Congressman Buffett Says Security Business Must Act Now

The investment fraternity should act now in formulating plans and making suggestions to Congress for any needed revision of the Securities Act, in the opinion of Hon. Howard Buffett, Representative from Nebraska, whose views were obtained in a letter addressed to the Editor of the "Chronicle," 60 Broad St., Feb. 11. Mr. Buffett declared that he was in agreement with the article "NASDAQ Profit Limitation Rule Would Close Capital Markets To Small Business," which appeared in these columns Feb. 11 and expressed his willingness to aid in bringing to the attention of Congress any proposals which would facilitate the financing of small enterprises after the war. The initiative with respect to developing a program for Congressional consideration, he said, must come from those active in the securities industry, adding that "having been in the securities business for some 15 or 17 years myself, I have an intimate knowledge of its operating mechanism, the financing of small business. Representative Buffett said, "I believe that one of the most important post-war problems confronting the nation is the financing of small business."
Hansen Says Huge GolD Borrowing Not Necessarily Inflationary

Prof. Alvin H. Hansen, Professor of Economics at Harvard University, in an address before the Tax Institute Symposium in New York City on Feb. 7, discussed the public debate. After pointing out that government borrowing increases the quantity of money (currency and demand deposits) only when individual effects of their purchases of banks or the bonds bought from the banks directly be noted: "a rise in the volume of deposits need not necessarily affect the cost of living if it is not to the general level of prices. The newly created deposits will be used by the Government to finance its expenditures and therefore transferred to the ear consultations and the public.

Inflation Antidote—High Production and Low Taxes

This country has had experience with major inflation on four occasions—the Revolutionary War, the War of 1812, the Civil War, and World War I. It will be ended by itself. Shall we have the inflation inevitable with the rise of war-imposed controls, or shall we have the inflation that others anticipate?

The Last Post-War Period

Too recent to be forgotten was the sequence of inflation and deflation that accompanied and followed the last war. From 1914 to 1920 the level of commodity prices was drastically doubled and the value of the dollar almost cut in half. In 1920 the boom collapsed, and within a year prices fell by 45%, bringing a measure of bankruptcy to business, unemployment to labor, and foreclosures and deflation to farmers.

The end of the first World War saw exhaustion throughout Europe, which was the most violent type in German. Belgium intended was the prospect of the American housewife buying an egg or loaf of bread with a calculating of paper money.

Not only that there is no danger of inflation here; in fact, the danger, theoretically, is greater during than after the last war and post-war period. War. If the last time, took a quarter of our national income; this time it is taking more than half of it. In this war we have spent about $30,000,000,000; during the last war, we have already spent more than $150,000,000,000, and how much more we can spend before the war is over can no one predict with accuracy.

The root of inflation is in this (Continued on page 90)

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T. Spencer Shore 

From the University of Missouri in 1934, Mr. Shore received his degree from the Harvard Business School in 1938, and entered the employ of Goldman, Sachs the same year. In 1931, he joined General Tire and became assistant treasurer. Five years later he became treasurer, and in 1942, vice president and director.

Mr. Shore is also a member of the board of directors of the Eagle, Friend, relaxing Curb Exchange of Chicago, and of the Standard Steel Stock Company of Coughlin, Pennsylvania.

Mr. Shore's appointment to partnership in Goldman, Sachs, was previously reported in the "Chronicle" of February 17th.

Rothfield With Reynolds & Company, New York Stock Exchange, announce that Mr. Robert B. Rothfield is now associated with them in their office at the Scherry-Netherlands Building at 966 Street, N. Y. Mr. Rothfield was formerly manager of an unknown branch for Feltner stock & Co.

In This Issue

MEMPHIS BUSINESS JOURNAL 

115 BROADWAY, New York, N. Y. 

Wednesday, February 7, 1944 

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Promoting Labor Harmony
In The War Effort

By GASTIE SIMONS*

Anyone active in the battle of production, so essential to our war effort, is faced with these problems:
1. How may greater harmony between labor and management be produced?
2. How may the conflict between pressure for higher wages and the desire to avoid inflation be resolved?

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Why NASD 5% Rule Will Close Capital Markets To Small Businesses

Editor, "Commercial and Financial Chronicle": In your Feb. 24 issue of the "Commercial and Financial Chronicle" there is a very spirited article titled, "NASD 5% Rule Threat To Post-War Employment and Small Business," by Philip H. Lohman, Ph.D. This article is one of the best and most comprehensive ever published by you. In part, it dealt with a phase of the security business of which our firm is much concerned.

We have unpooled issues from $250,000 to $500,000 and originated larger issues to $4,000,000 in which other investment firms have joined.

When the Government gave many smaller companies all the capital required, which was formerly supplied through the investment channels, the services of underwriting firms like ours become unnecessary. This is the principal reason why the number of applications for qualifying of remaining financings before the Securities Exchange Commission dwindled to almost zero for the past two years, which condition continues to prevail today.

Our firm has kept the doors open by working on other matters, awaiting the day when war is over and the Government is no longer supplying working capital, but, on the contrary, desires to liquidate many of its investments in smaller companies to those companies now using such facilities for war purposes. We thought we could foresee a clever and prosperous underwriting business building out Government investments and supplying new capital for many smaller companies for expansion of their post-war business.

We felt there was great possibility of reordering important part service to help provide jobs for returning soldiers and sailors in the period of post-war readjustment.

But, now, this 5% Profit Rule of the NASD has thrown a bombshell into the whole situation and today we doubt the possibility of doing any more under.

(Continued on page 905)

NASD Headache Continues

Ever since the Board of Governors of the National Association of Securities Dealers promulgated its "5% spread philosophy," that organization has been in a seething turmoil because of the storm of protest which resulted and which is continuing to this very moment.

At first, for fear of reprisals, the anger of dealers in securities was self-suppressed. The "power of visitation," possessed by the Securities and Exchange Commission and the NASD was regarded as a sword of Damocles. There was also the danger of exclusion from underwritings and participation in secondary offerings and the like.

It were a pity, however, if anyone were a member of the Board of Governors of the Stock Exchange, the appointee was usually showered with new business. That was the result of doing the godfathers of all powerful and powerfully placed on a body that then ruled with an iron hand.

Take the converse of this. Some fanatics committed to the "5% spread philosophy" have been withdrawing business. The result was what they wanted, they will diminish the number of exchanges which trade with those in their circle who are fearless in espousing the American doctrine of free enterprise. As an indication, for one who has been among the godfathers of all powerful, I mention that some of those in this category have seen to it that the "Chronicle" was discriminated against with respect to advertising because of its opposition to the "5% spread philosophy."

Despite all these potential threats to their commercial well-being, dealers have become, and are increasingly becoming, more articulate in their firm opposition to the doctrine of placing a ceiling on "spreads" between the purchase and sales price of securities.

At first, opposition preferred to hide its identity. Many of our letters were written on one sheet of paper and never seen by the other parties, the names be withhold. In one way or another, either directly or by inescapable inference, fear was expressed, fear of quick reprisals. Correspondents said that they didn't want to stick their necks out, or "act as the goat," etc., etc.

Gradually, however, some degree of courage came to the fore. Dealers began writing and authorizing the publication of their letters. The issue was regarded, and is regarded, as of first importance, as affecting the very life's blood of business generally. The storm of opposition is daily increasing more continuous, promising to reach proportions where the whole structure, if not the very existence, of the National Association of Securities Dealers may be at stake. There is talk of legislative relief by curtailing of NASD powers.

The feeling is prevalent that the passage by the Board of Governors of a rule which under the by-laws of the NASD should have been submitted to the franchise of the membership, constituted a betrayal of that membership.

(Continued on page 900)
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Bank Investment Policy and National Fiscal Requirements

By HERBERT SPERO, Ph.D.

Dept. of Economics, The City College of New York, School of Business and Civic Administration

Formerly Member of Staff of Research Council of the American Bureau of Economic Research (1913-1914). Author of "Reconstruction Finance Corporation Loans to the Railroads" (1932-1937).

Although Government bond holdings of our commercial banks are now at $12,500,000,000, and in large part below level in history, it is not likely that such a condition will persist, and it is most important that the public finance forces should be called upon to provide a sound basis for an early post-war growth in bank bond holdings. The probability of public liquidation of sav¬ ing bonds by the industrial corporations may also weigh upon their Government bond holdings which are presently kept intact for sub¬ sequent requirement in the post-war recovery. It is also further, in a large measure, by influences outside the banking system.

The consideration of volume of savings bonds outstanding in the hands of the public. As of the last year end, some $27,500,000,000 were in the hands of the non-banking investors. And with continued emphasis on the Treasury plan of placing the national debt in the hands of the citizens, it is valid to point out that the savings bonds may increase this year in an amount equal to the $50,000,000,000 reported for 1943. Thus, by the end of 1944, the total savings bonds may reach a total of $35 billion or more. Currently, investors are cahsing in their savings bonds at the rate of $32 million per month. During 1943, 1,585,000,000 of these bonds were redeemed. After the war, the and the patriotic stimulus is dissipated, it is not unlikely that redemptions will increase rather than diminish.

During the post-war period many people will want to cash in part of their bonds to avail themselves of some of the luxuries which they have temporarily deferred. Furthermore, if the period of post-war disposition is prolonged or unemployment results, redemp¬ tions will certainly expand in result.

