Managing A Business For Stockholders Through The Vicissitudes Of Inflation

By DR. IVAN WRIGHT
Professor of Economics, Brooklyn College

Inflation or monetary changes which cause rising prices and increase the costs of doing business are matters of grave concern to everyone interested in the success of corporations. The seasoned management of a corporation knows that changes in prices and costs are major factors determining the profits or losses. An alert management is quick to respond to proved information bearing upon changes in the prices of raw materials and finished goods, consumer buying power, wages, taxes, tariffs, money rates, the cost of capital expansion and replacement, and all similar changes common to the ordinary ebb and flow of economic activity in business. Research and action upon these changes in costs and prices affecting a corporation’s business and profits are among the most difficult problems of the management. Small corporations and other small businesses cannot afford to spend too much time and money on this aspect of the management. The managers of such enterprises either follow the lead of their larger competitors or merely speculate on the future of costs and prices, and take such action as they think will turn out best. An experienced management will follow the sign posts of change as he has observed them during his past trials-and-errors. But when inflation and deflation are added to all the other uncertainties of business, the management has new complexities from which few corporations have ever escaped unscathed. Nevertheless, there are rules and practices which follow which will reduce losses and the management can bring a corporation through such a period in a relatively sound condition prepared to resume profitable business when economic and financial adjustments are ready for it. In some instances (Continued on page 106)

In This Issue

Special material and items of Interest with reference to the editor activities in the States of Illinois and Wisconsin appear in this issue. For Illinois see page 102; Wisconsin, page 104.

QUICK ACTION ON DESIGN AND CONSTRUCTION

SANDERSON & PORTER

MANAGEMENT PROBLEMS

FINANCING AND VALUATIONS

SALES & MARKETING

CONSTRUCTION

NATIONAL BANK OF CHICAGO

1801 W. Jackson Blvd.

Chicago, Ill.

Established 1858
H. Hentz & Co.

Members

New York Stock Exchange
New York Cotton Exchange
New York Coffee Exchange
Olive Street Exchange, Chicago
Chicago Board of Trade

N. Y. Cotton Exchange

New York 4, N. Y.

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Actual Trading Markets, always
of national scope in

Over-The-Counter
Securities

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Tel. Biltmore 1-1986

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Members

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Tel. 2-3100

Southwestern Public Service Co.

Common

Analyst upon request

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Members New York Stock Exchange

111 Broadway

Tel. 2-3100

New York 1-1920

Bank of International Cooperation: A World RFC

In an article published in the “Chronicle” of June 24, bearing the above caption, Rep. Charles S. Dewey (Rep., Ill.), a member of the House Ways and Means Committee, reviewed the Suez crisis and Morgenhau's currency stabilization plan and proposed a Bank of International Cooperation, a “World RFC,” as a method of rehabilitating the financial and economic strength of other countries affected by the war and maintaining equilibrium of their international trade balances.

Since publication of the article, the “Chronicle” has received various comments regarding the program suggested by Mr. Dewey. There are published herewith: E. E. MacRONE, President, American Industries Corp., Detroit.

I want to send a word of commendation for the views the Honorable Charles S. Dewey expressed in his article, “A Bank of International Cooperation,” in the current issue of your publics (Continued on page 112)

For index see page 137

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Broaden your customer service with Chase correspondent facilities

Member Federal Deposit Insurance Corporation

Bought—Sold—Quoted

PROSPECTUS MAY BE OBTAINED FROM AUTHORIZED DEALERS

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HUGH W. LONG and COMPANY

160 WALL STREET, NEW YORK 5

Boston, Philadelphia

Troy, Albany, Buffalo, Rochester

PROFITS ARE THE RESPONSIBILITY OF THE MANAGEMENT

Advertising In Post-War Era Must Combat State Socialism

John E. Wiley Declares Advertising's Hardest Job Will Be Creating Responsibility For Good Living

Two new functions which the advertising profession should assume in the post-war era are combating the sweep of state socialism by improving the performance of capitalism and “productionism” by industrial leaders, said John E. Wiley, Vice President of Fuller & Smith & Ross, New York, declared at the conclusion of last month.

Mr. Wiley spoke before the war advertisement conference of the Advertising Federation of America at the Waldorf-Astoria Hotel in New York City.

Advertising’s highest peacetime job, Mr. Wiley said, will be the comeback of the consumer-oriented products which our industry has increased under a period of rapid growth. But, he pointed out that advertising’s hardest job will be creating and maintaining a public state of mind through boom periods and recession that is understanding of and helpful to business development... a state of mind that rests with the public and leadership of a country that is going to stand up like a good living in America. Mr. Wiley added:

“Creating a favorable environment for business is going to be a hard job because it’s a brand new job, not only for advertising men but for all Americans. It is also going to be a hard job because we have to conduct a (Continued on page 114)

Fighting Peace

If the world is going to win the peace, this is the key to the new copy the company is using in its advertising.

“This is the keynote of the new copy shown by the Chicago Chronicle and elsewhere during the past few months. ‘Fighting now is winning the war... Thinking now is winning the peace.’ This is the keynote of new copy which is appearing everywhere in advertising.

“At the world is to prosper, there must be an effort to balance the United Nations during the transition period. Mr. Williamsport after as new exists during the world-wide consumer effort, according to the Editor of the company believes. ‘Internal stability’ (Continued on page 104)
We Maintain Active Markets for
CANADIAN INDUSTRIALS
CANADIAN UTILITIES
CANADIAN MINES
CANADIAN RAILS
CANADIAN BANKS
GOODBODY & CO.

Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY NEW YORK 4, N. Y.
Telephone BAlcony 7-0100

Willis Says Subsidies
Delusion Not Solution

Warns Food Subsidies Will Not
Balance Topheavy Economy

Fed by a constant stream of statements from Washington, a serious delusion is growing that there is only one way to prevent runaway inflation in America and that is by the application of huge subsidies to the food industry, according to Paul S. Willis, President of the Grocery Manufacturers of America, Inc.

"The principal confusion lies put forward as the only answer for all of the economic ills on the home front," Mr. Willis said, "price policies really correspond to frantic first aid treatment of the economic disease. Subsidies may appear to be a quick-suture cure, but they do not prevent the real causes of inflation, they actually help to aggravate them.

"The determined advocates of food subsidies are trying hard to give the impression that all who oppose them are in favor of inflation. In this way they at-

American Cyanamid Pld.
Botany Pld. & Co-
Remington Arms
Warren Bros. Class "B" & "C"
Walworth Pld.

McDONNELL & CO.

Members New York Stock Exchange
First Circular Office 31 Broadway, N. Y. 4, N. Y.

We have a prepaid Tabulation
Comparison of the Twenty
Principles

AIR LINE COMPANIES
showing official figures and source of income per month and per annum.
Ask for Tabulation No. 301

WARD & CO.

H. C. BRUNS & CO.
20 Pine Street, New York 5
Telephone, Whitehall 3-1223

ALL ISSUES
Auto Ordinance
York Corp.
COMMON, WHEN ISSUED
Coca Cola, N. Y.

Greene & Company

We Specialize in
TITLE COMPANY CERTIFICATES
TRUST COMPANY PARTICIPATIONS
WHOLE MORTGAGES

It will be worth your while to check us before buying or selling any of these securities.

STERLING INVESTING CORPORATION
42 BROADWAY NEW YORK 4

BOWLING Green 9-6400

Wills & McElroy, Inc.

Members New York Stock Exchange
120 Broadway, N. Y. 4, N. Y.

We Maintain Active Markets for
CANADIAN INDUSTRIALS
CANADIAN UTILITIES
CANADIAN MINES
CANADIAN RAILS
CANADIAN BANKS
GOODBODY & CO.

Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY NEW YORK 4, N. Y.
Telephone BAlcony 7-0100
We have an active trading interest in
Rochester Gas & Electric Co. 5% Preferred
West Penn Power Co. Common
Puget Sound Power & Light Co. 5% Preferred
(When Issued)
Spencer Trask & Co.
23 Broadway, New York
Telephone HAnover 2-4300 • Teletype N-L-8

Says U. S. Can Carry $200 Billion Debt, Preserve Credit And Avoid Inflation
Prof. Weisman Declares Such Debt Must Be Widely Held And Securities Not Be Consigned In Case

The conclusion that we can carry a debt of $200,000,000,000 or more, if need be, is provided, as it is widely held, was voiced by the latter part of last month by Russell Weisman, Professor of Business Economics at Westers Reserve University; who went on to state further: "Provided we think of it and our children's think of it not as an immediate income to be drawn upon." In his address, delivered at St. Paul, under the title, "Can We Live Under the Inflation?" Mr. Weisman described himself as "concerned about the phase of this talk about which our political leaders have to this time shown very little inclination or disposition to say anything of taking the steps necessary in present. He stated that he had in mind "the explosive or destructive t ypes of inflation which is a type of pressures of public finance, extending over an extended period of time, and involving very heavy public expenditures that are financed by taxation and by great pressure of the public debt." Mr. Weisman reviewed the history of the country's public indebtedness over the last 25 years, and noted that "instead of continuing our consumer credit in the 25 odd years between World War I and World War II we drew heavily upon that credit reserve to finance emergencies of a minor character" by comparison with the emergency that confronted us now, "in the pearl harbor in December, 1941."

The speaker observed that "we are engaged in expenditures that" (Continued on page 110)

Firms which have been active in the field of "special offers" will operate beneficially dis¬ tinctive regulations; an important de¬ velopment because of the resulting new facts in the field of public finance which has been a marked development during the past year or during the second quarter of 1943. Such offers have been sub¬ jected to the special offering rule set up by the Securities and Exchange Com¬ mission in an attempt to stabilize fluctuations in the stock market. Now the Federal agency has been extended with certain modifications adopted by the Commission at the start of the month. The offer is a new and interesting subject in the world of capital raising, and may be considered as a new type of stock offering. When the Exchange's set up has been extended with certain modifications adopted by the Commission at the start of the month. The offer is a new and interesting subject in the world of capital raising, and may be considered as a new type of stock offering. The proposal was to extend the offering rules with regard to the offering and sale of securities.

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We report the following tabulation which shows aggregate figures for nine of the largest producers of airplanes, engines and propellers in the country, in whose stocks Aviation Group Shares provides a current interest in the company.

AIRCRAFT MANUFACTURERS ARE NOT OVERCAPITALIZED IN RELATION TO PEACE-TIME SALES
The production of the aircraft leading the aircraft manufacturing in the United States has expanded approximately 2,300% since 1928. This tremendous expansion, however, has been the result of an inflated capital structure for the industry. On the contrary, the increase in capital funds has been most moderate and thus there is no indication that the industry is overcapitalized in relation to its peace-time market.

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TROSTER, CURRIE & SUMMERS
Members New York Security Dealers Association
74 Trinity Place, N. Y. 6-6A-2-2400—Telegraph NY 376-377

UTILITIES
Northern Natural Gas
Washington Ry & Elec Units
Federal Water & Gas
Western Southern Public Service
Republic Nal. Gas

Private Wire to Buffalo - Cleveland - Detroit - Pittsburgh - St. Louis

We are pleased to announce that
MR. H. HASKELL McCOWATT
has been admitted to general partnership in our firm.

HARDY & CO.
Members New York Stock Exchange
30 Broad Street
New York

Broker-Dealer Personnel Items
If you contemplate making additions to your personnel, please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
BEVERLY HILLS, CALIF.—Charles E. Livingstone has become associated with the Bankers’ Commercial Company, 9740 Santa Monica Blvd. Mr. Livingstone was previously with Albin-Lambert Co., Crowell, Weedon & Co., and Sargent, Taylor & Co.

(Special to The Financial Chronicle)
BOSTON, MASS.—Ray M. Miller is now with Bond & Goodman, Inc., 20 Federal street. In the past he was with Paine Webber Co.

(Special to The Financial Chronicle)
CLEVELAND, OHIO—George R. Tenbusch has become affiliated with Saunders, Silver & Co., Terminal Tower Building. Mr. Tenbusch was formerly with Ledd- gar-Horner Company, Johnson, Kane & Co., and Ernst & Co.

(Special to The Financial Chronicle)
KANSAS CITY, MO.—James M. Carrigan has joined the staff of Goffe & Carkener, Inc., Board of Trade Building. In the past Mr. Carrigan was with B. C. Christopher, 292 Gateway, and their Hutchinson, Kans. office.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—Thomas E. Adams is now on call.

CAN YOU USE A Trader
former partner N.Y., unlisted house, recently released from Army Service wants permission to connect
The Financial Chronicle, 25 Spruce St., New York, N. Y.

**Quotation Sheets As Evidence Of Market Price**

By ABRAHAM M. METZ and EDWARD A. KOLE

In disciplining security dealers, the attitude of the Securities and Exchange Commission toward compliance with federal regulations as both principal and agent has been an area of concern for the past several years.

(a) It implies a fiduciary relationship between the dealer and the purchaser that is tantamount to fraud from the size of the profit taken in the transaction.

(b) As a result further implies that any deviation from the market price of listed securities effectively denies the investor his right to be informed of the market price of those securities.

According to The Commission, "the test of fraud depends upon whether in the exercise of due diligence an agent or broker has a reasonable relationship to the "corrected market price." The ordinary market price of listed securities quoted in newspapers can be introduced in evidence for that purpose. This method of proof was approved by Mr. Justice Hughes in the case of Virginia v. West Virginia, re¬ pealed in 1942 in the 1942 Act.

The significance of newspaper quotations as evidence of market price of listed securities lies in their reporting activities. Sales constitute the true test, not mere bid-and-ask quotations. Establishing the market value of the counter securities is not nearly so simple. In some proceeds before the Commission to re¬ place the registration of brokers and dealers, quotations sometimes given in answers to questions have been used to establish market prices in our opinion, because these sheets do not record any sales, they should not have (Continued on page 121)

**Sees Mathematics Of Debt Answer To Most Of The Economic Ills Which Confront Nation**

I was a subscriber for twenty years until last year when I had that period I believe our editorial training and editorial that ever covered the mathematics of debt. If they may find a news quiet way to pluck the goose.

I am married to applying the progression to our War debt even if the rate is low or to our Social Security program. How do we convert the Social Security tax into today of forty years from the Social Security program into over all makes many headaches and maybe no eggs.

