cotton Conference—Forum in Memphis, Tenn., April 29, 1943—New York Cotton Exchange—Paper.**DECENTRALIZATION OF SECURITIES EXCHANGES, THE**—Jacob O. Kamm—Meador Publishing Company, Boston, Mass.—Cloth—\$2.00.**TAXING TO PREVENT INFLATION**—Techniques for Estimating Revenue Requirements—Carl Shoup, Milton Friedman and Ruth P. Mack—Columbia University Press, Morningside Heights, New York—Cloth—\$2.75.**United Merchants 5%  
Pfd. Offered Publicly**

Lehman Brothers headed an underwriting group which offered, June 30, at \$104 a share and accrued dividends, a new issue of 60,000 shares of United Merchants & Manufacturers, Inc., 5% cumulative preferred stock (par \$100 a share). Associated with Lehman Brothers in the offering are: Blyth & Co., Inc.; Eastman, Dillon & Co.; Hornblower & Weeks; Stone & Webster and Blodget, Inc.; A. G. Becker & Co., Inc.; Hemphill, Noyes & Co.; Wertheim & Co.; J. S. Bache & Co.; Hallgarten & Co.; Merrill, Lynch, Pierce, Fenner & Beane; White, Weld & Co.; Dean Witter & Co.; R. S. Dickson & Co., Inc.; Mitchum, Tully & Co.; Riter & Co.; Schwabacher & Co.; Bear, Stearns & Co., and Piper, Jaffray & Hopwood. The proceeds of the financing will be used by the corporation for such purposes as providing certain of its subsidiaries with additional funds, modernization and improvement of manufacturing properties and plant equipment, and providing for post-war contingencies and possible post-war expansion. Specifically the directors intend to apply approximately \$2,000,000 to purchase preferred stock from

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certain subsidiaries which will thereby be enabled to improve their capital position by reducing bank indebtedness.

The capitalization of the company outstanding upon consummation of this financing will consist of this issue of preferred stock and 574 shares of common stock (par \$1 per share).

The preferred stock will have the benefit of a sinking fund commencing July 1, 1944, in an annual amount sufficient to redeem 3% of the greatest number of shares theretofore issued plus 5% of consolidated net earnings, after certain deductions. The aggregate annual amount, however, is not to exceed a sum sufficient to redeem 5% of the greatest number of shares theretofore issued. The redemption price for the sinking fund is fixed at \$104 a share plus accrued dividends.

**Schoeneberger With  
Shields In Chicago**

CHICAGO, Ill. — Charles A. Schoeneberger has become associated with the municipal department of Shields & Company, 135 South La Salle Street, it is announced. Mr. Schoeneberger came to Chicago from New York in 1936 as manager of the municipal department of Lehman Bros. and in 1938 joined Alfred O'Gara & Co. with whom he was associated until recently. He started in the municipal bond field with the New York office of the Mercantile Commerce Bank and Trust Company of St. Louis.

**Survey Railroad Systems—  
Present & Future Prospects**

E. W. Clucas & Co., 70 Pine Street, New York City, members of the New York Stock Exchange and other leading exchanges, have issued a 32-page booklet dealing with railroad reorganization securities, and containing a survey of five of the country's railroad systems showing the present status and future prospects of their bonds. Copies of this interesting booklet may be had from the firm upon request.

Also available from E. W. Clucas & Co. is a survey pointing out the post-war outlook for Federal Machine and Welder Co.

**Stalin Renews  
Pledge To Poles**

Renewed pledges of Polish cooperation with Soviet Russia in the war on Germany and of restoration of a strong and independent Poland were made on June 17 in an exchange of notes between the Union of Polish Patriots in Soviet Russia and Premier Joseph Stalin.

In Associated Press Moscow advices it was stated:

Premier Stalin's note, an answer to the union's promise of cooperation, declared: "You may rest assured that the Soviet Union will do everything possible to expedite the routing of our common enemy, Hitlerite Germany; to strengthen Polish-Soviet friendship and to contribute by every means to the restoration of a strong and independent Poland. I wish you success in your affairs."

**For Dealers . . .**

4 stocks with post-war prospects in the small Aeroplane, Home Laundry, Electronics and Television fields, selling between 3 and 4 3/4.

Aeronca Aircraft Corp.

Bendix Home Appliances, Inc.

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Information on request

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NEW YORK 1-576**The Great Man**

By DR. FRANK CRANE

The great man feels with the people but does not follow them.

He maintains his independence of thought, no matter what public opinion may be.

He is quiet. He does not strive nor cry out.

He knows and trusts the cosmic spiritual forces and is not impatient.

He things clearly, he speaks intelligently, he lives simply.

His ethics are of the future, not traditional and of the past, nor conventional and of the present.

He always has time.

He despises no human being, nor any other creature.

He impresses you much as the vast silences of nature impress you, as the sky, the ocean, the desert.

He has no vanity. Seeking no praise, he is never offended. He always has more than he thinks he deserves.

He is teachable and will learn even from little children. He is not anxious to teach others.

He is not welcome in any sect, cult or party, for he is more desirous of understanding than of opposing the other party.

He is rarely elected to anything.

He works for the joy of it, not the wages.

He cannot retaliate, for he cannot descend to the level of them that love to do harm.

He lives in a certain self-sufficient aloofness, so that your praise or blame does not seem to reach him.

Yet his isolation is warm, and not cold. He is keenly alive to human relationships and influences. He loves. He cares. He suffers. He laughs.

When you find him it is as if you had found a real human being among myriads of animals. All of the simple, strong qualities of the normal soul shine in him, with no pettiness.

You feel that what you have, such as your money or position, is nothing to him, only what you are; and that if he likes you it will be not at all for anything you do, say or pay, but for what your soul is within you.

He is not deceived by the two arrant humbugs of the world, Success and Failure.

He changes his opinion easily when he sees his error. He cares not for consistency, which is the fetich of little minds, but for truth, which is the sum of great souls.

He believes that every man comes at last unto his own, and is not impatient.

Bitterness, cynicism, and pessimism, which are tempers of pettiness, he has not; but love, cheer, and hope abound in him, for these are always the by-products of greatness.

When you love him, you yourself become great; for there can be no greatness that is not the cause of greatness in others.

**Kellett Aircraft Offers  
Interesting Situation**

The situation in Kellett Aircraft Corp., pioneer manufacturer of the "Helicopter and Giro" rotary-wing aircraft, offers attractive possibilities at the present time, according to an interesting circular issued by R. F. Gladwin & Co., 115 Broadway, New York City. Copies of this circular may be had from R. F. Gladwin & Co. upon request.

**Okla. City Shawnee  
Interurban Interesting**

The first fixed and income 6s, 1954, of Oklahoma City Shawnee Interurban Railway offer an interesting situation, according to a descriptive circular being distributed by Lilley & Co., Packard Building, Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of this circular may be had upon request from Lilley & Co.

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BUY WAR BONDS**Dealers Now Use Radio**

Hope & Co., San Diego Trust & Savings Building, San Diego, and Nelson Douglass & Co., 510 South Spring Street, Los Angeles, have been using the radio to reach the hitherto untapped reservoir of prospective investors who have not been reached by more conventional means. Their sponsorship of "Busy Money," a copyrighted program of Mutual Broadcasting system, available to one approved investment security house in each city where Mutual has an outlet, has brought them excellent results, they report. The program is not a tipster type—no individual securities ever being mentioned—but discusses industries, economic trends, investment principles, and the broad question of investment opportunities.

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Current earnings, before depreciation, of properties securing these bonds more than 27% of present market price.

Memorandum on request

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