Liquidation of Government bond holdings may also be ex¬ pected from industrial corporations. So far, the Treasury has not been very successful in selling issues to industrial and not to governmental organizations. By the end of 1944, the Treasury will be faced with the problem of disposing of $10,000,000,000 of Treasury issues. In the order¬ ing of events, if we assume the requirements for plant rehabilitation, reconversion and expansion will necessitate the sale of a large volume of these Treasuries. As a result, we must not overlook the possibility of a new post-war banking system. Such a program would increase the burden on the banking system, as bank credit would"...
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For interview with an officer of the Company, kindly call Alfred Frank-Guenner Law, Inc., Advertising, 131 Cedar Street, New York 6, N.Y.

---

John McCarthy Joins Alfred L. Baker Co.

CHICAGO, Ill.--John McCarthy, who is known in merchant banking circles, has been associated with Alfred L. Baker & Co., 111 South LaSalle Street, members of the New York and Chicago Block Exchange. Mr. McCarthy originally came from New York to join the staff of the old Continental National Bank, following which he engaged actively for many years in the commercial paper market as a member of Hathaway & Co. For a short time recently he has been connected with the Federal Reserve Bank.

Securities Executive

With 28 years experience in Wall Street affairs, a securities business, including the mercantile business, Mr. McCarthy would like to negotiate with a stockbroker firm or corporation, a potential merger or purchase of his firm relative to opening a branch office to serve the North-Central counties of Pennsylvania.

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The Commercial & Financial Chronicle, 25 Spruce St., New York 8, N.Y.

BANK TRADER


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Seliger, McGinnis To Be Partners In Pfugfelder, Bampton

Patrick B. McGinnis and Hugo E. Seliger will become partners in Pfugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, on March 9th, Mr. Seliger, who has been with McGinnis, who is well known as a rally analyst, have been associated with the firm for many years.

---

The undersigned announce the dissolution of B. W. Pizzini & Co.

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March 1, 1944

Urges Preference In Govt. Jobs For Veterans—Proposes Employers Use Govt. Record As Guide

Legislation Favored By President

The principle that ex-service men in Federal employment should be given preference, as stated in the President's Roosevelt of Feb. 28, that the record of the Government as to veterans must be one by which employers will constitute an example for all businesses, was praised by the President for the rest of the war and five years after, as a Federal job which would be available to veterans, was made to Congress on Feb. 28 by the President, according to the Associated Press, from which we also quote.

Where non-veterans are not excluded from competition for em¬
ployee preference, this pro¬
posed legislation would get special consideration through a system of adding war service points to their other qualifications.

The policy was set forth in let¬
ters to Harry B. Mitchell, of the Civil Service Commission, to the heads of all Executive Depart¬
ments and agencies and to Robert B. Snapper, Democrat, of Georgia, Chairman of the House Civil Ser¬
vice Committee.

In his letter to Representative Snapper the President said that he believed legislation relating to preference for veterans in Federal jobs should include this provision: Authority should be granted special consideration to veterans in five years following the war, to determine for each examination for such positions as may, from time to time, be designated by the President.

Those who are fighting for the life of the nation today,” Mr. Roosevelt declared, “will, upon their return to civilian life, be in men shall be accorded preference down as a government policy. He was also indicated as stating that any reasonable legislation which would empower the President and Congress would make for a position to take full advantage of this fact.”

The main points on which the President asked legislation in ad¬
dition to that given him the author¬
ity to designate jobs exclusively for ex-service men are:

1. Provision for the point system which would give veterans a head start over non-veterans in their competition for non-exclusive Federal jobs.

2. Authority for the Civil Ser¬
vice Commission to determine the validity of reasons given by Gover¬
ment officials for passing over a veteran to employ a non-veteran. This will center in an effort to make the responsible functionaries be entitled to consideration for a particular job, the President wrote Snapper.

3. Provision for special con¬
derations to be given by Government agencies to the men of war.

These principles are covered substantially in a bill introduced by Representative Joe Storer, Democrat, of Alabama, Mr. Roosevelt and the President have not yet expressed hope, however, that this can receive the early and sympathetic consideration of the Congress.

Chairman Of British Chemical Industries Cites Value Of Private Enterprise In War Effort

Speaking before the Glasgow Chamber of Commerce on Feb. 8, Lord McGowan, the head of the British Department of Great Britain’s largest industrial corporations, for the first time since the outbreak of the war, gave an account of the high standard of private arrangements of his firm in promoting the war effort. This work was started as early as 1933, when the Imperial Chemical Industries began the extraction of oil from coal. Since that time the output of oil from British coal has enormously increased, largely through the experimental equipment and research work undertaken by the company.

“Nowhere else in the Empire were there men with experience of the hydrogenation process,” he remarked. “Whereas the State department, body of civil servants, what State Parliament would have dared to take the constructive and practical steps in the decision which private enterprises took in 1933? Or, in the unlikely event of their daring to do so, what chance would there be for a decision that would be made with the same satisfaction as we have been able to make with the company. Lord McGowan stated, “What we have been able to do, most other enterprises have done according to their size and character.”

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compare the current prices of the New York hotels.

Wall Street Auditors
Elect New Officers

At a recent meeting of the Wall Street Auditors Club the following officers were reelected for the season:


Treasury Refunding

An announcement was made by the Treasury Department on February 26th of plans to refund $7,200,000,000 of securities. The announcement of this plan led to an increase in the price of the securities involved in the refunding operation, and the New York Stock Exchange was urged to post a notice of the plan.

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M. S. Haskins & Co., Inc., of 41 Broad Street, New York, is a member of the Real Estate Board of New York City, and participates in all real estate activities.

Kiddie, Peabody Leads In War Bond Drive

In the Fourth War Loan drive just ended, Kiddie, Peabody & Co., 17 Wall Street, New York City, investment bankers and members of the New York Stock Exchange, led 448 other firms in the Ranking and Investment Division of the War Finance Commission and to receive, in addition to the usual $2,000,000 in subscriptions in the area of Florida. More than 6,000 workers participated in carrying the financial district over that goal. "Bankers," says a report of the participation, "owed the principle of the institution alone accounted for more than $5,000,000 of subscriptions by the two firms of the salemen's roll and sold more than 600 subscriptions each.

Pittsburgh Rys. Look Good

The current situation in Pittsburg Railroad, including the most certain of the underlying bonds, is rather attractive possibilities for appreciation, according to a statement of J. T. F. Feibleman & Co., 41 Broad St., New York City. Copies of this interesting statement are available to dealers, or may be had upon request from J. T. F. Feibleman & Co.
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Railroad Securities
Many rail men have been pointing to the Chicago Milwaukee St. Paul & Pacific gold 5s, 1975, as one of the most attractively valued of the reorganization bonds at recent levels. This opinion is based not only on the indicated present value of the securities allocated in the Exchange reorganization plan, but also, on the anticipated improvement in the income and future securities by application of any additional excess cash accruing in the period between now and con¬
summation of the plan.

In hearings before the ICC last summer it was estimated that cash by the end of 1945 would amount to $10,000,000, of which $2,000,000 is earmarked for distribution on reorganization, and another $8,000,000 was earmarked for such items as taxes, deferred maintenance, reorganization, etc., leaving an estimated $5,443,000 of unassigned excess cash. The year-end balance sheet filed with the ICC shows a total of cash and temporary investments considerably above in line with the mid-sum¬
er estimates.

Actually, however, the financial condition is better than indicated by these figures, as these cash items did not include $5,000,000 in Government bonds held as set aside for deferred maintenance. With this fund already set aside there is obviously no need to pro¬
vide for it again out of the cash and temporary investments. The company shows on its balance sheet that it had accumulated cash and cuusa of the end of last year, then, may be placed at $10,815,000, rather than the $5,443,000 indicated in the company's initial estimates. As this will added cash re¬
leased from 1944 earnings, as the reorganization's from Wagens will be com¬
pleted until some time in 1945.

It seems safe to assume that St. Paul’s trend toward recovery that year will be above the 1943 level. In fact, in petitioning for authority to issue the reorganization bonds purchases recently the trustee established that no 5% cash expenditures would be made for the transportation division of the Army and Navy have advised that war traffic to Pacific Coast ports is expected to increase from 50% to as much as 100%.

In addition, coal requirements in the Pacific Northwest have been considerably expanded, and the expected movement is estimated to amount to several million more tons than have been handled in the past. In addition, the income tax burden will be con¬
siderably heavier. Nevertheless, the company has reported that it is ex¬
pected to report at least $15,000,000 available for charges after depreciation and taxes.

In 1944 fixed and contingent charges under the reorganization plan will absorb about $9,000,000

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Teletype: NY 1-418

prices of 80 and 60, respectively. If the sum estimated as available for debt retirement ($78,978,300 by the end of this year) were divided equally between the two issues at the average prices mentioned above it would be possible to reduce the total outstanding Income bonds from $108,079,000 to $65,425,000 with an annual sav¬
ing in contingent interest of $1,406,115. This would reduce total fixed and contingent interest to 6,804,000 compared with $10,000,000 originally contemplated for St. Paul by the ICC. After allowing for the 40% tax rate, the potential reduction in Income bonds would make utilization of cash would add slightly more than $3,000 a share in the earning power of the new preferred stock.