I'm sure that the leading financial publication in any world and financial publications advanced mathematics on debt.

Wish I could continue to take my education in debt. 

W. C. Everett
Winthrop, Ala., June 30, 1943.

**Charles Capek To Be Lee Higginson V-P.**

Charles Capek, who has been engaged in war work in Washington, has been elected a Vice-President of the firm's Chicago office, which will assume his new duties in the firm's Chicago office, 261 South La Salle Street, about June 18, following his recent resignation from the Treasury war finance group. Mr. Capek went to Wash¬ ington last year, at the invitation of the War Production Board, with which he served in an execu¬ tive capacity for several months. Subsequently he joined the Treas¬ ury Department, in war financing, being associated with George R. Tenbusch of the firm, who directed the operations of the National Victory Fund Committee, which later merged into the Treasury War Fin¬ ance Committee. Mr. Capek was a member of the firm.

**Seaboard Reorganization Plan Summarized**

Von Tuyau & Abbe, 77 Wall St., New York, N. Y. (New York Stock Exchange) on the recommendation of the Draft Report by Taizwell Taylor, special mem¬ ber, of the plan of reorganization of Seaboard Air Line Railway Co., a New York Corporation. Copies of the plan of reorganization are available, and the preliminary meeting of stockholders is to be held on Thursday, June 30, at 4 p.m., at 77 Wall Street. The directors of the New York Stock Exchange have recommended the plan for adoption.

**New Dean W. Titus & Co.**

ANN ARBOR, MICH.—The William H. Titus & Co., has been reorganized into the firm of New Dean W. Titus & Co., at 52 William Street, New York City.

**James Kelly Now With Kidder Peabody & Co.**

James F. Kelly has joined the trading department of Kidder, Peabody & Co., 17 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Kelly was formerly in the trading department of Joseph Mc¬ Manus & Co., specializing in unlisted stocks. He was with Brown Harriman & Co., and with Messrs. McManus & Co., admitted to the membership of the New York Stock Exchange.

**Seaboard Reorganization Plan Summarized**

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**New Dean W. Titus & Co.**

ANN ARBOR, MICH.—The William H. Titus & Co., has been reorganized into the firm of New Dean W. Titus & Co., at 52 William Street, New York City.
Chicago & North Western Railway Co.

On June 28th last, Chicago & North Western "celebrated" its eighty-first year in bankruptcy under the Banking Act. On June 27th, the Board of Directors found that, having taken advantage of the 60-day grace period, they were unable to pay $7,100,000 of interest on bonds. In its statement of obligations filed with petition in bankruptcy, the Directors pointed to a total of $280,000,000 of mortgages, of which $18,200,000 represented principal and $11,110,000 interest obligations. At the end of 1935, the company held cash of only $3,200,000, and had current liabilities, even excluding the unpaid interest, many times in excess of current assets.

What a contrast today's picture affords! At March 31, 1943, the company's net current assets stood at $73,000,000; cash in all forms amounted to $76,600,000. Even with current obligations over-capitalized pyramid, earnings for the first half of 1943 covered fixed charges 2.4 times before Federal and taxes and 1.7 times after-taxes. In view of the status of the Reorganization Plan, the mounting cash position and the constantly increasing earnings, it would appear worthwhile to reappraise North Western's future possibilities.

There appears little likelihood that the Plan will be upset in any appreciable degree. The road's creditors, of the many titles to the company to have certain securities, have been in the main silent. Recently the road's attorneys petitioned the ICC to grant further hearings in view of the fact that the original Plan did not foreclose the large amount of current expenditures due to the usual traffic of the preceding years. However, the two large creditor groups representing the life insurance and savings bank holdings have requested the ICC to deny the road's petition to reopen hearings, in view that realization of the Plan may be expedited. The Supreme Court already has refused to view the case. All in all, it appears probable that the new securities will be timped before the end of the year.

It will be recalled that the Plan reduces the funded debt, excluding equipment obligations, from approximately $300,000,000 to $10,000,000. More than this, with all the old debt having interest at a fixed rate, only $90,000,000 of the proposed funded debt of $310,000,000 is fixed interest. The proposed funded debt includes equipment trust, as proposed under the Reorganization Plan follows:

- Sec. City divisional div. 4s... 1,000
- Det. Ployers divisional div. 4s... 500
- Note div. bonds... 100
- Relative to Provisions Finance Comp. 4s... 345,000
- 1st gen. & gen. div. 3s... 150,000
- 3% bonds... 100,000
- J. J. Central (1910) divisional bonds... 400
- B. M. & P. Central 42nd Ave. bonds... 1,279,579
- Total... 16,779,579

Before examining the details of the funded debt as proposed, let's get back to the company's working capital position, which, after a number of uncertain years, in the midst of which the road's troubles were made worse by the unprecedented obligation of the 1938 and 1939 issues, has improved rapidly. As we have seen, $725,000, 000 of net current assets. At that rate, net earnings are increasing.

(Continued on page 102)
The question of consummating a plan for the reorganization of the Chicago, North and Western Railway Company, as well as the receivership, is being carried on in the federal court, where it has been since January, without any clear understanding in the direction of reorganizing the road presently are under way, but representatives of security holders are hesitant about projecting any definite time that will be required to terminate the proceedings.

In the latter connection, security holder representatives are still adhering to the customary involvement court procedure that characterized the settlement cases. Other observers, however, are still convinced that the plan can be accomplished within a relatively short time, perhaps within a year. Moreover, it is felt that speedy consummation of the plan is desirable at this time, especially in view of the fact that a number of transactions on outstanding bonds of the road are being executed. All interested parties are said to be in agreement that the plan and reorganization should be accomplished without delay.

Proceedings involving the road received an impetus earlier this year when the Supreme Court of the United States disposed of a motion made by the high court sustained a ruling by Federal Judge Michael H. Hare of the Federal District Court in Chicago that the reorganization should be effected under terms of Chapter 11 of the Chandler Act. On April 28, Judge Hare ordered the receivership of the road terminated, and held the bonds of the company in bankruptcy, with Edward J. Dwyer, counsel for the RFC, and G. Gallagher, named as trustees.

Equipment Claims

Present moves in the case center in the determination of the holders of the road's outstanding 1,600,000 of equipment trust certificates will fare. The majority of these certificates are in default as to the principal. Representatives of the certificate holders are currently negotiating with trustees of the road and owners of first mortgage bonds, looking to ward a complete settlement of their claims. It is understood that there has been a failure of the RFC to make interest proposals on the matter, but no further action has been taken.

Equipment claims present in the court are those of the holders of the road's outstanding 1,600,000 of equipment trust certificates. The majority of these certificates are in default as to the principal. Representatives of the certificate holders are currently negotiating with trustees of the road and owners of first mortgage bonds, looking toward a complete settlement of their claims. It is understood that there has been a failure of the RFC to make interest proposals on the matter, but no further action has been taken.

Evidence that the market for a single certificate has been stable. The certificate market, a bond market, is priced $2,000,000 for bonds at 100.8 percent of its face value, on July 1. This placed the average yield of bonds at 100.8 percent, which compared with the prevailing market at 100.9 percent, on November 1, or shortly before the attack on Pearl Harbor. The index, which moves in inverse ratio to price changes, stood at 115.0 on June 1, indicating that quotations on a liquid market for bonds which had been liquid last month. On Jan. 1 the index was at 121.7, or a marked rise in yield, which was followed by a sharp drop in yield; and after a momentary pause, the upward movement was resumed, and it has continued to rise to the present level of 115.0.

Trading Fairly Active

Trading activity continues to run at a fairly active pace, net. (Continued on page 158)

We are pleased to announce that GEORGE W. SMITH is now associated with us in our trading dept.

FAROLL BROTHERS

Member New York & principal exchanges

288 So. La Salle St. Chicago 4 Ill.

Phone Andover 1490 Telex C 153 G

Chicago & North Western Railway Co.

(Continued from page 101)

It is estimated that this figure will remain down to the close of 1943. It is difficult to appreciate the importance of the forward commitment of the debt which is necessary for operating and other purposes, but it appears reasonable to assume that between $45,000,000 and $50,000,000 could be applied to debt retirement as soon as the plan becomes effective. The very fact that the present management desires a modification of the RFC loan in order to pay off the RFC debt, and thus make certain other adjustments, would appear to be evidence of a perception that a good percentage of the cash now could be set aside for debt retirement.

Even though only an average of $30,000,000 is available for debt retirement, a glance at the tabulation of the proposed capitalization (Table I) shows that this amount should be sufficient to pay off the RFC loan, both the divisional liens and the loan. Leaving the 1st & General 2% in top position, aside from the RFC during the period in which the RFC will appear to be a result of an average saving in interest, but the RFC loan is readily seen that the RFC amount of $30,000,000 to debt retirement would reduce fixed interest to about $2,600,000 per year. This would give the company an additional $18,000,000 before effectuation of the plan.

Table II shows gross revenue and income available for fixed charges for the period 1919-1942. During the period 1933 through 1935, an extraordinary charge for maintenance of the road was made, averaging $12,400,000 a year. The RFC was the principal cause of this charge, and the RFC is still the principal cause of the charge. In order to bring the figures in line with realistic conditions, a normal figure of 32% of gross revenue has been applied to each of the years from 1936 to 1942. In order to give some indication of the amount of the charge, the RFC loan, and is equivalent to more than $18,70 per share, which is about $25,000,000 for the 10% stockholders, and $10.80 per share of common.

All "when issued" securities of the North Western are considered to be attractively priced at present, but most particularly the 1st & General Mortgage 7 1/2s of 1960 at their present price. They are outstanding securities of the road or company and will occupy a senior lien position, and under almost all possible circumstances would be protected by earnings. As a speculation, the 8 3/8s of 1960 are considered to be of very good yield on well-covered interest. The preferred and common dividends are more speculative especially for any long-term holder.

H. H. Bowker

Associated With Harris, Hall, & Co.

Mr. Bowker has joined Harris, Hall, & Co., 111 West Monroe Street, Mr. Bowker, who has been connected with the Victory Fund, has engaged in the sale of war bonds. In the past he was associated with Stone & Webster and Boston, Inc. for more than 12 years.
Chicago Recommendations

Adams & Co., 231 So. La Salle St., who have been active in the Exchange and Suburban Bank Stock, will send out a late analysis on Cooey Bay Lending and Northern Northwest Stock. This will be sent on request.

Caswell & Co., 120 So. La Salle St., will furnish late data on Olin, M. C., Common, Reliance Steel Co., Common and General Bank Corps. Cassco.

Enrat, Van Camp & Co., 100 W. Monroe St., have lately available data and prices on Chicago and Suburban Bank Stock, which will be sent on request.

Kneeland & Co., 30 S. La Salle St., have prepared a study showing the intrinsic potentialities of the First Mortgage and First & Refunding Bonds of The Chicago Rapid Transit Co., in their present market value and the possible solutions of the financial affairs of the company. The study is of considerable merit, showing the company’s potential values, and of considerable importance, one of which should be published. This illustrated brochure may be obtained on request from Leason & Co., with or without immediate payment.

E. H. Rollins & Sons, 125 South La Salle St., have prepared an analytical report on Telephone Novelty Co., 55-000 shares, 1893 Debentures, Series A. During 1942 and early 1943, the market price of the company’s securities enjoyed advantageous refundings. In two instances debt was issued, the proceeds of which were used to retire the preferred stock issues, a tax-saving result. These refundings should not only result in increased net income to the subsidiaries, but may also permit increased dividends on the common stock held by Telephone Bond & Stock Co. Copies of this analysis are requested.

Straus Securities Co., 135 So. La Salle Street, has published a recent analysis of General American Barge Line Co. Common, Henry Consolidated Publications, Inc., Class A Stock, and Frontier Oil Co., with its statistical data. The subscribers will receive it on request.

Thomson & McKennis have just issued a new and revised edition of General American Transportation Co., in view of the current interest in the company’s car service. This is particularly timely. Their present weekly review covers the great amount of market material, and has been recognized primarily as the railroad and the bond of the ‘Great American Companies, as they do their release “Highlights.” Their weekly bond market review for the past year has been considered a reliable principal of the railroad and the bond world in rail.

Copies of any of these material may be obtained without cost by contacting Thomson & McKennis’ Statistical Library, 231 So. La Salle Street, Chicago.

Zippin & Co., 208 So. La Salle Street, specialists in Foreign Securities, announce their willingness to make out Foreign Property Requisitions, the F. T. F. 596—which is due not later than Aug. 31, 1943.

Taylor, Deale & Co., Formed In New York

John Blyth Taylor and Blair D. Deale, of Chicago, have formed Taylor, Deale & Co. with offices at 64 Wall Street, New York City, as a representative of dealers and brokers specializing in Canadian government, provincial and municipal corporate and bond securities. Partners of the firm were formerly associated with Harriman & Co. Prior to Deale, Mr. Taylor was with Hanson Bros. of New York and the Sun Life Assurance Co.

Arthur Korte Partner

In C. H. Reiter & Co.

(Special to The Commercial Chronicle)

CINCINNATI, OHIO — Arthur W. Korte, president of the Southern National Bank, has joined the Board of Directors of the Great Western National Bank. Mr. Korte, who has been associated with the bank for 25 years, is also a director of the First National Bank of Washington, D.C.

Taylor, Deale & Co.

Mr. Deale, who was formerly associated with the firm of Farley & Co., has joined the new firm of Taylor, Deale & Co. with headquarters at 64 Wall Street, New York City. The firm will specialize in the distribution of Canadian government, provincial and municipal corporate and bond securities.

E. G. Johnson Pres.

Of Fidelity Fund

R. N. Taliaferro With

Loonis, Sayles & Co.

Fidelity Fund, Inc., announces the resignation of Richard S. Taliaferro as president of the company. The firm of Loonis, Sayles & Co. has announced the resignation of Edward J. Loonis as president of the company.

Chicago Stock Exchange Issues

We are interested in offers of round amounts

CRUTTENDEN & CO.

Mercury Stock Exchange

209 South La Salle Street

Chicago, Ill.

Direct Private

Wires

East

West

Cruttenden & Co., one of the leading brokerage houses in Chicago, has announced an active market in the Chicago Stock Exchange Issues.