Allowing for the potential reduc¬
tions in earnings, charges on the preferred on the basis of esti¬
mated possible 1944 operations would come close to $25 a share. (Continued on page 903)

Mohawk & Malone
Railway
3/25, 2002
Guaranteed principal and interest by New York Central R. R.

(UNLISTED)

Adams & Peck
36 Wall Street, New York 5, N. Y.

Guaranteed to pay 6% per annum.

Boston
Philadelphia
Harvard
UTILITY PREFERENCES

Paine, Webber, Jackson & Curtis
EIVASTED 1917

Public Utility Securities

Dangers Of The New Depression Policy

The new theories of depression provide reserves put forward by NARN (National Association of Reserve Officers) are not mentioned in this column. The Federal Reserve Bank of St. Louis has never been interested in the same theories. In any event, it is not clear how many such reserves as set forth by NARN would be necessary to prevent a depression. It is not clear how the theory might require 25% or more. While Edison is well known as an avid collector of rare earth minerals, he is not known as a proponent of the theory. Possibly, the New York Stock Exchange may be interested in the same theory. We refer to a recent article on the subject which may be found in the Economic Journal, December 31, 1943.

State Draft Boards
Get Instructions On Deferred Registrants

The New York Stock Exchange has been issuing instructions to the draft boards as to the handling of New York Stock Exchange registrants. The instructions cover certain procedures which are necessary to prevent the loss of any registrants. The instructions have been issued to the draft boards in the New York Stock Exchange region. The instructions cover the handling of registrants who have been deferred for any reason. The instructions are mandatory and must be followed.

Symposium On Question Of Post-War Price Fixing, Rationing

This symposium is being held in New York City and is sponsored by the New York Stock Exchange. The symposium will cover the question of post-war price fixing and rationing. The symposium is being held in order to bring together representatives of various industries and government agencies to discuss the question of post-war price fixing and rationing. The symposium is expected to be a valuable contribution to the solution of the problem.

HAIAN W. SUMMERS
Representative in Congress from

The representative in Congress from New York City is expected to attend the symposium. He will be available to answer questions and discuss the question of post-war price fixing and rationing. The representative is expected to be a valuable resource for those interested in the question of post-war price fixing and rationing.

FULTON LEWIS, JR.
News Commentator

If the war both with Germany and with Japan were to end at the same time, it is possible that the situation might be worse than at any time between the harvest season and the latter part of the year. It is possible that this situation might be worse than at any time between the harvest season and the latter part of the year. It is possible that this situation might be worse than at any time between the harvest season and the latter part of the year. It is possible that this situation might be worse than at any time between the harvest season and the latter part of the year.
longer period for the meats un-
less the Army was able to return
the market in a shorter
of time. In general, rationing
would be needed as a means of preventing excess
and price controls would be
relatively normal flow of goods
the particular goods needed.
2. Price Fixing. It would
appearance to maintain price
controls for the same reasons
as a means of preventing excess
and price controls would be
relatively normal flow of goods
the particular goods needed.

Paul S. Dicks
President, The United States
National Bank, Portland, Ore.
The first problem is the
of inflationary pressures
the price level in the
back-log of inflation.
Price controls were
inflationary before the

of Paul S. Dicks

The country will be called upon to
and cloth the people of cer-
All belligerent nations for a
period following the end of the war.

infantry is in the process
of being mobilized for
military purposes.

of consumer goods.

that individuals have
responsible for the
nearly as far as we
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CLEARANCE FACILITIES
We offer to Brokers and Security Dealers an experienced department for handling the clearance of security transactions. Our facilities are of the best and the cost is very moderate.

THE PENNSYLVANIA COMPANY
For Insurances on Lives and Granting Annuities
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PHILADELPHIA

Pennsylvania Municipalities
It is the same old story—a strong market with limited activity—perhaps the best on record. All indications point to a very bullish attitude toward the municipal market in general but the individual picture is sanguine. Quite often large syndicate holdings of bond offerings experience several days and then suddenly all of the large blocks of these bonds are moved out of the market.

When one steps in reality that there exists the possibility of the elimination from the market of several billions of tax-exempt Government instrumentalities, it is easy to understand that if the months, replacement necessarily sets in. Another very pertinent question is, what can be used as replacements of a tax-exempt character?

Tax Deficiency Held Administration's Fault
(Continued from first page)

...the people’s money of the men who are doing the fighting so that we can now live in comparative comfort, and the three seem to be once more stabilized at a higher or lower level, as the case may be, since the war.

There have not been too many onlookers of this character and those that have been shown have been marketed suc- cessfully. However, the market is waiting for a spasm of action. Interest has centered on the bond that is of the best in semi-speculative situations, those that are secured. A bond that supplied the speculative chance of an upward move in market values. When one looks at this character receive any buying support up to the present time. A strong market of this kind, the unstable move of values of bonds should prove a success.

The improved strength in credits, especially the City of Philadelphia, New York, and others of a more national trading pattern probably will result in a further improvement of the financial conditions of the City of Philadelphia.

The recent desire of the recent upward trend due to the usual concern of the State of Arkansas can be attributed to specific possibilities at this time. At least it is possible to determine some of the trade in the market.

The vigorous and ill-tempered President of the Philadelphia Exchange. President of the Philadelphia Exchange, has vacated none of these cases. It is not the purpose of the House of Congress, as an example, to include the President, without an opportunity, to strike the line. To this end, I have reached the opportunity. The relation of the nature of his veto, the President's position on the eventual suspension of the Power Co. reorganization, to bring increased discord between the Execu-

The only definite tax proposals that could be attributed to the President were those submitted by the Treasury Department, and some of them were abandoned in method and misleading in appearance. The nature of his veto, the President's position on the eventual suspension of the Power Co. reorganization, to bring increased discord between the Execu-

BAYWAY TERMINAL
Bought — Sold — Quoted

KENNEDY AND CO.
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Main Office: 207 S. Broad St.
New York Office 25 Broadway
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Philadelphia Bank Stocks
Corn Exchange Bank, Inc. & Co. Fidelity-Penn. Trust Co.

Philadelphia National Bank

Provident Trust Co.

Phila. Transportation Co. & Phila. and Reading

H. N. NASH & CO.
1321 Chestnut Street, Philadelphia 2


New York Telephone: 515
Phila. 4229

GERSLEY, SUNSTEIN & CO.
1523 S. Broad St., Philadelphia 7, Pa.

Philadelphia Stock Exchange

W. H. Bell & Co., Inc.
1500 Walnut St., Philadelphia 2


Bayway Terminal
Bought — Sold — Quoted

Named To Fed. Reserve Open Market Group

Alfred H. Williams, President of the Federal Reserve Bank of Phila-
delphia, has been named alternate member and Hugh Leach, Richmond, has been elected representative from member banks of Boston, Philadelphia and Richmond on the Federal Reserve open market committee for year beginning March 1.

Pennsylvania Brevities
When a corporation much in need of recapitalization approaches the formative stages of such a plan, its securities are likely to get postponements. In the case of the firm in the last month, reflects some plain and fancy guessing as to the terms later to be offered to the public of this member issue.

If the options had been issued and exercised on July 11, 1943, as originally intended.

Marine refrigeration and air conditioning equipment for more than 1,100 U.S. cargo ships and one ocean liner, from battleship to tramp, is now being produced by the Midland Corp., according to its reg.-elected, President.

Marine refrigeration and air conditioning equipment for more than 1,100 U.S. cargo ships and one ocean liner, from battleship to tramp, is now being produced by the Midland Corp., according to its reg.-elected, President.

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Changes In Income And Corporation Taxes
In New Tax Law; Higher Taxes On Luxuries

Changes In War Contracts Renegotiation Law

Reporting essential features of the new legislation embodied in the tax bill which became a law on Feb. 23, Associated Press Wash¬
ington advisers from Feb. 23, given in the New York "Journal of Commerce," noted that the legislation increases the income tax rate from individuals and business concerns, raises some postal rates, and introduces excise taxes and commodities on other items, ef-
fective April 1. From the advice we

"Congressional tax experts es-
imate it will return $2,351,000-
000 a year, raising the Treasury's annual income to over $32,000,-
000,000, but President Roosevelt disputed the prospective return.

"Suffient provisions of the new law include:

1. Increases in individual in-
come taxes for 1944 to yield an additional $664,000,000. There is no general rate increase, the new revenue being derived through elimination of the earned income credit and removal of deductions for excise taxes paid out.

2. A boost in the corporation excess profits tax from 90% to 95%, to yield $302,100,000 more.

3. Higher excises on items classified as luxuries — another $1,051,000,000.

4. "Playboy and householder, socialite and factory hand are affected by the new excise load.

The tax on excise goods jumps from 5% to 30%. Cosmetics, furs, liquor, and the puter must now pay a 2% sales tax. The rate on railroad tickets and local tele-
phones to 13%. Beer and wine taxes go up, along with those on liquor to 15%.

5. Increased postal rates in seven categories of mail — 88% to 90%.

6. The out-of-town letter rate remains at three cents.

7. In-town letter rates, going 30 days hence, must carry three-cent to two-cent stamps.

8. Mail charges rise from six cents for 50 cents per ounce. Other increases affect C, O, D, registered and insured mail, and money-order fees.

For Dealers...

This advertisement appears as a matter of record only and is neither on offer to nor one of offers to buy any of these securities. The offer is made only by the Prospectus.

NOT A NEW ISSUE

69,945 Shares

Majoristic Radio & Television Corporation

Common Stock

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Price $3.375 per share

Copies of the Prospectus may be obtained from the undersigned,

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PHILADELPHIA TELEPHONE

ENTERPRISE 6135

SALL TELEPHONE

NEW IRENE 1575

Direct private wire to New York and Baltimore

Pennsylvania Brevities

(Continued from page 88)

1942. J. Howard Pew, President of Sun Oil Co., received the following among company's 1942 achieve-
ments: Completion of $32,000,000 Marcus Hook aviation gasoline plant; almost tripled production of aviation gasoline; new high in re-finery crude runs to stills; de-
velopment of super aviation fuel 50% more powerful than 100-
R.C. test fuel; 15% increase in wells drilled; delivery of 73 Hugo 500- go-soaring ships.

During the fiscal year ended Oct. 31, 1943, Lukens Steel Co. purchased $324,889 of its 4 ½% debentures, leaving $1,556,000 outstanding as of that date.

Owners of publicly-held issues of Pittsburgh Railways Co. sys-
tem are expecting that arrange-
ments will presently be concluded for a series of discussions with the Philadelphia Company, frac-
tion system parent, the objective being a dismissal of bankruptcy proceedings. It is probable that a prominent Philadelphia banking house will assume the role of "negotiator" between security holders and the parent company.

The $6,000,000 first mortgage bonds outstanding against Phila-
delphia's "Bellevue - Street Car Lines" Hotel, past due since 1935 and in default of interest since 1943, present an interesting and timely speculative opportunity. Bond holders are now the sole owners of the property, the court having confirmed a settlement agreement eliminating all other claims except accrued unpaid taxes, penal-
ties and interest. Reorganization has been delayed because of the lengthy lawsuits. A new Pennsyl-
vania Tax Abatement Act became law on May 21, 1943. The act pro-
vides for abatement of penalties and interest on the condition that the delinquent pay current taxes and pay back delinquent taxes (without penalty) over a five-year period in annual installments. Bellevue-Stratford Hotel, under the Abatement Act by paying its 1943 assessment in full and making the first of its installment pay-
ments on Oct. 31, 1943.

Owing to largely increased earnings, it is now thought that the hotel should complete a renewal of its expansion plan along the lines earli-
er suggested. This plan provides for the creation of a $600,000 mortgague for the purpose of liquidating liquating taxes and the ex-
change of old bonds for stock on the basis of 10 shares of stock for each $1,000 bond.

Earnings for the first half of 1943 showed excess of $1,615,250 and net of $315,750, before in-
terest and depreciation, which are comparable figures for 1942 were $417,325 gross and $44,714 net.

Larry F. Hardy has been elected vice-president in charge of Home Radio Division of Philco Corp.

Henry II. Zingler has been elected vice-president of Security Dealers Co., in charge of sales, to succeed Stuart Hazelwood who resigned effective April 1.

Harrisdag Bridge Co., Comm.

Strowbridge & Clothier

Pbld. & Comm.

Standard Ic 2-1567

1500 Walnut St. 6-1550 w

Samuel K. Phillips & Co.,

Members Philadelphia Stock Exchange

Packard Bldg., Philadelphia 2

Teletype

New York PH 30

Philadelphia E 7-3060

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Common Stock

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We maintain primary markets in the
leading New York Bank and Insurance stocks, and also in spe-
cial Public Utility and Industrial

Public Utility and Industrial

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Nature's Drugs.
Bank and Insurance Stocks

By E. A. Van Deusen

This Week—Insurance Stocks

This week it is possible to present an analysis of the principal operating figures of nine famous fire and marine insurance companies, as reported in their 1943 annual statements. For the sake of comparison, results for those figured on the same basis are also included. It will be observed from Table I that five companies, viz., Aetna, Fire, Association Great American, American Employers, and Imperial, show net operating profits for 1943 substantially above those of 1942, while three companies, viz., American Alliance, Jersey, and Springfield, show net operating losses. All companies, however, show an increased volume of underwriting operations, figures, now constitute an important consideration. It will be observed that in cost-cuts 1942 taxes were higher than those of 1943, and in many instances substantially higher. The reason for the increase in tax expenses is the result of the relative heavy in severe marine risks in 1942 show further underwriting results in 1943, while those which were relatively light in severe marine but heavy in fire risk show results. All of the companies show substantial increases in year-end operating income in unearned premium reserves, with the exception of Fire, Association. Liquidating values per share of the nine companies also show substantial gains. (See Table II.)

TABLE I

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Premiums Earned</th>
<th>Net Losses</th>
<th>Net Operating Income</th>
<th>Total Assumed Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna</td>
<td>110,350,000</td>
<td>68,000,000</td>
<td>42,350,000</td>
<td>450,000,000</td>
</tr>
<tr>
<td>Fire</td>
<td>105,000,000</td>
<td>62,000,000</td>
<td>43,000,000</td>
<td>425,000,000</td>
</tr>
<tr>
<td>Association</td>
<td>90,000,000</td>
<td>55,000,000</td>
<td>35,000,000</td>
<td>375,000,000</td>
</tr>
<tr>
<td>American Employers</td>
<td>75,000,000</td>
<td>45,000,000</td>
<td>30,000,000</td>
<td>300,000,000</td>
</tr>
<tr>
<td>Imperial</td>
<td>60,000,000</td>
<td>35,000,000</td>
<td>25,000,000</td>
<td>275,000,000</td>
</tr>
<tr>
<td>American Alliance</td>
<td>50,000,000</td>
<td>30,000,000</td>
<td>20,000,000</td>
<td>225,000,000</td>
</tr>
<tr>
<td>Jersey</td>
<td>40,000,000</td>
<td>25,000,000</td>
<td>15,000,000</td>
<td>175,000,000</td>
</tr>
<tr>
<td>Springfield</td>
<td>30,000,000</td>
<td>15,000,000</td>
<td>15,000,000</td>
<td>150,000,000</td>
</tr>
<tr>
<td>Imperial</td>
<td>20,000,000</td>
<td>10,000,000</td>
<td>10,000,000</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

Greatest gain in surplus was made by American Alliance, 23.4%, minimum, gain was 9.1% by Springfield Fire, and average gain of the nine companies was 20.9%. Aetna shows the greatest gain in unearned.

Trading Markets

BANK AND INSURANCE STOCKS

J. Arthur Warner & Co. 120 Broadway, New York, N. Y. CORDING 7-4000 Telephone 1-1918

NASS Headspace Continues

(Continued from page 191)

The New York Security Dealers Association on Feb. 3, 1944, authorized a resolution to revoke, for "as an alternative, hold a hearing." The Commission has not as yet announced its intention in the matter. As ground for its request, the Association pointed to the failure of the so-called "interpretation" to a vote of its members.

That's a good reason, although it is limited. Advancing the resolution of a bad rule, or as an alternative, hold a hearing. The Commission has not as yet announced its intention in the matter. As ground for its request, the Association pointed to the failure of the so-called "interpretation" to a vote of its members.

This is another step in that creeping paralysis with which bureaucratic have been attacking free enterprise. Nor is opposition a matter for the security field alone. Business goes everywhere, and if, as such an act of aggression is in the best interests of the country, individuals are and not be forcefully imposed. Their charm for, and comfort to man, lies in their being purely voluntary. When a "philosophy" becomes a rule of enforcement, and one unlawfully imposed at that, to continue to call it a "philosophy" is as arrogant as it is false.

Gallantly, dealers believe there are serious implications in "the rule." It is another step in that creeping paralysis which with bureaucratic have been attacking free enterprise. Nor is opposition a matter for the security field alone. Business goes everywhere, and if, as such an act of aggression is in the best interests of the country, individuals are and not be forcefully imposed. Their charm for, and comfort to man, lies in their being purely voluntary. When a "philosophy" becomes a rule of enforcement, and one unlawfully imposed at that, to continue to call it a "philosophy" is as arrogant as it is false.

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IN London's old Berkeley Square, whose pavements William Pitt, Lord Clive and Alexander Pope once trod, a branch of an American bank came into being seven years ago. For a few too-brief years it served its original purpose. Then Hitler struck—and through the Blitz this office, one of the three London branches of the Chase National Bank, continued to facilitate the aid which America was even then extending to hard-pressed Britain.

Pearl Harbor raised the curtain on a new scene in the short history of this Chase branch. A new service was immediately inaugurated there. As a result, tens of thousands of men of our armed forces, G.I.s and generals, blue-jackets and admirals, are using this Chase branch in ways seldom associated with a commercial bank. Thousands of families throughout the United States are being cheered by flowers, candy and other gifts from their boys overseas—the bank taking care of the orders by cable or airmail, without profit to it for the service.

This Berkeley Square branch is near the very center of American military and civilian activities in the British capital. Hence it has come to be financial headquarters for much of the personnel there. Checks are cashed daily for many members of our armed forces and funds are transmitted for them to and from the United States. The staffs of American missions and departments likewise utilize these convenient facilities extensively.