Chicago Stock Exchange

Company that would be set up under the proposed merger, Mayer & Co., of Chicago, petitioned the Commission for a rehearing of the May 3 decision. The Chicago Transit Company also filed a petition for rehearing. In denying these petitions, the Commission declared that not one cent of the proposed Federal loan would be available for modernization, and that all would be paid over to security holders.

The Office of Price Adminis-
tration of the U.S. government has announced that it will continue to set the price of sugar at a level low, but liquidation by in-
situtional investors has taken up some of the slack.

Last week, for example, only a single new issue of any size en-
tered the market. This consisted of $3,000,000 of City of Tucson light and power revenue bonds. As compared with this new fi-
tancing, two State accounts sold at competitive bidding total only a little more than $8,000,000 of previously issued securities from their bond fifths. While these bond fifths sold competitively, a certain amount of other bonds were sold privately by investment accounts to dealers.

TRACTION CASE

Chicago’s traction case, which has commanded considerable at-
tention in recent months, appears to have been cast into the background again without any major development. The case was doe-
d down when the Illinois Supreme Court dismissed the com-
plaints for a rehearing on May 3, which re-
ject a plan to unify the prop-
erties of the Chicago Surface Lines. The case was heard at a Chicago Radiant Transit (elevated lines).

The entire case has revolved around efforts to provide a single local transportation system for the city through unification of the elevated and street car lines, both of which are in reorganization. The merger plan has been ap-
proved by the Federal Court, the City of Chicago, and a majority of the stockholders in the lines and the elevated railway. The refusal of the commerce commission to approve the plan has blocked the unification. The com-
mission has continued to hold that the unification plan is financially unfeasible, and that none of the consolidated company would not be interested.

R. E. C. Lean Offer

Armed with an offer by Jesse Jones, president of the Recon-
struction Finance Corporation, to lend nearly $40,000,000 to the Chi-
ago Transit Company, the new

FOREIGN SECURITIES

Bought — Sold — Quoted

ZIPPIN & COMPANY

208 So. La Salle Street

CHICAGO, ILL.

BANK STOCKS

CHICAGO—SUBURBAN ILLINOIS

Bought — Sold — Quoted

Enjoy, Van Camp & Co., Inc.

210 West Monroe Street

CHICAGO

ANABNER 2425

CG 905

Kellett Aircraft Co., Globe American Corp., Kansas City Public Service Co., Interstate Co., Consolidated Dearborn Corp.

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North & Milwaukee R. Co.

Comprehensive analysis of the leading stocks.

Brailford & Co.

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130 South LaSalle Street

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Post-War Inflation Seen Inevitable

While the degree of post-war inflation will depend considerably on the length of the war, a further decline in purchasing power of the dollar, according to U.S. and foreign experts, is implied by the implications for the post-war period of the national debt alone after the war which tacked 100% stocks would be of dubious value as "inflation-hedge." It is believed here, however, that Washington trends indicate there will far better than individuals from a tax basis of rising national debt alone after the war.

"Thinking Now" (Continued from first page)

"Thinking Now" (Continued from first page)

President says Work on Florida Canal

Decides On End Of Shortages

President Roosevelt has advised the House Committee on Rivers and Harbors that detailed plans for the construction of the Florida Barge Canal, as a stimulus to war production, material and equipment shortages are overcome, it is expected that the House will in the near future.

"I have always realized the importance of an adequate and complete waterway for commerce and national defense. The traffic along our Atlantic seaboard is one of the important factors of our country's economic and international well-being. The people of this country, in common with other nations and peoples, are looking to our Government for the assurance of the growth of this waterway, which, with improve-

ment, could now be used to full advantage for the end of the war. I am glad to announce that this canal will be completed during the next fiscal year. We have not been able to make additional progress on this waterway because of many circumstances which would not permit these improvements during the next fiscal year.

We have been fortunate in the way that this canal can be continued to serve the public interest. It is now in full use and the public interest is being served by this canal. The people of this country, in common with other nations, are looking to our Government for the assurance of the growth of this waterway, which, with improve-

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ment, could now be used to full advantage for the end of the war. I am glad to announce that this canal will be completed during the next fiscal year. We have not been able to make additional progress on this waterway because of many circumstances which would not permit these improvements during the next fiscal year.
Planning An Antidote For Regeneration, Ruml Declares

Elimination of Mass Unemployment First Requirement of Post-War Period

The fact that the whole economic system is based upon a "predicament" against the word "planning" probably stands in the view of Ruml, Federal Reserve Bank, made it clear that we are the United States. There is never a product of goods and services that should have amounted to more than two hundred billion dollars. Not only for these material things, but for other values lost as well, we want in the future that this product be created, conserved, and applied to the increased welfare of us all.

In America, expect this fruition of our energy, our skill and our resources; and it is therefore natural that we should be sympathetic with, and that we should encourage leadership wherever it arises that points the way toward the realization of these expectations.

"It is particularly encouraging that business men have already begun to give thought to what business itself can do to help make real the benefits of high employment. Most of you, I am sure, have heard something of these activities. Individual businesses, local chambers of commerce, state and national associations of business men are developing their plans. One new organization, with which many of you are doubtless familiar, is the Civilian Eco¬

omic Development, has taken the peacetime expansion of private business as its first and single job. "The Committee is a business man's organization, set up for the purpose of discharging this special responsibility of business in the post-war period, that is, through the planning and stimulation of business activity, to bring about sound business basis to make the maximum business contribution to high employment and sustained economic growth. The Committee believes that whatever business can do along these lines, others—particularly government—will not have to do and will not want to do. "Today most business men agree that the elimination of mass un¬

employment is the first requirement for the post-war period. Many will go so far as to agree that unless mass unemployment can be eliminated under a system of private business enterprises, pri¬

vate business enterprises will be supplanted by some other ar¬

rangements for the production and distribution of goods and ser¬

vices. The demonstration of what we are able to produce under the rules of a war-time economy is unanswerable evidence of what machines and men and organiza¬

tion can accomplish if their tech¬

nical capabilities are given full rein. And we know that at the present time, with the newness of the war-time conditions under which we are working, the organiza¬

tional and administrative arrange¬

ments are of much less effective¬

ness than they will become with longer experience. And so, for these good reasons, business men are giving thought to the responsibil¬

ities of private enterprise in do¬

ing its full part in achieving high production and high employment in the post-war period. I hasten to say that as far as I know, these business men would in every case subordinate this thinking about post-war employment to efforts directed toward the winning of the war, and each, in his capacity as a business manager, has made

(Continued on page 109)
Managing A Business For
Stockholders Through The
Victissitudes Of Inflation

(Continued from first page)

corporations have succeeded in enriching their stockholders during periods of monetary inflations and deflations when
changes caused by monetary manipulations have been slow enough to enable the management to carry out speculative planning with the corporation's money. If the management can speculate on inflation or deflate successfully, large profits can be made. On the other hand, if this speculation is unsuccessful, large losses will be the result, and the management will probably lose its job and the stockholders will lose their equity. It is far safer to forego the prospects of large profits and operate on a hand-to-mouth policy during such a period. In order to operate safely, inventory should be kept down to the minimum, contracts should be of short duration, debts and taxes should be paid in full, and all engagements made subject to changing conditions of markets, prices and costs.

Most speculations on inflation or deflate by corporate managements have been a failure, resulting in losses. Changes in prices resulting from monetary causes do not operate in one direction or for one period of time, and a change of direction is usually sudden and without notice. For example, during a period of rising prices a corporation management might logically convert a large part of its bank balance into inventory and for a time this might seem very profitable. But a change in policy on the part of the government without advance notice, or a change in opinion on the part of others holding inventory or on the part of speculators may bring a sharp decline in prices and wipe out a portion of the working capital of the corporation.

The history of inflations and deflations shows that the saw tooth movement of prices and costs makes any long-term planning or speculation very hazardous for corporation management. What is needed is a stock exchange and policy during such periods. Unless the stockholders know what the policies and are the reasons for them, they cannot know to what extent the management is speculating or the management and the reasons for these policies, they cannot pass upon the policies with understanding. It seems, therefore, an obligation upon the management to make known to the stockholders the policies guiding a corporation during such times. From the standpoint of a stockholder as an owner of the corporation, it is important to know not only the results of any quarterly or annual auditing or accounting statement. A change of these policies without notice may place the stockholder in a position where he will lose all or part of his capital when he thinks that he is a conservative owner of capital and intends to avoid speculation. Ordinarily the public stockholders other than a few large stockholders of these corporations have been advised by the corporation to advise with the management. The best such stockholders can do is to ascertain whether the management de¬ serves confidence that they can make or lose their capital in the corporation, or in some other business with a proved management.

These are not ordinary times. A management that conservatively guides a corporation through deflation may do just as well for the stockholders without their full knowledge of what is to be done and the reasoning back of it. At such times as these management is in an embarrassing position and should take stockholders into its confidence and explain fully the policies and the reasons for them.

What Are the Earnings of Inflation to Guide a Corporation Management?

There are almost no earmarks that will guide corpora¬ tion management through deflation of the same experience with inflation in other countries, without exception, shows that few people recognized inflation until it was too late to avoid losses. The only way the government can satisfy demand for goods, with unemployment and bank¬ ruptcies, were only regarded as signs of poverty amidst plenty, and maladjustments. Even the fiscal administrators of the United States, after much experience in deflation, have recognized the impossibility of the government banking denied that any inflation existed when the value of the currencies had declined to a fraction of their legal values in foreign markets. Inventories were not working at capacity, men were unemployed and the foreign demand for their goods was unsatisfied. This de¬ clared the real value of the currency was blamed on speculation. In the United States, the managers of the corporations have the respect of both government officials and the business executives have stated that there is no danger of a depression in the United States, if the de¬ clination is going at full capacity. Others have stated that as long as there is poverty there can be no inflation. Such re¬ marks are contrary to all the experience with inflation in other countries, and the probable effects on their businesses. The man¬ agements of these corporations have set up policies which they hope will enable them to cope with the false prosperity of inflation and its deceptive effects. But the management of the corporations that have no debts and keeps a strong working capital position is more likely to be able to hold out and survive with something left. The period of deflation will be over before it is

Can a Strong Corporation with More than the Usual Amount of Liquid Working Capital Protect its Stockholders?

A strong corporation with a management who recognizes what is happening and adjusts its policies accordingly has the best chance of keeping its position strong and safe through the period of deflation. An abundance of liquid working capital, more than usual, and a determination to keep that position is the stockholder's greatest protection when the corporation is otherwise qualified to weather an inflation. A corporation that has no debts and keeps a strong working capital position is more likely to be able to hold out and survive with something left. Inflation brings rising costs and prices and are often mistaken for evidences of prosperity. These conditions bring demands for higher wages, rents, service charges, advertising costs, etc., to the great advantage of the consumer. It takes more cash or more bank credit to keep going at the same pace as usual. Any expansion will require still larger amounts of working capital. It is the period of deflation that the government position is soon wiped out and debt obligations begin to grow. A corporation that is already in debt, and has heavy fixed charges, has little chance of surviving with any equity for the stockholders.

Does not this Conflict with the Popular Notion that a Corporation Should go into Debt Because Inflation Will Make it Easy to Pay Off Debts with Cheap Dollars?

This is certainly an erroneous idea. In any country that has had experience with inflation this is the popular miscon¬ cept. The evidence shows that debts were a curse and the sure road to bankruptcy. The corpora™ions that survived the infla¬
tions of France and Germany with some equity left for the stockholders, but no debt and had a policy of keeping debts at the minimum.

This notion of going into debt as a hedge against inflation has been widely spread in this country by speculators, popular writers and clustered academicians. The evidence proves this method of hedging is the road to financial ruin, and I would rather have the verdict of experience than that of all the economists. Debt is a dead weight. The accumulation of debts can save the debtor from insolvency if inflation produces the rising costs in this country that it did in European countries.

It is in corporations accustomed to maintaining a million dollars liquid working capital and rising costs and prices make it necessary to maintain two million dollars to do the same amount of business, there is no alternative but to borrow or to reduce the amount of business. It is just as rapid as the times of rising costs that profits decline. If such a corporation borrows either long-term or short-term capital during such a period, it is sure to find it more and more difficult to service the debts, and the creditors less patient. This is the road to bankruptcy and the end of the stockholder’s equity. Even in Germany, where the inflation is a present course and a new currency was established in about three years, it was not possible to pay off debts in cheap money. Corporations that had a policy of keeping out of debt were forced into debt and bankruptcy. The profits of this period rise rapidly and profits disappear, and even cheap money is more difficult to obtain than good money had been during hard times under sound money conditions. Billions of dollars have been lost by well-meaning investors and corporations in this country, who were victims of the debt theory between 1933 and 1937.

Why Not Have Fixed Contracts Covering Every Step from the Purchase or Taking title to the Sale of the Finished Goods or Services and Stabilize Your Profits?

Did you ever try to do business that way? Would you do business on that basis with other people? Take the time lag in manufacturing between making a sale for future delivery and the actual delivery, if prices and costs change too rapidly, it is possible that you may have a satisfactory profit according to your books but an actual loss. If the buying cost of raw materials has been increased 25 per cent and you have satisfactorily completed a contract on a 10 per cent profit above costs you have a loss of roughly 15 per cent for the business that you have done. If this is repeated a few times new working capital will be required if the business is to keep going. Any attempt on the part of one business to fix all its contracts and every step in them until it is covered will probably make more harm than good. The fix contract you may make in your little sphere will not prevent prices and costs from rising generally and if you expect to go on doing business as you have done in the past new market conditions or no one will do business with you. The other fellow is looking out for his business just the same as you are. Of course there are some who do not know what is happening and for one reason or another may have a temporary advantage. But this will pass and on these doors you will find the familiar sign—“closed” for lack of working capital. One reason of a long and persistent inflation is the failure of many small shops and small businesses of all kinds.

Maybe the Business Man Should Just Set His Prices High Enough to Cover all Expected Changes in the Value of Money

Any such action is within the power of the business man even if he knew what these changes were to be. Moreover almost no one will be able to guess the changes or time them. Then the man who tries this game must remember that the customers will not agree with him. To undersell him would be their pride. Every business is a part of the competitive system of prices and costs. A large volume business at low prices will crush out quickly. It is the rising volume of business during such times that blinds business men to realities. The individual business can do very little in the matter of regulating prices and costs coming from inflation. The regulation and control of the value of money is the prerogative of the government. The government may regulate prices through an emergency.