Thus the oldest American banking organization in London helps the men overseas keep their ties with their families at home. Berkeley Square has a new chapter to add to the many events its stately Georgian houses have seen.
Heavy Government Borrowing Does Not Necessarily Lead to Inflation: Hansen

(Continued from page 891)

sen further pointed out that an in¬
crease in taxes may take the form of in¬
terest payments, but interest payments
must be offset by an increased rate of in¬
terest potentialities," but, dur¬
ing-time full employment per¬
haps, that is not so. However, if in¬
frastructure investment expenditures must be offset by an increased rate of in¬
terest potentialities, if inflation is to be pre¬
vented. He has, in fact, observed that, while, all governments have found it necessary to finance a very large fraction of their expenditures by borrowing from banks, the interest potentialities have not been noted. Private expenditures by banks, however, have increased in recent years, and the increase in public expendi¬tures even though holdings of cur¬
bonds and demand deposits increase.

The services of a mutual fund

"Your investment may be quite small, too small by it¬
self to buy more than one or a few shares, but you can enable yourself to hire pro¬
tection for your money. Mutual funds are not a substitute for an insurance policy but because you have joined with many others you have the advantage of buying large—and large enough to spread over a wide list of se¬
curities, and so safe and well-managed.

You get every advantage of the broad knowl¬
dge and experience of the professional money

Wide*assets. You have the wide experience and as much as they do

"The services of a mutual fund are the first requirement of all institutions which make a business of investing money, such as banks, companies, en¬
dowments, foundations, etc., to know how much funds they have in their charge, and how much they do.

Management is a full-time job. It requires training, experience, understanding, information, close con¬
 tact with markets. Investment in mutual funds is something you need it just as much as they do.

Your comments and criticisms on this "layman’s" description are invited. Certainly there are few if any problems in the nu¬
merous mutual funds which will make themselves more complete to every shareholder, because of the high degree of information toward which every mutual fund is aiming.

We shall be glad to print in this column such other appropriate material as will help mutual fund as our readers may care to submit.

Railroad Securities

(Continued from page 885)

Moreover, there should be little difficulty in covering the full amount of the loan on the basis of revenues as of little as $12,000,000, and the bond would probably sell at a price which would make the net cost to the city falling to such a level for many years to come at least.

If the bond issue is properly authorized, the Gold 3s, 1967, are al¬
ready well above par. The "B" Series, 1934, of the "B" S. Income, 819.01% in three years, are also 25%, 1944, and the bond is of new common stock. The "B" Series Income should sell at least $32,000,000, taking the par value of $25, 1955 at their current price

$25, 1955, to be realized, with only 23 for the new preferred stock. This is about in line with the prices paid for the stock of any of the other reorganization properties.

The final, and what could be the retirement program this preferred stock issue should be preferred for the $25, 1955, to be realized, with only 23 for the new preferred stock. This is about in line with the prices paid for the stock of any of the other reorganization properties.

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We’re proud of the dollars that went to war...

Penn Mutual’s 96th Annual Statement

In accordance with the requirements of its Charter, this Company publishes the following statement which presents the principal features of its NINETY-SIXTH ANNUAL REPORT to policyholders. A copy of this report will be sent upon request.

Statement of Income and Surplus Reserve
For the Year Ended December 31, 1943

Your Company’s income during the year consisted of:
- Insurance premiums, interest, deposits, dividends from other companies, and the Company’s share of the gain on the sale of investments.
- Investments income.
- Dividends received on investments.
- Increases in surplus Reserve.
- Accrued interest and other income.

During the year your Company:
- Made payments of policy benefits to policyholders and beneficiaries amounting to...
- Increased the policy reserves and accumulated dividends paid to the amount of...
- Paid the cost of operations for the year including...
- Total paid in excess of the amounts received...

The surplus reserve at December 31, 1943 amounted to...

Cash on hand and in banks...

Bonds and stocks of insurance and other similar companies...

Total Assets...

LIABILITIES
- Policy reserves which with future earnings and interest and dividend earnings for the payment of benefits as they fall due under the policies in force...
- Dividends paid to policyholders by the Company during the year...
- Dividends paid to policyholders on policy annuities at December 31, 1943...
- Policy reserves in process of settlement...
- Reserve for surrender values...
- Total Liabilities...

Statement of Financial Condition
December 31, 1943

ASSETS

LIABILITIES

TRUSTEES

Note: The items of this statement are prepared in accordance with accounting principles applied by the Pennsylvania Department of Insurance.
Inflation Anodite - High Output And Low Taxes

(Continued from page 89)

The great saving of price inflation and debt deflation was due to the effects of both incomes and savings. It was fundamental to the error of a great industrial service will not rise if the supply of goods is ample in relation to the demand. Consequently, the solution of the inflation problem seems to lie in the one word—production.

Our resources and facilities for production are enormous. Even the high levels of demand of '39 and '40 were expected to be exceeded by those of '35. In a Crescendo-like in its natural resources, manufacturing facilities, and normal labor supply, its capacity to produce, once it has been re-equipped to the demands of war, is estimated at 90% more than it was in 1939. The machine can function superbly, if unharried by the periodic kindling of price fixing and restrictions that retard the incentive to produce.

So far, inflation is more of a threat than an actuality. The thorough publicizing of the danger, reasonably abated, and an intensified willingness to make sacrifices and the tremendous surplus of disposable income.

The Increase in Savings

The savings of the American people have increased steadily in volume of $5,000,000,000 during the 1930's to well over $10,000,000,000 in 1942 and the first half of '43. The surplus exceeded $8 billion. Consequently, there is every justification for the belief that this province will sell well in line with those of Ontario and Quebec.

Turning to Manitoba, as far as investment opinion in this country is concerned, has been materially modified since the firm's of the province. The firm, which was the largest in Canada, the credit of the province and the proverbial "penny pinching" of Vancouver, has not been as yet a local mania.

It is true that Manitoba is just a wide extent of prairie producing very little except wheat, in reality, wheat accounts for less than 10% of the value of its agricultural income. Manufacturing is the principal source of the remainder of the value of its agricultural income. Manitoba's economy, and in 1942 represented 45% of the value of manufacturing in the Province. Although the mining percentage has increased from 4%, there are high prospects for greater increased mining with the new high ground with bids around 93%. Internal issues were inactive with the dollar in the "free" market slightly easier at 10½% discount.

A bullish factor affecting this section of the market has been the purchase by other factors of which the right of holders of Canadian in- domestic securities have been allowed to convert bonds down from Canada on the New York market by the Foreign Exchange Control Board. Such holders have been given 180 days in which to acquire bonds in Canada, which is an obvious factor affecting the market. Looking to future developments we are now within a few weeks of the commemoration of the Sixth Victory Loan drive. This might slow down the general activity to some degree, but there is no reason to suppose that the present strong tone will not continue; especially in the shorter term market. Two factors that could be of material assistance in this direction would be the anticipated settlement of the Manitoba debt problem and a call for redemption on the $50,000,000 of the National Bank of Canada.

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Canadian Securities

Although in the last few years marked improvements have been registered by the banks of the Canadian western Provinces, the absence of some of the institutions in this category is still considerably higher than before. This is particularly noticeable in Manitoba. It is one of the highest rated Provinces in Ontario, Quebec and Ottawa. There are several factors responsible for this state of affairs, a few of which may be cited as follows:

British Columbia has a wider range of natural resources than any other Canadian Province, also the Canadian government, including the finest stand of softwood, the largest known copper, iron and precious metals, rich fishery and fisheries, and an abundant hydro-electric power, rich soil and the best climate, every and canopy in all. The provincial finances have been expertly handled by Premier John Hart and the present position is excellent. A return to their usual level of £5,190,000 was realized during 1941-42 and, in the last financial year, the surplus exceeded £8 million. Consequently, there is every justification for the belief that this province will sell well in line with those of Ontario and Quebec.

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Promoting Labor Harmony In The War Effort

(Continued from page 811)

which is an important factor in permitting the companies to go ahead with the telephone service which the nation demands and requires.

Mr. Harry J. Hughes, a member of the Executive Board of Electric Workers, affiliated with the American Federation of Labor, stated:

"Probably no other condition of employment is so highly as the comfort one rec

receiving in knowing that he will be a in his old age, that industries which do not provide pensions turn their loyal and faithful employees away when they are old, and have to depend upon the mercy of the State or the goodwill of their friends for support."

In its latest annual report to stockholders, Standard Oil Co. of New Jersey stated:

"An outstanding feature of our labor program as adopted in 1918 deals with security of employment and protection against the hazards of sickness, accident, old age and death. These are the basic worries of all employees of a manufacturing concern. Our policy recognizes that workers put forth their best efforts if they are relieved of these anxieties. It is bound up with such protection is an incentive toward better work. Many industrial companies have failed of late years to provide for the wants of employees and social security has been provided by Government. Most employees look at job security as the most important feature of a labor policy. While unemployment benefits are helpful in emergencies, the feeling by employees that they can

writing of smaller issues unless and until that rule is changed. Let me try to explain our dilemma:

The SEC has permitted a profit of 25% to 20% on new "second
grade" financing, depending whether it is preferred stock, investment or semi-speculative common stock. At the first thought, it might be said that the Rule will cause smaller security firms to sell their issues more read¬

ily and obtain more than half of the 15% to 20% of the underwriting
profit and henceforth not pick up over-the-counter issues for re-

sale to customers as much as such dealers have done in the past. But,

on second thought, it must be realized that when the primary distribution of a new issue is completed, such preferred or common

stocks become over-the-counter securities and then the dealers must henceforth comply with the 5% Rule to trade or resell such stock.

Note the inconsistency, the selling

of group members get more than half of 15% to 30%, or 8% to 12%.

With such profit, the dealers can pay their retail salesmen 50% to 60% of their profit. Upon such a basis, the smaller dealers can carry on, and their salesmen can earn a living compensation. But, if the dealers must divide with their salesmen on the secondary markets, the 5% Rule, because of the 5% Rule, neither the sales

man nor the dealer can survive in the secondary business with such limited profit.

Many people do not realize the hard work involved or the sales

manship required to distribute second-grade or semi-speculative issues. Only experience as a sales

man or small dealer could convince many people that a small retail distribution security firm must have 8% to 12% profit. Re-

member, all former prime issues or "blue chips" were once second-
grade although they may have been originally distributed 15, 20, 30, 40 or 50 years ago. The buying of such issues as General

Motors, Kress Stores, General Electric and American Telephone and Telegraph were once especi-
lative because of unforeseen prosperity of the.

Now, if the security dealer can not help maintain the secondary market of a new issue because of the 5% Rule, obviously the underwriting firm cannot buy all the stock back at the offering price for a shortfall because of lack of returns, the market on the newly sold issue will fall off a cliff.

Suppose the underwriting firm tries to go out with an entirely different second issue to cover the same territory, his wholesalers, selling such issues, covering the dealers in¬

rated in many cities in various States, will be greeted by dissatis-

fied dealers, former selling members of the first issue (if they are still in business), with the fact that the market on the previous issue has declined sharply from the public offering price. There¬

fore, with numerous smaller dealers unhappy, because their retail salesmen are "getting killed" from the customers, who purchased the stock of the first issue; the underwriting firm is inclined to float the second or third issue, and all succeeding issues, which under normal conditions should be readily

demandable.

Thus ends all your underwrit¬

ing business as a firm or as an individual with wholesaling or distributing ability will even start the second underwriting as long as the 5% Rule exists.

The whole situation is so evident that the 5% Rule ends all second-grade or speculative origi-
nations that "common sense" should be quickly injected by the SEC to terminate the 5% Rule.

If the SEC should not do so, then Congress should act; other¬

wise, all small businesses will either have to "grub" along with high taxes or sell out to "big busi-

ess" in similar lines. Without adequate working capital furn¬

ished to hundreds of small firms, the post-war employment possi-

bilities are very dark. For the employment饥vends will have to be again assumed by the Gov-

ernment with a revived "Big Government." Because the larger corporations surely cannot provide all employment necessary at the end of the war.

WHITNEY-PHILADELPHIA COMPANY, INC.

STRAVO C. CLAGGETT, New York City., President.
Feb. 26, 1944.
Municipal News & Notes

An bond purchased by The Chase National Bank is making a public offering of a new issue of $800,000 State of New York 1.50% housing bonds, having won the award of the bonds yesterday on a bid of 100.8399 for bonds with a 1.30% coupon. The bonds, dated March 2 and due $170,000 each, March 2, 1946 to 1966, inclusive, are priced to yield from 0.48% for obligations maturing in 1946 to 0.78% for obligations maturing in 1966.

The bonds are redeemable at par and interest at $100,000 on March 2, 1946, or any interest payment date thereafter, and all bonds then outstanding, or all bonds of a single maturity beginning in the inverse order of their maturation. They are exempt from income Federal and New York State income taxes and are exempt from New York State personal and corporate income taxes, trust funds in New York, Connec- ticut, New Jersey and for savings banks in Massachusetts. They are also acceptable to the State of New York as security for state de- bt, the State of New York Public Authority, the New York Savings Bank and the New York Superintendent of Banks in trust to banks and trust companies.

New Decision In Cochran County Case Resolves Callable Status of Refunding Bonds

The Texas Supreme Court has just resolved one of the several important questions raised by its decision of June 16, 1943, in the highly publicized Cochran County bond redemption case. The Court, in a ruling made on Feb. 23 in a test case brought by the Cochran County bondholders, held that refunding bonds issued by the county in accordance with the decision of the Cochran County litigation, were not subject to redemption until the expiration of the 16-year opti- onal status specified in the instru- ments.

The decision of the latest judg- ment is to resolve the question raised by some municipal bond attorneys as to whether the callable status of refunding bonds is- sued by local subdivisions in accordance with the previous provisions of the Cochran County bond. These sources had held that some doubt existed as to whether refunding bonds thus issued might not be subject to call at any time after date of

issue regardless of the specific callable date named therein.

The Court's present decision, as given in full text below, further as to the effect this (Cochran County) decision has on other type of bonds, refunding or otherwise. In the opinion of some attorneys, other types of bonds may be callable and has not determined if the effect of the decision is to prevent them from the time they are issued. As further demonstrated in connection with the Court's decision on March 2.

Judge Anderson also advised that the decision will have been turned in and either paid or refunded, but did not go so to say that "many holders of the issued bonds have not turned them in for the reason that they have been advised that further action will be taken in connection with the Court's decision on March 2.

Coincident with the Supreme Court's decision, the San Antonio News, has reported that Dewar, Robertson & Ponceau has supplied us with the text of the ruling and a copy of a memo- randum on the Cochran County decision which the firm has pre- pared. We quote from the memorandum in part as follows:

"The most important questions that are still before us relate to the effect this (Cochran County) decision has had on other type of bonds, refunding or otherwise. In the opinion of some attorneys, other types of bonds may be callable and has not determined if the effect of the decision is to prevent them from the time they are issued. As further demonstrated in connection with the Court's decision on March 2.

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New Issue

$8,330,000
STATE OF NEW YORK
1.30% Housing Bonds

Dated March 2, 1944
Due $170,000 each year, March 2, 1944-64 incl.
Redeemable at par and accrued interest on March 2, 1946, or on any interest payment date thereafter, all bonds then outstanding, or all bonds of a single maturity beginning in the inverse order of their maturity.

Interest Exempt from all present Federal and New York State Income Taxes

Loyal Investment for Savings Banks and Trust Funds in New York, Connecticut, and other States and for Savings Banks in Massachusetts

Acceptable to the State of New York as security for State deposits, to the Superintendent of Insurance to secure policy holders, and to the Superintendent of Banks in trust for banks and trust companies

MATURED AND PRICED

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<tr>
<th>Due March 2</th>
<th>Yield to Maturity</th>
<th>Due March 2</th>
<th>Price</th>
<th>Aprx. Yield to Opt. Date</th>
<th>Maturity</th>
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<tr>
<td>1945</td>
<td>.49%</td>
<td>1965-47</td>
<td>103</td>
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<td>1.15%</td>
</tr>
<tr>
<td>1946</td>
<td>.50%</td>
<td>1966-70</td>
<td>102%</td>
<td>1.16%</td>
<td>1.19%</td>
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<tr>
<td>1947</td>
<td>.52%</td>
<td>1971-73</td>
<td>102</td>
<td>1.19%</td>
<td>1.22%</td>
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<tr>
<td>1948</td>
<td>.55%</td>
<td>1972-74</td>
<td>101%</td>
<td>1.22%</td>
<td>1.26%</td>
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<td>1.30%</td>
<td>1.39%</td>
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<tr>
<td>1953</td>
<td>.58%</td>
<td>1977-79</td>
<td>100%</td>
<td>1.30%</td>
<td>1.39%</td>
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<tr>
<td>1954</td>
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<td>1978-80</td>
<td>100%</td>
<td>1.30%</td>
<td>1.39%</td>
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<tr>
<td>1955</td>
<td>.60%</td>
<td>1979-82</td>
<td>98%</td>
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<td>1956</td>
<td>.60%</td>
<td>1980-83</td>
<td>98%</td>
<td>1.31%</td>
<td>1.33%</td>
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<tr>
<td>1957</td>
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<tr>
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<tr>
<td>1960</td>
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<td>95%</td>
<td>1.34%</td>
<td>1.37%</td>
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<tr>
<td>1961</td>
<td>.65%</td>
<td>1985-88</td>
<td>95%</td>
<td>1.34%</td>
<td>1.37%</td>
</tr>
<tr>
<td>1962</td>
<td>.66%</td>
<td>1986-90</td>
<td>95%</td>
<td>1.34%</td>
<td>1.37%</td>
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<tr>
<td>1963</td>
<td>.67%</td>
<td>1987-91</td>
<td>95%</td>
<td>1.34%</td>
<td>1.37%</td>
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<tr>
<td>1964</td>
<td>.68%</td>
<td>1988-92</td>
<td>95%</td>
<td>1.34%</td>
<td>1.37%</td>
</tr>
</tbody>
</table>

The above Bonds are offered when, as of $1 Issue and received to us and subject to approval of legality by the Attorney General of the State of New York. It is expected that Interim Certificates will be delivered in the first instance, pending preparation of definitive Bonds.