Why Not Have the Government Fix All Prices for the Duration of the Inflation?

At first thought it would seem that it would be the best policy for the government to fix prices and then carry on an operation upon the money in order to prevent the undesirable effects of inflation. If this could be done quickly and the businesses really regulated, great disordered and losses would be avoided. But there are many difficulties surrounding this proposition. In the first place the government officials will not ordinarily admit of inflation because they are the first to be blamed for it. In the second place they will probably not recognize it as such until it is too late. There will be much disagreement among government officials as to what constitutes inflation and its dangers. There will be equally as many proposed methods of dealing with inflation when it does exist. Inflation when it gets under way will not wait on a debating society. In addition, a democracy will find it difficult to fix prices until prices have risen and created maladjustments and hardship which arouses the public to demand that prices be fixed. By this time the damage has been done. To lower prices would do more damage and create more maladjustments. For example, a business which had been operating from hand-to-mouth while prices were rising for fear of government action which would cause prices to fall may have taken such great losses that finally the management decided to speculate with the hope of recovering something for the stockholders and maintaining their reputation, and they went out on a limb with borrowed money and bought inventory. At this point, the corporation’s debts reaching new all-time

(Continued on page 108)
Managing A Business For Stockholders Through The Vicissitudes Of Inflation

(Continued from page 107)

highs and profits erased, the government comes along with a price-freezing policy demanded by public opinion and fixes prices at the level of some previous base period which the corporation bought inventory with borrowed money. Other corporations which have raised wages to meet the demands of labor because of rising prices will be confronted with wage costs they cannot pay at the new low prices. Many similar maladjustments could be enumerated as a result of the policy of price-fixing.

After the government officials have fixed prices there will be the tendency to police the markets and keep prices fixed rather than remove the cause for price inflation resulting from monetary conditions. There will be little agreement as to just what should be done and how to do it. As a result probably nothing will be done except try to police the markets and make headlines out of chasing bootleggers and chislers. Removing the conditions which create these unsocial characters is most difficult. Out of these conditions a new group of politicians who can make a big noise and gather a following will arise. But neither business enterprises nor the public will get much relief. When analyzed, price fixing to prevent prices from rising while the government officials perform an operation upon the money system offers little hope. Price-fixing and policing the markets

without doing anything about the causes for inflationary prices will create fertile ground for all kinds of malpractice upon the part of business and others without removing the causes for price inflation.

At what level should a price or all prices be fixed? What measure has been given price-fixing to insure reasonable competitive stability when the fixing is removed? If bottlenecks, rationing, and the procuring of necessary materials for the defense program were to be fixed why were these not done before? What conditions in prices would correct themselves when the causes are removed. Hardship or benefit to a few people would be faced. Is, then, the price of protection and risk that dangers could be dismissed. But price inflation that lasts and does everlasting harm to the wage earner and every man who works and saves arises from monetary disturbances and price-fixing. There are growing disturbances in the world which will have many monetary disturbances which threaten to bring on price inflation. These include our vast hoard of gold and the public's desire and need for safety, free metals, gold and silver; more fixed or frozen assets and other conditions.

CORN EXCHANGE BANK TRUST COMPANY

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A Bank Statement that any Man or Woman can Understand

Condensed Statement as of close of business June 30, 1943

Our Deposits and Other Liabilities are .......................................................... $541,936,058.60

To meet this indebtedness we have:

Cash in Vaults and Due From Banks .......................................................... $142,612,944.98
U.S. Government Securities .......................................................... 361,882,546.02
($55,522,046.79) to pledge to securities for other purposes as required by law.

Other Securities .......................................................................................... 15,070,405.59
Loans and Discounts .................................................................................. 32,249,327.00
First Mortgages .......................................................................................... 12,699,763.68
Customers' Liability on Acceptances ......................................................... 736,192.31
Banking Houses .......................................................................................... 10,823,999.63
Other Real Estate .......................................................................................... 700,564.99
Accrued Interest Receivable ........................................................................ 1,411,552.53
Other Assets .............................................................................................. 124,376.88

Total to Meet Indebtedness ............................................................................ $578,455,299.61

These Leaves .................................................................................................. $ 36,519,241.01

Capital, $15,000,000.00; Surplus and Undivided Profits, $21,519,241.01

Robert A. Drysdale
Dreyfus & Company

Dunham H. Shier
Shier & Company

C. Walter Nichols
Nichols Commodity & Research Corporation

George Doby Duryea
Chairman, Imperial Bank

Ezra Hill Low
Chairman, Home Life Insurance Company

Ernest M. Boll
President, A. M. Boll & Son, Inc.

Robert A. Drysdale
President

Ralph B. Fetter
Vice President

Ezra F. Trowbridge

B. L. McCutchin

William M. Holroyd

Herbert J. Sturges

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Stockholder's Corporation

$15,000,000.00

Valentine T. Wood

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United States War Savings Bonds and Stamps are on sale at all offices.

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Planning An Antidote For Regression—Rum: (Continued from page 105)

ting between the Federal Government on the one hand and the state and local governments on the other has been well understood for years, but the growing nationalization of the public debt that might have been expected from the Fed- eral Government in analyzing the problems of promoting economic growth in the near future has come to the fore in recent weeks. The Report of the Treasury Committee on Inter-Governmental Financial Relations, which is somewhat timid and ineffective in its shape, in stark contrast to the bold assurance of the more recent Treasury Report on currency stabilization as among the sover- eignt nations of the whole world. "A policy of fiscal and monetary policy, where the rela- tions between government and business are of the greatest im- portance for the working out of the post-war employment and production problems, business may properly be apprehensive. It might be unnecessary, not that the intentions of the government will be hostile or even indifferent but that, unless the preparatory or organizational work is done now, the Federal Government will be helpless to prevent or make even the most elementary collaborative program.

A compensatory fiscal policy does not contemplate permanent budgetary expenditure as an essential ele- ment in the economy. On the con- trary, the aim is to phase out of the public excess of expansion of public business activity which would be checked by public debt retirement. "Such a policy does not require any large increase in public sales, it does not waste productive expenditure. Sound policy dictates that the realization of any public body should be determined by policy considerations as to the appro- priate field of public activity, not the economic system for expansion of public activities, but the real needs of the economy. The Federal Government also requires that public expendi- tures should be made with effi- ciency in mind. The subdivi- sionary suggestions has not been forth- coming in the recent weeks.

As a result of the wide area which in- ternal regulations has generally agreed to be suitable for common undertakings through the principles, the stimulus to purchasing power when needed. But, none of us could or should be excluded from the reduction of taxation. Why not leave at least expenditure for the individ¬ ual will be responsible for the indi¬ vidual in time. It would have to be pumped out again to maintain high employment? Such reductions in taxes should be made where they will do the most good in creating demand and in encouraging pri- vate enterprise. And it is particu- larly important to notice that un¬ der a compensatory fiscal policy if stimulus is needed, we need not wait for a balanced budget to pro- cure a program of reducing taxes.

Much has been said and written about public works as a general support for high em¬ ployment. If we believe in the policy of no wasteful public ex¬ penditure and no spending for its own sake, the administrative difficul¬ ties of making proper timing, most impossible, and reduce the amount of the new works alone cannot do the effect. The most we can expect, and this is a recognition, is that public works can be planned and under¬ taken in such a way as to ever- after the activities of the construc- tion industry itself, thereby pro- viding a compensatory fiscal policy and employment throughout the year and year after year. Some rough approximation could be made of the degree of desirability of public works and the amount of public employment when it is of low construction. Industry will take the initiative and attack the evil of recessionary conditions. But I also feel that the seriousness in the industry would be heightened if the volume and timing of public works construc¬ tion were such as to give promise of a reasonable continuous level of public and private demand over the next several years. "The attainment of high levels of employment in the next few years will demand changes in many individual men and women in need. A modern industrial soci¬ ety with its enormous capacity can give a certain min¬ imum protection to the individual citizen against the occupation of unem¬ ployment, destitution in old age, etc. Therefore, I do not feel that we require the speci¬ fics of fortunate human distress to teach us the wisdom of avoid¬ ing error and evil.

Just not in the area of high employment, high production, and humane protection, are goals to aim at. In our democratic society, and there are also objectives that are worth seeking in this direction.

"During the discussions of re¬ cent months about the pay-as-

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SCHENLEY ROYAL RESERVE

60/40 grape neutral spirits, blended whiskies, 80 proof. Schenley Distillers Corporation, N.Y.C.
credit went for little our history explosive and we had likewise wanted a good deal of our sub-
riental experiences raised taxes both on business en-
but in the upper brackets about as high as it was possible to go and that the lingering sense of the then prevailing rates of in-
her, when this year we can offer in support of that point the figures of 1942, which was characterized by its author as an all-tax system, which would reduce only nine billion dollars rather than the twenty billion of the preceding year, which was a peak.

So, to retire, we are confronted with this very grave fin-
realize we need and need impera-
tly to do with the experiences of the 1940's, and we believe that we are likely to avoid any period of stagnation and over a very prosperous period our credit resources are abundant. But if an emergency presented it-
we could draw upon them as we used them in 1920 to em-
ployment to the emergency in question. This makes perfectly solvency absolute and the credit stands quite high.

Instead of conserving our credit in the twenty-odd years between World Wars I and World War II, we drew heavily upon that credit resource in a series of emergencies. That were of a minor class, but of a different class, by comparison, with the emergency that confronted us at Pearl Harbor in December, 1941, and there was a great fund of credit with which to meet this emergency and which, we believe, will prove the greatest credit for financing the minor emergen-
cies of the 1940's and, if you believe that we are likely to avoid any period of stagnation and over a very prosperous period our credit resources are abundant.

Now, as you all know, this war was a situation in the side of taxation is that situation I have reviewed with respect to World War I. We have paid income taxes, those of us in this room, un-
der such unhappy and unfor-
tunate conditions that I suppose if I asked the people in this room who was taxable under the income tax, Mr. President, (who has been in effect every person who was in this room, for a year, and we found ourselves confronted with the situation that our entire field of income taxation was vir-
tually untouched and the individual incomes was in the upper brackets about as high as it was possible to go and that the lingering sense of the then prevailing rates of in-
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ployment to the emergency in question. This makes perfectly solvency absolute and the credit stands quite high.
Managing A Business For Stockholders Through The Vicissitudes Of Inflation

(Continued from page 108)

ties for stockholders worth something or they may not. Their success depends on their financial position, management and the operations during the period of inflation. There is so much erroneous information about, to catch suckers, that it is not possible in the limits of this paper to analyze it all, but if you are interested in preserving the equity in your own corporation, or in corporations whose shares you may own, to understand the possibilities requires an investigation of the nature of the business, financial strength, as well as policies and preparations to withstand inflation. In many corporations nothing can save the equity if we are to have an extreme inflation such as took place in France after World War I.

When the defense program is completed or the war is over the volume of business and prices will fall but costs will not fall as much or as rapidly. An inflation explosion could occur before the defense program is over but that seems doubtful until the war lasts several years. During the rapid stages of inflation the prices of almost all common stocks may go up, but most of them will finally fall more rapidly than they rise. Many will survive but a large per cent of them with only a fraction of their present relative value, and many will have the value entirely erased, while some will go to new high levels to maintain the relative purchasing power or enrich the holder. This depends on the ability of the corporation and the management to cope with these conditions. Timing the coming of explosive inflation as it will affect the value of corporation equities is a guessing and speculative undertaking. It would seem best and safest to take the road of least guessing and speculation and thoroughly prepare for it. The government may delay liquidation by its monetary and price policies and by management schemes, but it seems to me inflation cannot be avoided permanently unless we have really come to a "truce" in the history of money, prices, inflation, and government management. Most new eras have finally turned out to be old mistakes and this one, I dare speculate, will not be an exception.

**Bankers Trust Company**

**NEW YORK**

---

**CONDESED STATEMENT OF CONDITION, JUNE 30, 1943**

**ASSETS**

Cash and Due from Banks...$293,234,207.81

U. S. Government Securities...789,385,549.65

Loans and Bills Discounted...39,375,679.41

State and Municipal Securities...2,099,316.20

Other Securities and Investments...46,663,074.02

Real Estate Mortgages...1,535,731.86

Banking Premises...14,056,481.22

Accrued Interest and Accounts Receivable...4,090,026.83

Customers' Liability on Acceptances...464,856.06

Total...$1,475,882,417.06

**LIABILITIES**

Capital...$25,000,000.00

Surplus...32,215,492.38

Undivided Profits...122,515,492.38

Dividend Payable July 1, 1943...875,000.00

Dividends in Arrears...1,341,300.00

Accrued Taxes, Interest, etc...3,426,854.33

Acceptances...780,756.35

Less Amount in Postoffice...94,312.85

Other Liabilities...9,294.02

Total...$1,475,882,417.06

---

Should a Corporation Transfer Its Liquid Capital Into Money of Some Other Country?

The present time what country would you rather have your paper currency in than the United States? There is no other currency any better or safer just now. Of course if we reach the stage that the dollar in foreign exchange be depreciated due to the high gold value, it may be necessary for some corporations and their bankers to shift into the foreign exchange of other countries for a short period and then bring the money back with a multiplied number of dollars. This depends on judgment, the exchange change regulations, and the conditions of foreign currencies at that time. During the German and French inflations which affected some corporations, the French companies were enriched by shifting their liquid balances into the pound, the dollar, and the Swiss franc.

If Prices and Costs Are Going to Rise, Would it Not Be Some Protection for a Corporation to Buy Inventory of American Securities and Borrow Money to Buy Futures in the Commodities Markets?

If a corporation decides to buy inventory and futures in commodities in excess of its operating needs, at what price will it buy? Already prices of raw materials and many finished goods have risen sharply and if and when the war ends a crash seems inevitable. Just what will happen to the equity of corporations that get caught with inventory bought with borrowings in the old stage to be entirely dissimilar to most corporate managers. These fluctuations in prices are to be expected and government control, while an attempt to prevent large movement prices from rising, will not stop them from going down or make buyers buy when prices do go down.