The Chase National Bank
Kidder, Peabody & Co. — Estabrook & Co. — Manufacturers and Traders Trust Company — Stone & Webster and Bldg — F. S. Hovey & Co. — Buffalo — Chicago


New York, March 2, 1944.
A Post-War Program For Taxation of Corporations and Stockholders

(Continued from first page)

The abolition of all corporate taxes, with the exception of a very small corporate income tax. While originally adopted, corporate income taxes were 'in substance retained, following the regional principles of singling out the individual's normal taxes at the source. Since direct payments from corporations were exempt from normal taxes in the same manner, the abolition of these taxes in 1928 was eliminated. The abolition of these taxes has been brought about in what is known as reality keeping the double taxation of business.

The effect of this is to completely violate all principles of reality. Under the present system, a corporation earns one dollar a share and pays a corporation tax of forty cents on it, and distributes the remaining sixty cents, an individual saves a 20% tax on the dividend pays a tax of 12 cents on the dividend and pays 52% on the dollar earned by the stockholder for the same business had been conducted in the two cases, there would only have paid a 0.2% tax on that dollar. Even an individual in the 80% bracket would, by paying 44 cents on the dividend received, be in effect paying a total of 94 cents as compared to the 20% rate on stock.

Similarly if the same corporate distribution were to be made, it pays the same 60 cents of corporate income tax of 42% tax will in effect be paid on the second dollar by a small and large stockholder, which is the one case greater and in the other case less than the other.

made to develop a new type of income tax, the establishment of an income tax for the noncorporate income, the use of public utilities, to other nonmonetary inducements. True, a small amount arise from the ownership of natural resources.

Thus by 1940 a tax was suggested in The Twentieth Century Fund Survey of Taxes (1937), "The purpose of the tax would be to assist in the development of the necessary that the tax be applied in a management of public utility industries with the new program would be substantially free from effects, if it could be, that effects would probably be at a price far below the amount that the corporation would be worth to the stockholder. The only way to deal with this is to materialize the preparations for the tax return and the administration of the tax.

Stockholders would have to be advised by the corporation of their share of income or losses for each year, and would have to include in it their share of the appreciation or depreciation. The holder sold his stock the value of which might be based on accumulated profits upon which he had already been determined. Accordingly this amount would have to be computed and deducted from the sale price before computing his capital gain or loss. Likewise, the corporation's losses which the stockholder had already taken advantage of, those would have to be accumulated and added to the sales price. A sale at a capital gain or loss would then be treated as a sale into a loss, and vice versa so that the losses or gains involved in the preparation of income tax returns would be worth more than could be treated as losses in an insurable.

In the light of these three objections, it would be impracticable.

B. Another method of solving the problem which has been widely supported is that of an undistributed profits tax. The purpose of this was in effect for 1926 and 1927, to provide an income tax for corporations. In England it is the sole method of corporate income taxation called an undistributed profits tax in the United States.

One other tax on corporations is the estate tax, which is an estate tax and it implements the declared-value excess profits and to the extent of being eliminated.

The adoption of a new method of taxing gains and losses on sales of stock in order to prevent undistributed corporate earnings.

If corporate income taxes, or offset losses are to be abolished, equality of treatment would be restored in a case of corporate earnings disposal, a fundamental problem still remains untouched, namely, how to effect such equality with respect to undistributed earnings and losses. If this is not solved, undistributed earnings would escape taxation.

This problem has been in a long time, to economists as the problem of squaring the circle, is yet unsolved mathematically.


A. The first is that corporations have an inherent right to dispose of their property as they see fit. Under this method the stockholder would treat as his personal property any portion of the share of the profits or losses of the business, and in this way, would be treated as the owner of a minor share of the property irrespective of the nature of the business. In the case of a corporation which constituted might now reverse the decision of the Board of Trade against undistributed profits and its main asset would be the balance of accumulated profits upon which it has been determined that the corporation at that time should have been treated as excess profits upon which the stockholder had already taken advantage of. Accordingly this amount would have to be computed and deducted from the sale price before computing his capital gain or loss. Likewise, the corporation's losses which the stockholder had already taken advantage of, those would have to be accumulated and added to the sales price. A sale at a capital gain or loss would then be treated as a sale into a loss, and vice versa so that the losses or gains involved in the preparation of income tax returns would be worth more than could be treated as losses in an insurable.

In the light of these three objections, it would be impracticable.

B. Another method of solving the problem which has been widely supported is that of an undistributed profits tax. The purpose of this was in effect for 1926 and 1927, to provide an income tax for corporations. In England it is the sole method of corporate income taxation called an undistributed profits tax in the United States.

One other tax on corporations is the estate tax, which is an estate tax and it implements the declared-value excess profits and to the extent of being eliminated.

The adoption of a new method of taxing gains and losses on sales of stock in order to prevent undistributed corporate earnings.

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there was a profit which was attributable to the accumulation of capital gains. Such a profit and the tax thereon was made up of capital gains, and consequently there would be a gain in the latter case. That the capital gains tax assessed on such profits should be distributed as if the capital gains were "unrealized" is not unreasonable. In the first place, the Government should encourage the increase of the value of the stock, and hence the accumulation of capital gains, and the tax which would be assessed on such profits if distributed as capital gains would, at any rate, be "unrealized." The first half of this suggestion might, I think, be accepted without much difficulty, but the second half of it requires some explanation. The second half of the suggestion, that the Treasury Department upon audit would be added as an interest at the rate of 6%, is a suggestion that I believe should be simplified although some minor modifications might be necessary.

There is a final objection that the Treasury Department cannot do complete work on these issues until the tax is passed. This is true. One way in which the objection might be met is to have the Government, instead of the taxpayer, deduct the tax exacted, to avoid the necessity of making an election before the tax is known. This would be obviously impracticable to work out any method of payment of interest, but it should be clear that this advantage would be offset by still another disadvantage. As a result of this suggestion it might be that the taxpayer would be required to pay interest on the tax assessed before it was paid and therefore the Treasury would have to bear the interest on the unpaid tax. This is not an objection to the suggestion but it is an objection to the method of payment of interest which might be involved.
A Post-War Program for Taxation of Corporations And Stockholders

(Dividends Notice)

DIVIDEND NOTICES

E. L. De Point De Nombres & CO.

Wilmington, Delaware: February 21, 1944.

A quarterly dividend of 61.25 per cent has been declared on the Common Stock, payable March 15, 1944, to stockholders of record at the close of business March 14, 1944.

W. F. RAUBER, Secretary

The Flinthorne Company

New York, N. Y.: March 1, 1944.

A quarterly dividend of 71.5 per cent has been declared on the Preferred Stock, payable March 15, 1944, to stockholders of record at the close of business March 14, 1944.

P. F. TASHMILL, Jr., Secretary

Canadian Pacific Railway Company

A quarterly dividend of 61.25 per cent has been declared on the Preferred Stock, payable March 15, 1944, to stockholders of record at the close of business March 14, 1944.

FREDERICK BRADBURY, Secretary

AMERICAN BANK NOTE COMPANY

Philadephia: February 28, 1944.

H. F. LANAHAN, Secretary

A Post-War Program for Taxation of Corporations And Stockholders

(Continued from page 909)

to pay, and the importance of retaining incentives to activity. Obviously, the position of the two factors, different individuals will reach somewhat different conclusions. The writer believes that the price-time income tax rates graduated by a small margin of around 50% in the top bracket would appear to be a relatively acceptable solution. The constitutional amendment now before Congress would provide that a maximum of 25% would appear to be going too far. 4.

A reduction in individual inowe tax rates on income from new business enterprises will increase the financial incentive for the individual to work and invest in new business enterprises, and will tend to reduce the determent of existing in new risky enterprises.

One of the progressive taxation which is not commonly anticipated is that in the lower brackets it will tend to reduce risk-taking by, in effect changing the game of life. Inasmuch as the first two proposals made above would tend to increase progressivity, the proposal to re- 
mise in rates on new risky investments.

Would it be desirable to go fur- ther and place more severe and more risky investments but also all new investments of a more speculative nature, possibilities all savings? The first could be ac- cepted, but the second could not, in addition to reducing the income tax on that part of the individual's income which is spent.

Such a program, it will be noted, is consistent with the provision of the in our tax law. Just repeated, while the current progressive taxation program, if maintained, would have a preference to so-called earned income, would tend to reduce to the advantage of the individual's after-tax income, the hands of stockholders for the purposes of productive goods.

While during wartime conditions such a program would be desirable, it is not evident that it would not seem wise to adopt proportionately greater returns on our economic knowledge, for there is too wide a difference of opinion among our economists to think that the United States has reached a stage in its economic development where savings are already adequately being utilized in the alternative, where productive ca-

The writer, it appears, that at least to some degree which capacity, further increase is desir

eous. Even without granting any prefer-

tential treatment to new business enterprises, the adoption of the third proposal above would lead to a reduction of rates in the higher brackets, would of itself increase the incentive to have the first proposal of reducing corporate in-

Conclusion

The four proposals above seem consistent with the idea that the solution of the problem of excessive rates in the upper brackets is not the answer. The change in our tax laws made necessary therein. They do not purport to cover the entire field of possible changes in our Federal income tax law. The difficulty of the question of taxation of capital gains has only been dis- cussed incidentally without at tendance to the real problem. Many other important matters have not even been mentioned, such as the question from Federal income taxation of state and municipal revenues and services. Obviously these subjects cannot be dealt with within the limits of this paper.