There is a time for everything. Corporations using non-bankers, who is the better borrower, a manufacturer, and the like, which had excess liquid capital and saw the trend of these prices when they were very low, might well have bought up stocks for some time also. But how many corporation managers or other people foresaw the rise in prices? For a corporation that must borrow money it is seldom, if ever, desirable to speculate on inventory no matter what the low level is to which the stock is that has fallen. If you will trace the history of corporate experience with inventory speculation, you will find that while great profits have been made in the large dollar increases that have been sustained. Inventory speculation is one of the most provocative causes of corporation bankruptcy. Rising prices caused by inflation never go in a straight line but fluctuate more violently because of the added uncertainties caused by rising prices, speculation and threats of government control. If bonds come due or bank loans have to be renewed during a period of price collapse, embarrassment is sure. Even for a corporation that has surplus liquid capital the buying of inventory at these times and at these prices as hedges against inflation is not sound policy. Lease profits may be made and will be made to operate at a convenient basis. There are some instances of corporations that have hedged against inflation by providing for a continued source of raw material needs that seems safe and wise but the cost. At least one or two large newspaper publishers foresaw the coming inflation during recent years when prices were low and purchased forest land at very low prices to provide for their planned expansion to extend the buying power, and in one case a large newspaper has provided pretty nearly to be self-contained for a long time. Almost all its needs to continue publishing its paper have been provided for, including its own ink production. While provisions have not been made for labor and taxes in the indefinite future, its strong financial position seems to insure greater protection on these matters. However, if our corporate leaders can hope that this is an exceptional case. Few publishers are well enough off to provide for such protection. In the case of most manufactur- ing corporate operations, the hedging against commodity price rises can be provided. Railroads and utilities certainly can find no comparable hedge. As for buying inventory in finished goods for some years ahead, that would be the height of speculation. The order in which one corporation tells me that twenty per cent of the items listed in their catalogue did not exist even in 1939, and more than forty per cent of them did not exist five years ago. Stocking up on finished goods inventory is a good way to make sure of losses that cannot be recovered.

If Prices Rise Faster than Wages, Won't the Corporation Engaged in Manufacturing and Merchandising Be Able to Accumulate More Profits and Build Up Liquid Capital?

For a while prices may rise faster than wages and generally this is the case. But while prices of finished goods are rising, the prices of raw materials are also rising, so that wages are increased and a price panic occurs because of fear (Continued on page 113)
or government threat to stabilize the currency or freeze prices as of some base period, wage costs will not fall, and thus whatever level the new stabilized prices may reach, it of business will shrink as the costs and prices rise and the great mass of consumers find that their income will not buy them as much as before. The new stabilized prices are not likely to accompany the strains of rising costs and prices caused by inflation and the aftermath of deflation leave poverty, unemployment and hardship among large numbers of the wage earners of the country. Of course many small businessmen and some of large affairs are reduced to poverty but their numbers are relatively small compared with that of wage earners. The burden of supporting this large unemployed class must inevitably fall upon the taxpayers and the businesses that do survive. If anyone thinks he has a chance to make big profits out of inflation, he has not observed the experiences with inflation taught by history even during periods when the governments were less paternal than they are now. From the experience of the past, deflation has been found that made enormous profits out of the inflations. In fact none are available that made any profits if they kept their business within the country. There are corporations that have made good profits from London and New York and after the inflations were over and sound money restored these funds were bought back and their returns were reduced to the exhaustion of the investments because the general level of prices in gold was very much lower than before the inflations. For example, the prices of real estate in Germany after the restoration of the new franc, fell from $220 to $20 per cent of the prices before the war. A corporation with funds abroad had a much larger purchasing power with these funds because of the dearth that had large liquid funds transferred to Britain and of the people whose liquid purchasing power had been destroyed with the old currency.

An outstanding example of what appeared at one time to be great profits from inflation that turned out to be great losses instead, and finally bankruptcy, is the vast fortune of Mr. Hugo Stinnes. With cheap money and even borrowed money he bought farms, forests, railroads, hotels and other properties. He was regarded at that time as the Rockefeller of Germany. His wealth was so great that it was the subject of comment throughout the world. Every book was written and published about the great fortune he acquired during the inflation. But this all ended in bankruptcy for Mr. Stinnes and his family, because his liquid capital was destroyed during the inflation. It was because of the poverty of the consumers, and taxes and depression and costs of maintenance soon plunged him into debt for more than his inflation hedgers were worth in the new price economy of his country.

Why Should Not a Corporation Use Surplus Capital or Even Burrow Capital and Build Necessary New Buildings, Buy New and Durable Equipment and Place the Plant in a Favorable Condition?

The building of new buildings or the purchase of all necessary equipment and tools for a generation to come has been recommended as a hedge against inflation for a corporation. But this needs to be examined before carried too far. Buildings have been changed rapidly during recent years and scientific management and modern inventions promise to change things even more rapidly in the near future. Buildings have been changed rapidly when idle and during the depression that will follow inflation and the necessary readjustments, taxes and deterioration, plus the obsolescence due to scientific improvements, may make new buildings a liability instead of a hedges in all situations. These same conditions limit the ability of a corporation management in the buying of tools, machinery, and equipment for future use. It is not wise to change equipment during the last depression in the automobile industry. New plants that had been built and fully equipped with the most modern machinery as late as 1929 had to be junked and new machinery installed at the cost of $20,000,000. And the recovery got under way in 1923 because the new inventions were so much more efficient that a plant keeping equipment

that had been produced as far back as 1930 was a high-cost producer and could not compete on price reductions with the plants which had been installed new since the depression. While there are some standard parts, tools, equipment, and even some buildings that will not become obsolete, the consequences of going too far in the purchase of buildings and machinery as a hedge against inflation may prove as costly as inflation. Careful consideration of every item purchased for this purpose is necessary.

What happens to a Corporation When Stabilization and Deflation Comes, Leaving a Period of Inflation and Apparent Prosperity?

It is during this period of stabilization and deflation that corporation managers and equity investors learn about their real losses. Business declines sharply. Prices fall, both investors and the public doubt and sell their liquid assets. This fall accompanied speculation increases, reckless business habits develop, unemployment rises and failures among small businesses increase rapidly.

The period of a cycle of inflation the wage earners in masses are losers. At times rising wages make the laboring man think that prosperity has come but rising prices have taken away the benefits. The result is that many of the middle class feel that their incomes are falling. This is the period of魽 suppression of the prices, and the financial profits disappear, speculation increases, reckless business habits develop, unemployment rises and failures among small businesses increase rapidly.

The CHRONICLE invites comments on the views expressed by Dr. Wright, in this article, or on any related phases of the subject under discussion. Comments should be addressed to Dr. Wright, Commercial and Financial Chronicle, 25 Spokane Street, New York.

The National City Bank of New York
Head Office: Fifty-five Wall Street New York Branches Throughout Greater New York

Condensed Statement of Condition as of June 30, 1943 (In Dollars)

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>ASSETS</th>
</tr>
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<tbody>
<tr>
<td>Deposits</td>
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<td>Liabilities</td>
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<td>United States Government Obligations</td>
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<td>Other Loans Guaranteed</td>
<td>33,965,741</td>
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<td>Obligations of Federal Credit Agencies</td>
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<td>State and Municipal Securities</td>
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<td>Loans, Discounts, and Bankers Acceptances</td>
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<td>Customers' Liabilities for Acceptances</td>
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<td>Liabilities on Reserve Accounts</td>
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<td>Liabilities on Reserve Accounts</td>
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<td>Other Assets</td>
<td>696,059</td>
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<tr>
<td>Total</td>
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</tr>
</tbody>
</table>

Figures of foreign branches are as of June 30, 1943, except those for correspondent branches which represent the date of occupation has been made at the branch.

$146,611,550 of United States Government Obligations and $11,632,367 of other assets are deposited in
to Public Deposit Accounts with The National City Bank.

(Merger Federal Deposit Insurance Corporation)
Advertising In The Post-War Era Must Combat State Socialism & Improve Industrial Leadership

(Continued from page 99)

self-improvement campaigns... at the same time that we set up teach¬
er practical economics..."

In his address, Mr. Wiley discussed what advertising could do to make this possible. He concluded:

"The business man must accept the role of the leader for Americans, and then make certain that his company has a plan, where his good living really comes from... and understands that the business man is the one who holds the key to our social planning. Rather, I sug¬gest that each accept the call of his neighbor as an individual responsibility and lay plans accordingly.

If our capitalistic system is to be a real post-war model, as a result of C.E.D., then advertising can help create a body of opinion which will see to it that individ¬ual security plans are not applied in such a way as to rob the in¬dividual, who is ambitious and energetic, of the chance for the automatic rewards of free capital¬ism.

If we do not accept this chal¬lenge, the economic theorists will. Now, it is often said that gov¬ernment social planners are imprac¬tical. They may be impractical when they are trying to figure out how their plans will affect our business, but that is not the kind of imprac¬ticality which comes when it comes to salemanship.

When a walk in advertising have concentrated upon slogans which are so general that a few words do not seem to flow to meters, they have devised other slogans that have shaken the foundations of our future.

The business man wants to meet this kind of competition for the public mind, it can do so only by making sure that it has a proposition the public can believe in, and that it tells its point of view to the pub¬lic.

In a democratic country, that is not an easy thing to do..."}

Mr. Wiley also had the fol¬lowing to say:

"Where the top executive and his advertising manager and all busi¬nessmen are going to run into trouble is the tide of state socialism that will be surging beneath this volume of produc¬tion.

In this country, we love to ex¬periment with all manner of economic philosophies. But we differ from the other countries, in that we have so much more to lose if our experiments fail.

As a rich dillettante in the arts of government, we are up to fail as a true commercial entity. We believe we can wrap each citizen in economic clothsphere, and at the same time, maintain the dynamic national energy, which

CHEMICAL BANK & TRUST COMPANY
Founded 1824
165 Broadway, New York

CONDENSED STATEMENT OF CONDITION
At the close of business, June 30, 1943

ASSETS
Cash and Due from Banks...  $1,046,628,652.18
U. S. Government Obligations... 610,219,308.10
Banks' Acceptances and Call Loans... 4,994,276.55
State and Municipal Bonds... 71,868,665.12
Other Receivables and Loans... 99,383,947.85
Loans and Discounts... 115,641,126.17
Banking Houses... 44,793.50
Other Real Estate... 4,006,478.18
Creditor-Grants on Acceptances... 4,725,941.78
Other Assets... 3,375,976.58

LIABILITIES
Capital Stock... $300,000,000.00
Deposits... 2,144,821,561.59
Undivided Profits... 6,288,536.59
Dividend Payable July 1, 1943... 1,000,000.00
Reserves, Taxes, Interest... 7,506,295.77
Acceptances Outstanding... 5,833,025.44
loan on Acceptances... 833,542.30
Other Liabilities... 4,999,480.10
Debentures of Said Company and of Company... 276,167.47
Creditor's Liabilities... $34,571,410.06

$1,203,338,173.38

U. S. Government Obligations and other securities carried at... $580,245,600.00 in the foregoing statement are debentured in public funds and for purchase required by law.

Chester M. Hackbarth New York Clearing House Association Member Federal Reserve System Member Federal Deposit Insurance Corporation

To be ready to assume that broader responsibilities, and to provide the advertising people will need these five fundamentals, the first of which is a good memory.

If business is good and our advertising is doing well, we're doing a great job. If the rush of selling com¬modities after the war, we forget the uses for the post-war era too soon. We'll all be out of work. May 1, 1943, and fail to keep the friendly public memory of our post-war com¬mon government interference.

We must remember, too, from a business point of view, that sales charts cannot continue up¬wards in all lines of products and services. There will be improvement in products and prices.

The post-war market will be de¬fined advertising, if we use advertis¬ing to bolster the sales of mer¬chandise that is obsolete in de¬sign, function, or price. The second fundamental is a 15 of understanding of the econ¬omies of America.

We must know where good liv¬ing is, and what can be done to make it possible. We must also see that all laws must be designed to make this possible.

The third fundamental for our peace-work is Good Team Work. We must know that there will be too many people working for us, all in the service of industrial and consumer-advert¬ising states of mind.

After the war, the most ex¬quisite product that was ever packaged and advertised was in 52 four-color heliotrope scented Gardenias. No one ever thought of an IN¬DUSTRIAL product, until the very moment the consumer lays her hands on the bottle.

Let's wear our gardenias after the war, so that the advertisers will know the kind of people, who are the voice, and the personality of INDUSTRY.

The fourth fundamental is to be prepared to do our job better, as a whole, and our one executive func¬tion in business.

It is hard enough for the ad¬vertiser to understand the front office on matters of content. Without extending this problem it is hard enough for matters of policy and procedure.

The fifth fundamental is for all of us to learn to tell time—his¬torically.

There's a danger in the very beginning, where it makes the job seem dim and dis¬tant. That upsets our timing. There is no more faith for better under standing between busi¬ness and advertising.

Millions of people hold ideas right now that will make post-war advertising impossible, unless we start the job of improving advertising and helping it provide the better life that all men yearn for. And we will listen to the heart beat of mankind today, and at¬tempts to do this will be ready when the clock strikes "POST-WAR."
"Our Reporter On Governments"

BY S. F. PORTER

All right, we admit it. . . . There's no point in side-stepping the issue at this late date and the Treasury knows all about it anyway.

There was a lot of free riding on the last U.S. financing. . . .

The Treasury had the pleasure of being able to buy billions of dollars' worth of government issues and quick profit. . . . Bank buying of the securities also terrifically heavy. . . .

... and it could be that the Treasury is the most important factor in the current market situation.

... and the reports of speculation spread throughout the country.

The Treasury did get the smart boys a chance to turn a pretty penny.

To wit: During a 22-month period, the deposit requested was only 2% or $2,800, indicating that sellers at 100$ made it very

right. Nothing is too much too late. . . . and the only proviso being that their money was tied up for 30 days.

But . . . and since the subject is out in the open anyway, we might as well dig into this subject of free riding again and for free riding on several pages (as mentioned in the usual news stories on regular market developments).

THE TREASURY ASKED FOR IT

There are some angles this observer would like to emphasize at the start:

... waiting until the last minute to announce the terms of the new issue, Secretary Morgenthau built up a more-than-necessary interest in the financing and having every professional investor and trader on their toes, looking for the terms. . . .

... and by castingigate their for taking it.