Furthermore the above program is, as has been stated at the be- ginning, proposed for adoption only after the war. and when the productive energies of our country will again be turned back to the production of the neces- sities of peace instead of munitions of war. When that time comes it would be desirable that the program should be adopted in its en- tirety by the Federal Government. Whether that will be possible depends upon the conditions which will then exist, such as the extent of our overseas business, and the size of our national income, etc. No one today prophecies what will be the case in 1944, but little harm can be done by the much quoted phrase of Pope's couplet:

"He who makes but fails, 
Tax to see, 
Hope with what he wins, or 
E'er shall be."
The Securities salesman's Corner

WANTING TO WORK FOR GLORY?

The Effect Of The NASD 5% Rule On The Sale Of Low Priced Stocks

Last week, a dealer who has established a clientele composed largely of individuals with limited capital, was hurt under the new 5% ruling. It's a classic illustration of the absurdity of the rule, and a reminder of the juggling and manipulation of dealers under one blanket arrangement.

It is generally realized or not, there are a number of low-priced stocks, in addition to outstanding investment opportunities, but are also the perfect type of investment for the smaller average investor. For instance, take the case of an investor with limited funds. The 5% rule, which states that every stock sale must be accompanied by a 5% commission, means that he must increase the price of every stock that he is selling, thereby increasing his profit, but also increasing the price of the stock to other investors. This type of manipulation is also possible under other blanket arrangements.

Canadian Situation Has Interesting Possibilities

Du Mont Lab. Attractive

The current situation in Du Mont Laboratories offers attractive possibilities according to a recent report in the New York Times. The company has received a large order and is well on the way to becoming one of the most important firms in the field of high-speed electronics.

Sage Co. To Admit

White Motor Interesting

White Motor offers an interesting opportunity to investors who are interested in the automotive industry. The company has recently announced the acquisition of a major competitor, and is expected to announce further acquisitions in the near future.

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 (unless accelerated at the discretion of the issuer) or for certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are for 4:30 P.M. Eastern Standard Time of the day on which the registration statement is filed.

Offers will rarely be made before the day following.

THURSDAY, MARCH 2

MONDAY, MARCH 6

WEDNESDAY, MARCH 8

Dates of Offering Underwritten

Approval

BANKS

Stocks

The Security's

Calendar Of New Stock Flotations

OFFERINGS

Calendary

of New Stock Flotations

Florida Power Corp.

Food Fair Stores, Inc.

San Mateo, Cali.

Fuller & Company, Inc.

Chicago, Ill.

Dixie Food Hotels, Inc.


Securities

Federal Reserve

Bank of St. Louis

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Food Fair Stores, Inc.

Fuller & Company, Inc.

Chicago, Ill.

Dixie Food Hotels, Inc.


Securities

Federal Reserve

Bank of St. Louis

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For Dealers ...

Telecon Corporation

$5 par Cumulative Convertible Preferred Stock

Cumulative Dividend 5c per annum

Convertible into 3 Shares of Common

Corporation owns and operates coin-operated

Bendix Home Laundries

Current Trading Market: 4 1/4

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NEW YORK 5 1576

Our Reporter On Governments

By E. F. TER

Biggest news to Government bond dealers since our entry into the war came late Monday by the Treasury that it would refund through an exchange offer $4,750,000,000 of outstanding obligations.

Details of the security to be offered present holders and the method of adjusting interest are to be made public today, to the indication for forward rates all the way from a 1% note to a 1%/2% note, all the way to a 1% bond.

But the big news is that the Treasury has recognized "right:" on its refunding operations.

There has been a familiar war-voice that has been absent since Pearl Harbor. Married to the provisions that the day of any refunding was over forever, in view of the enormous amount of Government debt outstanding and the relative shortness of time needed to handle a good portion of these obligations requiring frequent refundings.

However, the tip-off came on the Treasury's refunding of the Feb. 12, 1940, War Loan, a 3% refunding due for the Four-Year War Loan drive. This was exchanged for a 9 1/2% 13 months issue—no improvement, but an indication that a little sweetening would be injected where necessary to insure a quick, successful operation.

The present operation is the Treasury's biggest maturity problem of the year. It will be made sufficiently attractive to go over big...the proceeds, however, will mean the Treasury apparently has kept open for our refundings...If you can gather which year will be selected for the present exchange offer, you can come close to naming the coupon rate.

Best informed opinion in the "street" favors a 1 1/2% note running out a half year, or to about Sept., 1948. This would command a fair premium and fit the circumstances.

Since the commercial banks own the bulk of the called issues, since the Treasury has indicated that it wants banks to stay within the 1944 maturity range, this refunding is the logical conclusion and since the longer section of the market is pretty well crowded and any of the London area has been into before 1944 for's, it is safe bet that whatever is offered will be somewhere in the 1947-49 range. This, of course, is what the Treasury has anticipated to be the pattern for the next refunding, to continue the process of making the market more attractive, since this might lead to criticism at a later date. The Treasury in the past has misjudged the market badly at times, as for example its attempt to offer a 6% note last September, but the market is pretty well spread in the 4.5-5 range.

While the offer to be announced today is expected to be sufficiently attractive to attract a good spread of the operation, also anticipated is that it will be keyed pretty closely to the market. But that the yield curve will not be shifted as far as the yield basis on which issues may be used for the exchange are now selling.

It may be stated with reasonable certainty that the Government bond market over the next two weeks will offer little other excite in the way of price movements. Nevertheless, it will be watched carefully for clues to the future probable course of events.

Reason for this attitude by dealers and the New York banks is the March income tax payment date will be received turnover of funds in prospect. These quarterly periods, always important to the market, will have an added significance now, first, because of the huge sums involved in the transfer from private balances to Government account and second, due to the fact that the banking system as a whole is working with a minimum supply of reserves.

HEAVY PAYMENT IN PROSPECT

The tax take this month will set a new record high in collections and bank deposit turnover. It is difficult to estimate with any certainty just how much attention will be due, by many complicating factors never before present such as the impact of taxes and balances due above the withholding tax.

But it is certain that every commercial bank in the country will temporarily lose deposits as taxpayers settle their bills. These funds will flow promptly to the banks, of course, through Treasury expenditures and moves made by the money market to assist redistribution.

Inevitably, however, commercial bankers whose buying and selling constitute the backbone of the Government bond market, must prepare for the unusual situation. They will be more concerned with the probable deposit turnover in their institutions than with portfolio changes or new acquisitions.

Estimates of the Treasury's probable March income tax receipts range as high as $8,000,000,000. This is a tremendous figure, representing an all-time record. When it is considered that only 15 months ago, at the start of the first Victory Loan, the objective was $5,000,000,000, to be raised by borrowings, this month's payment assumes even larger significance. It means we have made long strides on the financial front as well as on the war front.

Is this estimate too large? When it is realized that the Treasury collected $5,000,000,000 in income tax payments last Decem ber, that the current payment will reflect for the first time the full impact of the 1942 Revenue Act on a tax year of such large individ tual tax liabilities, as well as final settlement of underfiles balance the estimates appear unduly expensive. In fact the final figure may well be larger.

MONEY MARKET MANAGEMENT

Will the banks find it necessary to liquidate securities over the next two weeks? Not at all. Despite the fact that we are entering this period with slim excess reserves, banks may be assured that the money market management, which has proved itself extremely expedient, will provide the necessary reserves to the banking system in meeting this heavy deposit turnover. This situation undoubtedly was carefully covered at the meeting in Cleveland last Monday of the presidents of the twelve regional Federal Reserve banks.

The Treasury can sell upwards of $3,000,000,000 securities to the Federal Reserve banks and will doubtless use part of this privilege prior to March 15 in the form of one-day special certificates. Such has been the procedure in the past. Such sales increase reserves and the effect can be promptly liquidated out of the tax receipts so that the net effect is to maintain the supply of funds arising from deposit transfers to pay taxes.

The tender of Tax Saving notes may greatly ease the amount of actual cash transfers. This is another factor that cannot be determined in advance but the amount of notes turned in has been steadily increasing at each successive tax period. The corpora tions, especially, are large holders of these obligations and surrender for taxes will involve no deposit shift and have no effect on the banking position.

This is the way the situation shapes up for the next two weeks, with the Treasury managing having a big task ahead, but enjoying both the authority and the experience to see it through without any disturbance in the Government bond list.

With over $17,000,000,000 now in War Loan account and with cash resources slated to expand substantially on March 15, the Treasury again will have a huge working balance on hand. In these circumstances an outflow of funds to the Treasury are not expected to be required, forcing banks to meet their obligations on hand or to purchase in the market.

1. An easing by the Treasury of calls against its balances in War Loan accounts with the banks thereby enabling the banks to hold these funds invested for a longer period with consequent improvement in earnings is probable.

2. Probable postponement of the next major War Bond drive now discussed for May, to at least July.

U.S. WAR EXPENDITURES

MILLIONS OF DOLLARS

DAILY RATE

JANUARY 1941 - JANUARY 1944

MILLIONS OF DOLLARS

1941

1942

1943

1944


$96,907,000

$155,807,000

$324,907,000

$425,907,000

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