(3) The report of a 1 1/2 of 1947 was around for days, giving the "boys" a chance to do some side figuring on quick profits and giving them the psychologic stimulus to get out fast before the announcement was out.

... Morgenthau asked for free riding on this one by issuing a relatively cheap 1 1/2% note—which the banks wanted desperately as had been mentioned in this column at length—and by placing few restrictions on subscriptions.

(4) There is no reason to blame experts for acting in a manner that is legal, entirely proper and that is indicated by developments at the time.

(5) What's wrong with making a little money on a new issue when it's there?

(6) What harm did free riders do to this past issue?

(7) Where's the logic in complaining that individuals aren't investing in the Treasury for the "simple reason" of the Treasury being "free played" and by their criticism on the other hand the Treasury for "the speculators' benefit"?

(8) Let's make sense out of this thing once and for all and forget it.

FREE RIDING—A DEFENSE

In all the years that free riders have been playing in Government bonds, corporates and stocks, they've never actually hurt the Treasury. . . .

The Treasury is prepared to give a stake in the government bond market, assuming it can get a fair share of the action. . . .

... the Treasury did get a chance to turn a pretty penny. . . .

This column has made a particularly close study of free riding.

... in fact, back in 1908, the writer wrote an expose of the method in a national magazine, thereby invited thousands of little fellows to come in and play the Government market too and thereby created numerous enemies among the professionals and spoiled the market for the Treasury. . . .

The Treasury is eager to stimulate individual investors, trust funds, etc. . . .

The Treasury does not want to give up its share of the market, but it wants to have its increase in sales and profits spread out over a longer period of time. . . .

There's nothing wrong in making a profit. . . .

And the person who starts out from that premise is wrong from the start because he is ignoring psychology and human nature to an almost ridiculous degree.

Let the Treasury issue restrictions from the very beginning, making free riding impossible—or let it forget the subject entirely.

The reason is that it would be impossible for the Treasury to forego any of the gains that have been realized in the past—or to do so without a loss.

The Treasury can do nothing to stop the speculation and the profit motive, and therefore, it must make its issue attractive to the speculators if it is to succeed.

Let investors go on and follow their own judgment and have as good a time as possible while financing the war or let them not even get a look-in on speculation of this type if at all possible.

In short, do it or don't. . . . But the kind of talk around Wall Street and Washington today does no one any good. . . . And this ends the discussion. . . .

INSIDE THE MARKET

Lots of rumors around about change in issues on next regular market deal—aimed at speculators.

Few, if any traders, anticipated a 1 1/2% premium on the 1 1/2 at the start, say one source. . . . This source was more to the point than any other buyers.

Many dealers had looked for a chance to pick up cheap 1 1/2 at 100 1/4 early in the first day of trading but found these deals completely out on a limb when trading actually got under way.

Next week's drive not due until September 9, but plans for putting this over one scale on all preceding already are well along. . . . Goal may be $250,000,000,000, although that must include some bank buying. . . . Otherwise, it just couldn't be done.

Refunding operation due August 1, and lot of talk around that a new money borrowing may be arranged then too.

Treasury aides have been on a swing around the nation to straighten out bond selling organization and to get managers of coming drive in a good, enthusiastic mood.

... Nothing to be done now, because Treasury has come to conclusion that this is one of people—or no nation—can be kept at high pitch all the time.

Market "complacency" is worse than ever. . . . Maybe the summer will be something to work for, the time for a little "shaking out." . . . Would be a fine idea.

PUBLISHING TRUST COMPANY
NEW YORK

Statement of Condition, June 30, 1943

ASSETS
Cash on Hand, and Due from Federal Reserve Bank and Other Banks...$2,307,042,560.26
U.S. Government Securities...653,056,719.05
Other Securities...2,382,471.81
Stock in Federal Reserve Bank...3,088,100.00
Loans and Discounts...16,019,370.62
First Mortgages on Real Estate...8,775,593.43
Headquarters Building...16,867,600.00
Other Real Estate...724,570.00
Liability of Customers for Acceptances...13,395,416.01
Other Assets...1,626,857.97
Total Liabilities, Deposits, and Other Accounts...$20,058,682,126.65

LIABILITIES
Deposits...$9,463,663,109.73
Official Checks...3,334,953.22
Acceptances...$9,549,697,638.06
Other Liabilities...325,837,583.85
Less Amount in Portion...1,491,919.12
Reserve for Taxes and Other Expenses...1,853,994.92
Dividend payable July 1, 1943...750,000.00
Uncared and Deferred Income...750,000.02
Capital Stock...$500,000,000.00
Surplus and Capital...105,339,946.02
Undivided Profits...105,339,946.02
Total...$20,058,682,126.65

United States Government Securities are stated at amortized cost.$3,615,731,251.51 are pledged to secure deposits of public maturities and for other purposes required by law.

Member Federal Deposit Insurance Corporation
Willis Says Subsidies Delusion Not Solution

(Continued from page 88)

a more determined fight against inflation than we are.

"But we are opposed to subsidies because we know that they will not do the job. The use of them now is an evasion of the real question which this country must answer sooner or later. That question is: have we the mental clarity and political courage to control farm prices and the wages paid to farmers and labor?"

"We are further opposed to subsidies because we seriously object to losing more precious time experimenting with subsidies as a cure for inflation while we know in advance that it will not work."

"Well over a year ago this industry advised the OPA that its blanket price ceilings would not work. This advice was ignored and a whole year has been wasted trying to patch up the leaking boat of price control. As OPA pushed one hole the boat burst another near some piece else. Precious time has been wasted experimenting with theories which practical minds knew in advance would not work."

"Just as we warned that price ceilings at the retail level would fail without the amount of adequate control over farm prices and labor, so we warn now that a program of food subsidies will result in more wasted time and incomparable damage."

"The 'hold-the-line' order calls for a roll back of prices to September 1942. To subsidize any such move would mean a mini-subsidy payment of at least three billion dollars. Any such subsidy would not get inspection and would add to the already too heavy purchasing power of the public. On the one hand the government is trying to thumb down some of the 40 billion dollars in excess purchasing power now in the hands of the public. On the other the people urge inflation in control by adding not less than three billion dollars to the public debt and this same three billion dollars would go into current circulation and thus add to the huge margin of spending power over available commodities."

"There may be strong political reasons for not doing it, but we are opposing it on grounds that there can be any lasting effective price controls until raw materials, labor and the real raw material, price, labor, plus taxes, are controlled. There are necessary charges which you cannot escape. Then the product may be produced at a profit on raw material and labor. If the government has the power of the price of the finished product at the retail level."

"The cost of the finished product is not the same as the cost of the raw material plus labor, plus taxes. There are necessary charges which you cannot escape. Then the product may be produced at a profit on raw material and labor. If the government has the power of the price of the finished product at the retail level."

"Until the raw materials must be regulated and the rates paid to labor, plus taxes, and wages before controls can be successfully implemented, there can be no lasting reduced finished product."

"With the basic cost elements regulated, essential price controls should then be fixed on the finished product. They may have to be exceptions for some industries, such as fruits, vegetables, but on the whole, this formula should apply. It can be made flexible enough to encourage the maximum production and employment and still control and limit the finished product."

"Wholesalers and retailers should be allowed percentage markups but not based on their cost of doing business."

"They have been making percentages required for the maintenance of business in general. This has been a price control, and all efforts of enforcement should be concen- trated on price. The Federal government talks a lot about prices but is not doing much. The saddest fact is that our city and national economic policy is the result of obsessive control and system of price control simple. Otherwise we are lost."

"Ms. Riehl's Financial
Statistics Criticized
by Luigi Griscuolo


"They exaggerate the size of daily newspapers, their earning power, the earnings of their owners and readers. Most of these newspapers would have a large page to page of mostly stock transactions on the exceptions and could be worked out."

"The policy of subsidies without the care of the fundamental evils can only defer the inevitable. If subsidies payments would increase progressively there would be a general rise in prices, in a way they would contribute more and not less to inflation.

"When the time comes when federal expenditures must be curtail and subsidies discontinued, once the subsidies, prices will be politically impossible."

"The government's present policy is to fix prices at the retail level, whereas industry's recommendation is that the proper places controlled be placed on all of the items which make up the cost of the finished product."

"The cost of the finished product is not the same as the cost of the raw material plus labor, plus taxes. There are necessary charges which you cannot escape. Then the product may be produced at a profit on raw material and labor. If the government has the power of the price of the finished product at the retail level."

"The cost of the finished product is not the same as the cost of the raw material plus labor. Tax, power, labor, plus taxes, are necessary charges which you cannot escape. Then the product may be produced at a profit on raw material and labor. If the government has the power of the price of the finished product at the retail level."

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### ANTI-WINDFALL JOKER

(Continued from page 98)

must think, what is the maximum amount of tax revenue, perhaps for the sake of the "anti-windfall" tax the Collector General of Internal Revenue is authorized, in cases of such hardship, to pay the insurance company for the right to take the policies of the other 1/4 of the policy. If the "anti-windfall" tax is in four annual payments, each for $3,000, each payment will be $750. The total interest on this loan will be $3,000. If the tax is in two annual payments, each for $1,500, each payment will be $750. The total interest on this loan will be $1,500. If the tax is in one annual payment, for $3,000, each payment will be $750. The total interest on this loan will be $3,000.

The parallels now become apparent between the "anti-windfall" tax and the corporation excess profits tax as originally levied. If the "anti-windfall" tax fixed 1939-1939 as 6% of net income, the corporation excess profits tax fixed the years 1937-1939. The "anti-windfall" tax on net income, or the tax on the amount of both is to tax away excess profit.

It is quite conceivable that the "anti-windfall" tax is only a "feeder." Perhaps the opposition is not raised, this method of approach to higher income collections will be refined and modified. Furthermore, giving the Treasury the opportunity to avoid income taxes it claims to have lost because of the tax is not in the Congress may, in the face of public opinion, gradually graduated exemptions based upon the facts that the Treasury is already preparing a new revenue bill intended to impose a new tax on individual income which it wants to tax away.

Indirectly, of course, this would also result in placing some sort of limitation on the way in which the last had $2,000 million net income ceiling.

Another significant result of such legislation may be to away with the method of tax evasion which has been used in the last few years of by-passing the corporation as a means of avoiding income taxes, and has the business continued by individuals and partnerships. Corporate stockholders generally have not had the opportunity to consider the ramifications of their investments in the individual income tax laws. However, the individual stockholders have been in the position of receiving their dividends at rates adjusted to the marginal tax rates they have paid.

Therefore, far from being a test of Mr. X's actual freedom, to Mr. X's influence is less than 25% on his right d48 of tax 4656. In recognition of the hardships that may re- Mass: 174,244,252,11.00

Department

Treaster's Chequai account

17,183,267.50

Total Deposits

2,756,836,796.91

Federal Reserves

5,220,742.99

Liabilities

3,007,067.27

Liabilities

500,000,000.00

Surplus Fund

170,000,000.00

Unredeemed

129,381,81.51

Total Capital Funds

285,135,131.81

Deposits

3,783,828,361.24

All others

11,000,000.00

Acceptances

5,220,742.99

Free of Acceptances

2,007,272.49

Held for investment

3,007,067.27

Liabilities as on Acceptance

86,000,000.00

Building Bills

169,350,000.00

Foreign Funds Borrowed

150,350,000.00

Notes in transit with foreign banks

2,900,000.00

Foreign Exchange Balances Between Various Offices

1,063,284.00

Other Notes and Drafts

10,757,276.57

Total Liabilities

5,073,489,428.01

GUARANTY TRUST COMPANY OF NEW YORK

Fifth Ave. at 44th St.

Madison Ave. at 60th St.

London: 11 Birchin Lane, E. C. 3

Brack House, W. C. 2

Condensed Statement of Condition, June 30, 1943

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand, in Federal Reserve Bank, and due from banks and bankers</td>
<td>$1,718,759,799</td>
</tr>
<tr>
<td>U.S. Government Obligations and Bills Purchased</td>
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<tr>
<td>Stock of the Federal Reserve Bank</td>
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<td>Bills, Notes, etc., discounted</td>
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<td>Credits Granted on Acceptances</td>
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<td>Acceptances</td>
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<td>Bank Buildings</td>
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<tr>
<td>Other Real Estate</td>
<td>10,697,199.99</td>
</tr>
<tr>
<td>Total Resources</td>
<td>10,073,489,428.01</td>
</tr>
</tbody>
</table>

### War Should Lead To Closer Relations

**Between U. S. And Canada, Scully Says**

The picture of tensions between Canada and the United States "has been an example to the rest of the world," Hugh H. Scully, First Canadian Consul General for New York, declared on June 28 at a luncheon given in his honor by the New York branch of the International Business Machines Corporation, at the Union Pacific Club in New York.

"It is inconceivable," he said, "the relations that have been so friendly and so useful, not only of good citizenship, should be disturbed by the situation in which the world is passing. On the whole, Canada has been less sensitive than the United States. There may be disagreements that will have new relationships. We are going to approach a renewal and extension, perhaps entirely new developments, in the trade relations, not only of Canada and the United States, but of Canada and the United States, Great Britain and the Commonwealth."

"Perhaps we have gone quite a distance already along that line, and we are making an effort at a larger one. That is where I think we need to go. We are all associated with the Organization for Economic Cooperation, and in that we think in all these relations on a much broader line than we ever had before."

Mr. Scully was associated with the law firm of Tachau & Pinkoski.

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FDIC Reports Earnings Of Insured Banks Up

Current operating earnings of insured commercial banks increased approximately 80% over the highest figure on record, but the data after taxes showed a slight decline. Leasing, the 

Leasing, the Federal Deposit Insurance Corporation, announced on June 24. The growth of current operating earnings for insured banks was $7,871,000,000 in 1942 over 1941. On average, earnings were 10.7% in 1942 and 42.1% in 1941. The dividend paid 1942 was 10.5% lower than in 1941.

Interest paid on time and savings deposits increased further and continued the decline that has occurred in every year since 1941. The average rate of Bank of America was 1% in 1943, and 1% in 1943. The average rate on money was 1% lower than in 1941. The rate of dividends per share was 1% higher than in 1941.

Amounts available for total capital accounts (net profit before income taxes) declined by $40,000,000 during the year to a new low of $114,000. Earnings after interest and taxes, deposits, and preferred dividends and interest paid on capital amounted to $28,000,000 in 1942. The rate of dividends per share was 1% lower than in 1941. The rate of dividends per share was 1% higher than in 1941.

Sales of bonds and preferred dividends and interest paid on capital amounted to $28,000,000 in 1942. The rate of dividends per share was 1% lower than in 1941. The rate of dividends per share was 1% higher than in 1941.

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Free Enterprise System

Achievement
With freedom it notes, aged men, "the cadge," comes money, a source, which individuals, by their own ability and efforts, can increase or decrease as they see fit. The system, therefore, is one of freedom, a system which enables individuals to make their own choices and decisions, to pursue their own interests, and to profit from their own efforts.

The American system is cited as an example of how free enterprise can lead to economic growth and prosperity.

The American economy is compared to the freedom of the individual, where people have the opportunity to make their own choices and decisions, to pursue their own interests, and to profit from their own efforts.

The contrast between the American system and other systems is highlighted, showing the advantages of free enterprise.

The paragraphs discuss the benefits of free enterprise, including increased economic growth, innovation, competition, and individual freedom.

The paragraphs also discuss the challenges and criticisms of free enterprise, such as inequality, the concentration of wealth, and the potential for exploitation.

The paragraphs conclude with a call for the continued support of free enterprise, arguing that it is the best system for achieving economic growth and prosperity.

The paragraphs are written in a persuasive and argumentative style, using examples and analogies to convey the message.

The paragraphs are written in a formal and academic style, using proper citations and references to support the arguments.

The paragraphs are written in a clear and concise style, using simple and direct language to convey the message.

The paragraphs are written in a detailed and comprehensive style, using specific examples and data to support the arguments.

The paragraphs are written in a structured and organized style, using headings and subheadings to guide the reader through the content.

The paragraphs are written in a creative and engaging style, using rhetorical devices and metaphor to convey the message.

The paragraphs are written in a professional and authoritative style, using the proper tone and voice to convey the message.

The paragraphs are written in a conversational and conversational style, using the proper tone and voice to convey the message.
League Of Nations Post-War Program For World Trade And Stable Economy In All Nations

In Princeton, N. J., where the League of Nations was held, between December 7 and 18, 1919, Mr. Brown, secretary of the United States Group at Associated Press accounts from New York Times, "which further the plan.

There are seven points in this plan, as follows:

(1) Fullest possible use must be made of man and material resources of the various countries in the enterprise, of scientific inventions to promote the growth of sound and stable economy and rising living standards.

(2) No man or woman able and willing to work must be unemployed, but each must be transferred from one occupation to another, as the needs of the nations change.

(3) There must be food, clothing, housing and medical care to meet the needs of all classes of the population.

(4) Individual rights from interference or reduction of earning power must be distributed by social education.

(5) The liberty of the individual to choose his own occupation must be maintained through free and equal educational opportunities.

(6) Trade obstructions are to be removed. It is the duty of every country to have access to raw materials and manufactured goods.

(7) Modern methods of production, distribution and consumption will make all peoples through international negotiation and an international congress lead to association in development and removal of trade barriers.

The Committee that drafted the report, "the transition from war to peace, give up the thought of means of preventing depression, the most important of which were: Representing the Financial, Economic, Labor, Labor Unions, Production and Sale of Commodities, the World's Commissions of the International Labor Organization, the Bankers' Committee of the International Economic Depression.

The plan, raw material and heavy goods priorities, food, clothes and fuel rationing would continue in all countries after cessation of hostilities, as would high wages, low interest rates and compulsory savings plans. These controls would gradually be relaxed and the transition from war to peace completed.

"Only by thus keeping the lid on inflation, have we the authorities in New York and London been able to stop the transition from war to peace. The next two years will be critical. If the Government of any country should continue the inflation policy of war, the whole world would be in a financial mess."

"Almost all the pins which built the world's financial system have been removed, and now the two years that will follow will be the first two years after the armistice," said Dr. Alexander Lowery, director of the League Economic and Financial Committee since 1919, in explaining the background of the plan.

The Allies gave food as charity to Europe and let business try to do its best with the food it was able to get. Loans on profit could not undertake responsibilities that were not made. Consequently there was inflation, from which the world had not recovered.

"Reconstruction of war-depleted countries would not have been achieved, according to the plan, by a revolutionary process, but with currencies and by State loans to stimulate production. Diversity in exchange values of national currencies would be wiped out, so war-improved countries could buy raw material and goods and food, and so many in the world in which everybody's money would be equal in value.

What international machinery should operate this economy for a depression, the plan does not say, Dr. Lowery said. It has been worked out with the ideals of the United Nations in mind.

ALL NY SAVINGS BANKS GET FDIC COVERAGE

Admission of 121 mutual savings banks of New York to membership in the Federal Deposit Insurance Corporation became effective on July 1, it was announced in a joint statement by Leo T. Crowley, FDIC Chairman, and Alexander Geddes, State Superintendent of Banks.

At the same time, the only com-

bined savings and loan company in New York State whose deposits had not been insured by the FDIC. Thus every bank in New York State that accepts de-

livers its word of deposit insurance. Including the FDIC reports that there have been 6,000,000 depositors and custom-

ers in banks, and 13,500,000 deposit accounts, totaling about $31,900,000,000


ACTUAL TRANSFERS TO WARS

Direct subsidies to war service contracts have been made to the amount of about $185,600,000,000. If all local funds stockholders, state funds and government bonds, and bond purchases in New York City, the total amount for the first year of the war is estimated at

THE OLD IDEAS OF SAVINGS

The old idea of savings has not been outdated by the fact that everyone must buy war bonds. The individual is still under the necessity of providing for his normal needs, which include savings for emergencies. The Government knows that almost everyone regularly saves something out of his income in normal times. It knows that with war wages and the security of things to buy, they can continue to do that and still have a large surplus for war bonds. In fact, the Government hopes to keep this steady stream of savings into institutions for much of its borrowing.

Mr. Stout said that a survey the committee has made indicates that practically all savings currently being received by savings institutions are being used to meet new demands, which the individual buys war bonds, or elsewhere. A few institutions are in the position of being insured by the FDIC.

For the time being the mutual

To the King of Savings, the plan does not say, Dr. Lowery said. It has been worked out with the ideals of the United Nations in mind.

Advises Keeping Of Savings Accounts In Addition To Buying War Bonds

While urging everyone to buy all the war bonds he can out of pay increases enjoyed through full wartime employment and over-

Finance in June 30 told people with sav-

ings accounts that they make no contribution to the war effort when they withdraw accumulations. "They are receiving funds institutions already have these funds largely invested in gov-

ernment securities, and must set aside. The net result is merely a change of bond holders."

He said, and John Stout, Chairman of the Committee, could not only keep their sav-

ings accounts, but should make every effort to increase them in addition to the bond sales they buy.

"Mr. Stout added."

"The old idea of savings has not been outdated by the fact that everyone must buy war bonds. The individual is still under the necessity of providing for his normal needs, which include savings for emergencies. The Government knows that almost everyone regularly saves something out of his income in normal times. It knows that with war wages and the security of things to buy, they can continue to do that and still have a large surplus for war bonds. In fact, the Government hopes to keep this steady stream of savings into institutions for much of its borrowing."

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CONDENSED STATEMENT

First NATIONAL BANK in ST. LOUIS

At the Close of Business, June 30, 1943

RESOURCES

Loans and Discounts...$4,812,165.32
U. S. Government Securities...186,092,155.89
Other U. S. Government Obligations...7,012,471.97
Other Loans and Brokers' Discounts...126,156.03
Other Loans to Brokers...1,351,479.92
Savings Accounts...1,051,231.70
Accrued Interest Receivable...804,296.10
Overdrafts...6,400.00
Other Resources...4,243.25
Cash and Due From Banks...$375,760,643.53

LIABILITIES

Capital—Common...$10,500,000.00
Reserves—Preferred...100,000.00
Dividend Declared, Payable Aug. 31, 1943...480,000.00
Reserve for Taxes, Interest, etc...608,247.98
Unearned Discount and Premiums...1,253,253.94
Liability a/c of Savings Accounts, Acceptances, etc...71,084.18
Other Liabilities...185,511,083.80
Savings Deposits...33,051,144.36
Personal Debts...16,845,586.09
Government Deposits...18,407,431.37
City of St. Louis and Other Deposits...2,723,870.16
Total Deposits...350,604,099.54

$373,700,643.53

Carson in OPA Rent Post

Price Administrator Prentiss M. Brown has approved the appointment of Ivan D. Carson as assistant administrator for Rents. Mr. Carson was formerly an assistant administrator of the OPA, who resigned to accept the post of Associate Administrator of the OPA.

Mr. Carson, as director of operations of the OPA rent department since September 1942, has assisted Mr. Porter in planning and developing the Federal rent program throughout the country.
Paul Says Public Could Bear $30 Billion Of Personal Taxes—Predicts Higher Income Taxes

Hendrick P. Paul, General Counsel of the Treasury Department, said on June 30 that Americans can bear "at least" $30,000,000,000 in personal taxes in 1944 and recommended an increase in personal income tax limitation, as the revenue needs increase.

Mr. Paul told the Federal Bar Association of New York, New Jersey and Connecticut at a meeting in Newark June 30 that "over the cost in taxes, it will be a bargain if we prevent inflation," but warned that Congress "will wish the inflation problem out of existence, we have paid ourselves into a 22% inflation rate," and that Congress "will do the logic of things." Mr. Paul said that for the coming fiscal year, "the Federal Government will spend $15 of spending power, after taxes, on every $1 of goods available. In Great Britain, he explained, the ratio is 15 to 1. The prospective American ratio, which allows only for spending power from current income and ignores past cash accumulations, Paul contended, "is clearly too high."

Discussing arguments for taxes on retail sales, corporation profits and income, he described these methods of tax collection as falling "nowhere," "which would trim off all the fat of the economic system," and "cutting into the lean of justifiable expenditures and necessary spending.

"Some skepticism was shown that the increase in personal income tax payment from the $4,000,000,000 level of the calendar year 1942 to the enormously larger sums which are necessary to hold the anti-inflation drive is very great," Mr. Paul said.

"In 1942 personal income after payment of all personal taxes amounted to $92,000,000,000, of which $40,000,000,000, or more than 44% was spent on goods available. In 1944 income before taxes was estimated at $110,000,000,000, and the amount consumers can spend without putting up prices is estimated at $115,000,000,000. Both figures are estimated.

"Demands for the war effort for this year and next year will put the entire country into the public service," Mr. Paul said. "They will force citizens the privilege of consuming as much as they can afford. The paradox of necessity is that, while it grants the privilege of consuming, it cuts out the right of consuming to the lowest possible expense."

"With the war effort going on," he said, "we have already wished ourselves out of the money situation since the beginning of 1941."

Marshall Urges Banks To Plan For Employees' Security Through Pension and Retirement Funds

The prestige that goes with "working in a bank" which formerly made bank employees content with modest salaries and slow promotions, is changing. Mr. Marshall, speaking at the annual meeting of the Southern Secretaries Conference of State Bankers Associations, at Biloxi, Miss., declaimed the $125 for "unmarried" and other lines of business, too, start now to plan for the security of their members. "Any bank," he said, "will find themselves paying in the next century or so for the security of a type that will make "even the present system look ridiculous." Mr. Marshall stated:

"For many years, bank workers have been faced with a relatively low salary and long hours of labor, a relatively short yearly employment, six days a week, 24 hours a day, one day's work equal as many New England workers, two days of pay. The first is that subsidized old age and unemployment plans have radically changed the concept of what constitutes a pension. The second is that most bank employees, on arriving at retirement age, are struggling for their savings pitifully small."

As a remedial measure Mr. Marshall urged that every bank's plan be uniform and "self-administered" charter trust or other educational trust funds. He then added:

"There is no other way, the only way, for the private individual to secure some part of his individual security, to secure, too, the idea, become popular and gain the security in old age is the right of everyone. The idea is that the old age for all, and who do so by a system whereunder the employee helps build his own security, and therefore, are anticipating this benefit that is helping to assure banking of continued high standards of personal security."

Record Naval Bill Signed

President Roosevelt June 28 the record naval appropriation of approximately $33,000,000,000 for the 1944 fiscal year. The measure provides for the immediate construction of two aircraft carriers and a large number of other naval ships of the construction.
A Bank of International Cooperation: A World RFC

(Continued from first page)

The suggestion of the British, however, was not the "protection" for American "employment and "wage scales" and the "standard of living." Secretary Hull's Rooseveltian Peace program has suggested that this be handled as a joint interest and the debates on it have done something to suggest that we have been so far as yet no evidence of our "strict" change in our economic policies and still shut out Argentine beef and very heavy duties on the goods with which we have been cornered in areas of the British and Canadians, try to extract something from us they have been sending them. This ignores the fact that we have done great harm, stripping the world of gold and silver to a serious degree and depriving the world of exports to raise the cost of Mussolini and Hitler's war.

Well aware of the consequences of our inflated policies in the past and fearing that we might continue them in the future, Lord Keynes and I prepared a plan for which we submitted to him by which, after the war, we will sell foreign countries in it will badly need to buy in payment what are virtually our canceled claim checks valid only when purchased for foreign goods. Representative Dewey's alternative is to sell bankrupt foreign countries our debts taking payment—and storing—extraordinary supplies of tin, tungsten, vanadium and other war materials which are now in short supply. A substantially similar proposal has come from Senator Butler of Massachusetts. Because these congressional ideas insist upon a new wave of still more of the same, we cannot accept them without reservation.

The proposal to stabilize exchange by supplying foreign countries with marketable currency seems to us a better way of settling our debts.

Once this aim is fixed in mind other means of realizing it suggest themselves besides the offers made by me and Lord Keynes and the RFC. We can buy more "Vir¬

inian Islands" or "Cuban sugar," and it would be of interest to know if any of these persons will accept these terms in their entirety or in any part. Is it possible for us or any other country to play a decisive role in the world's financial and economic affairs? We have seen the influence of the international creditor must ac¬

cept the flow of imports or forfeit its debt.

Unfortunately the United States does not control the Atlantic and its ports. As a debtor nation, prior to the war we were accustomed to the very opposite, a net exporting nation. Such an excess was necessary to pay our interest on the debt we owed and to provide the necessary raw materials for our industries by shutting out imports, helped materially by the low wages. The reduction of these tariffs did the country the world a great service. The cur¬

today's foreign policy is that of "our" foreign policy, where the foreign public has just as much interest in the foreigner's future as the American people. Should these people be left to their own resources to work their way out of their problems? Or can they be helped by investments? And if so, in what form should these investments be made?

One and twenty-five years ago, when our business was engaged in the banking of many of the prominent merchants and corporations responsible for the growth and development of our country.

In 1914, just as in 1918, our clients include many of America's outstanding business enterprises. Direct descendents of the found¬

ings of certain of the largest manufacturers of the firm. With the broad background gained from long and varied experience, we offer complete banking facilities to individuals, firms and corporations.

BROWN BROTHERS HARRIMAN & CO.
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Quotation Sheets And Market Price

(Continued from page 100) as evidenced in admission.

It is the case of Helen Hail¬

A World RFC

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1894

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Can The United States Support A 300 Billion Dollar Debt?

Can, and will, the gigantic post-war Federal debt be redeemed at par in money of present or pre-war recreations? Indubitably, in part, according to Glenn Saxton, Professor of Economics, Yale University, undertook to discuss the question briefly, and in the course of the discussion, the vital status of cent-day conditions as would the tallow candle meet present-day needs.

Why should we hold our taxing plan sacrosanct, if every day that 1 dollar enters into human existence changes, in the same way that the real estate tax is truly an American-Born tax, we have to consider the possibility of neighboring, take my property away from me when I am no longer able to pay the tax on my property which I have purchased for the settlement of my community? It has been generally recognized that the tax paid by homeowners is a strong country. The ablation of real estate tax will include the number of home-owners in America 100% in ten years. Because home-owning will have decidedly fewer headaches and a far cheaper because it will be safe in their hands, for the reason that it can be made a first mortgage and left to the tax court any marriage on every property.

I predict ablation of real estate tax will be the cause of thousands of unprecedented building in the city, for many old people who had enough set aside in savings by the end of those days of labor were over with a little security set aside. I think the tax court will have no hope with which to their ever recuperating.

The idea of a bank of approximately 50% of the public debt being paid off at once, will take the wind from the sails of any bank or stock broker. I have seen in small communities bank failures, the results of which were a complete disaster to the people who had been in every corner of the bank's operations. I have been privileged to have been privileged to Dr. Saxton's article struck me very favorably until I read the paragraph "Parole for Debt Re¬

tirement." This goes against the morals which have been set up by thousands of years of experience and revealed the need to make a great nation were laid down by God. My occupation is in the Divine Service in the Ten Commandments and the Sermon on the Mount. The idea that the world has become great and lasted which has for many years. Let me mention that the Cuba is capable as a stockholder of the Philadelphia Elec¬

tric Company.

The Commission in agreeing a bond of 40 cents and bankholders, who seek to force com¬petitive bidding, granted that Commission be the lender with the largest and liquid its capacity as a stockholder of the Philadelphia Elec¬


tric Company.

Redeemings Top New Reports

The investment market came off on Monday, but a great deal of net judging by the volume of new issues as compared with the receipts in the month. Various estimates show that the month brought a total of $110,000,000 in the same period last year. The largest single issue was $13,000,000 in a single city in Pennsylvania, Ohio & Detroit Railroad mentioned here.

Meanwhile redemptions for the period of $45,000,000 of total $15,000,000, of which stilt owners contributed some 30% of pre-war owners.

The balance for the half year ended June 30, 1943, showing an aggregate of $500,000,000 in the second, and well below the 1942 comparable of some $600,000,000, and better than the six months redemptions of approxi¬

mately $600,000,000.

Backlog Builds Up

The current week, starting with the prospect of a new promise to be rather quiet as far as new offerings are concerned, but promising a little in the way of renewed activity before the year's end.

But the backlog of potential new issues has not been reduced, thus raising hopes of a greater turnover as the summer wears on.

Adding to the already rather substantial roster of proposed operations in registration with the Securities and Exchange Commission, First National Bank of Light Co., of the Electric Bond & Share Co., filed for the registration of $37,000,000 of new first mort¬

gage bonds for 1943. Together with $7,000,000 to be raised through serial bank loans, funds have been approved which may be used to retire outstanding bonds.

"Meanwhile Consolidated Cigar Co., the leading tobacco company, is offering for $7,000,000 of 10% 15-year sinking fund debentures to mature in 1953.

E. Jacob Ruppert, New York brewing company, filed reg¬

istering the proposed sale to the public of $2,000,000 of 7% bonds, at par for $1,000,000. The byword around some investment quarte¬

rs has been the comment that not one, but that another $1,000,000 was favored."

The sale of the foregoing debentures will not represent any new and the morality will take the form of a secondary distribution, since it will involve transfer of the debentures now held in the entirety by certain stockholders.
Municipal News & Notes

Crouse, Bennett, Smith & Co. announced the release of their periodic Municipal Bond Quotation Sheet. Harold R. Chapel, manager of the Municipal Bond Department, who furnished the quotations, states that the publication of these sheets will complete the firm's published offers on post-war bonds. The publication shows a list of noteworthy towns in and around the city of New York, furnished with interest rates and other pertinent details.

Delaware River Commission completes Refunding Plan

The Delaware River Commission has completed a $30,000,000 bond refunding plan. The bond refunding is financed by the Delaware River Joint Commission of Pennsylvania and New Jersey, as an enterprise of $30,000,000 of outstanding 4% due annually to 1973, and has been accepted by the Federal Reserve Bank of Philadelphia.

State Surplus Revenues Used To Retire Debts, Etc.

Examination of measures enacted by the Pennsylvania legislature this year and last with regard to surplus of individual States reveals that the State of Pennsylvania has directed a large part of such surplus revenues to the retirement of its own debts or the retirement of debts of other States or municipalities by the Federal Reserve Bank of Philadelphia.

New York: To use $30,000,000 surplus on April 1, end of nine months of the 1943 fiscal year, with the amounts anticipated by July 1. The legislation authorized for the second year a 5% reduction in State income tax for the same period. Sales tax deductions, increased $15,000,000 of surplus was transferred. Further transfers will be made. Funds will be used for the refunds of the principal amount of bonds, with the expected total to be more than $61,000,000, were granted school districts for the next two years.

Arkansas: To use $5,000,000 surplus for the last fiscal year end of the school year of the State's fiscal year. The surplus was used to reduce the State debt by taking some state bonds to pay for school work by the school land department.

Oregon: To use $12,000,000 surplus by increasing income tax exemption or by reducing sales taxes, and two—South Dakota and Arkansas—have repealed their income tax for the next year.

Following are brief examples of surpluses in individual States and municipalities, all of which are expected to be used to reduce the State debt by taking some state bonds to pay for school work by the school land department.

Arkansas: Legislative refunding plan which required a surplus of $1,000,000 in January that the surplus may be used to pay off all or part of the city's bonded debt in the period of 1945 is supported by the legislature. The plan, which requires transfers to the city's general fund of $100,000 annually, will provide a surplus of $2,000,000 for the next five years.

California: To use $11,000,000 surplus in January for the current year and a surplus of $3,000,000 in June for a total surplus of $14,000,000. The surplus is expected to be used in the fiscal year of 1945 for the purpose of paying off the State's bonded debt.

New York: To use $30,000,000 surplus in March. The surplus is expected to be used in the fiscal year of 1945 for the purpose of paying off the State's bonded debt.

West Virginia: To use $10,000,000 surplus in May for the current year and a surplus of $3,000,000 in June for a total surplus of $13,000,000 in the fiscal year of 1945 for the purpose of paying off the State's bonded debt.

Citizens Establishing Post-War Reserves

The nation's cities are establishing post-war reserves for the post-war period by several methods. The method of setting aside cash from surplus, a method of setting aside a portion of equipment and utility extensions, a method of setting aside a portion of the surplus, and a method of setting aside a portion of the surplus for future expenses.

Some have used part of their surplus to raise salaries, retire debts or increase aid to municipalities in addition to setting up reserves for future funds. One of these is the City of New York, where a surplus of $50,000,000 is expected by July 1. The City has set up post-war reserve fund of $50,000,000, and the existing surplus was earmarked for the purpose. The State also appropriated $5,000,000 for a post-war State building program.

Bank of New York

Bought—Sold—Quoted

A. M. Kidd & Co.

Insurance & Bank Stocks

This Week—Insurance Stocks

By E. A. VanDeusen

The stocks of representative old-line fire insurance companies places them in a class by themselves. Not only is the business of fire insurance unlike the business of industry in general, but it is conducted widely throughout the "Widest of the Nation", its representative companies having a national-wide scale, and furthermore, they are among the oldest corporate business institutions in America.

George Washington was serving his first term as first President of the United States when, in the year 1792, the Insurance Company of North America was formed for the purpose of insuring Philadelphia. In 1799, during the term of John Adams, second President, the Providence Insurance Company was organized, and in 1800 the Washington Insurance Company. The latter company was named in honor of George Washington, whose death had recently occurred. The companies combined as Pennsylvania Fire Insurance Company in 1811.

The Hartford Fire Insurance Company, first of the Company companies, was formed two years before the war of 1812. Five years ago, when Monroe was President, the Pennsylvania Insurance Company of Philadelphia began business. After the company met the obligations of the company, was reorganized in 1819. By the time Abner Lincoln was President of the Firemen's Fund Insurance Company, the country was in the throes of the Civil War. Some 20 fire insurance companies were already in existence, and the country was doing business for periods varying between eight and 70 years. Agriculturally, forestry, and the development of the United States Fire Insurance Company in 1826, while the Civil War was in progress.

A large proportion of leading American stock fire insurance companies in the early history of the United States. They have experienced the same recurring cycles of war and peace, and peace as did the Civil War, and American Commerce. In the course of the Civil War, some 20 fire insurance companies were already in existence, and the country was doing business for periods varying between eight and 70 years. Agriculturally, forestry, and the development of the United States Fire Insurance Company in 1826, while the Civil War was in progress.

The companies were formed in the early history of the United States, and the companies have experienced the same recurring cycles of war and peace, and peace as did the Civil War, and American Commerce. In the course of the Civil War, some 20 fire insurance companies were already in existence, and the country was doing business for periods varying between eight and 70 years. Agriculturally, forestry, and the development of the United States Fire Insurance Company in 1826, while the Civil War was in progress.

In order to illustrate this a little more concretely, let us review the operations of some of the leading fire insurance companies, whose management policies show considerable variation, as evidenced by the allocation of their premium writings and the investment of their funds. This situation requires the investor to select one company against the other, if he wishes to obtain a fair cross-section and a reasonably balanced "equity in the wealth of America."
Investment Trusts

Thinking Out Loud

The "open-end" investment companies had total assets in excess of $509,700,000 at the 1942 year-end. That's only "peanuts" these days. But just relax, chum—a fellow has to learn to cruise with, or he's ready to take to the hind legs and go places. The investment trust sponsors who are still around today have had their "trial by fire." They have proved themselves as important to free American investors as life insurance and savings banks. Give them another five years, chum, and you'll see individual companies with larger assets than the entire field today.

Good stuff—that series on postwar backlogs in National Securities & Research Corp.'s Investment Trusts is the latest evidence on the automobile industry and arrives at the following interesting conclusion: "Though estimates vary widely, a postwar backing of 11 million cars appears conservative. If the war lasts longer than expected (past 1945), the backlog will, of course, increase. However, unless favorable economic trends, which we do not expect, postwar spending, which we do expect, and the conditions that will prevail reduce the demand, it is difficult to visualize a situation that would re

prevent relative prosperity in the automotive field. As a result, a total for several years equal to or higher than previous records is to be expected."

"At present levels, the stocks of neither the automobile nor auto parts companies appear to diverge from the favorable post-war prospects. While the major producers offer the surest means of prosperity, the "new" firms, unusually speculative opportuni
ties, may be the shares of the independent makers."

Bang, bang, bang! How in hell can a dealer get any sleep with all this shooting going on? -- shooting so much sales literature at him every day that he has to be on guard. -- is like firing on a man for the Government.

With the increase in popularity of bond, we've often won
dered how they were stacking up as far as performance, particularly as inclusions do not appear to be different because of the quality range in composition of the individual bond portfolios. Now comes Lord, Abbott's Union Bond Fund with this follow-up report on Union Bond Fund C: "From January 1, 1943, to June 30, 1943, the net result has been the best performance in the history of that particular bond fund." 1942 performance is given as plus 22.7% and 1943 per

minus 34.4%.

"For every $3 the average American had left in his pocket (after paying his taxes and his war savings) in the early months of 1941, an extremely prosperous year, he has about $4 left now...

"The issue of inflation has been a key element in America almost a decade. But it is possible that the public has left with the impression that inflation is a spe

cies of economic malady which can be treated by selling medicine. Inflation is administered in the form of prices.

The plain truth is that no legis

lative or administrative mech

anisms can emanate, set up a great head of liquid purchasing power and then release the dam. It has not been put to the American people with sufficient clarity that runaway inflation is far more than the result of an equal price rise. It is a phenomenon that has been increased and will doubtless be increased again in this year by Mr. Bill. Pay as-you-go may also assist the revival of the American market in the light of the flood of income. But nothing that is

Low Priced Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP. INCORPORATED
62 WALL STREET—NEW YORK

Twentieth Century Preferred Stock

Offered At 100

An underwriting group headed by Lehman Brothers and Hayden, Stone & Co., and including Blyth, Eastman, Crosby, & Co., Inc., and W. A. Clark & Co., Inc., has issued an issue of 100,000 shares of Twenty

th Century Preferred Stock (no par), $4.50 dividend cumulative, at $100 per share.

Other members of the underwriting group are Williman, Sayre, Weeks & Harden; A. G. Becker & Co., Inc.; Eastwick & Co., Inc.; E. F. Hutton & Co., Inc.; Harriman Ripley & Co., Inc.; Hemphill, Neyes & Co.; Hor


Net proceeds from the sale of the stock, together with other cash funds on hand, will be used to purchase from The Chase National Bank of The City of New York for $13,000,000, 1,042,000 of the outstanding 1,000,000 shares of United States National Trade

tional Theaters Corp. These shares represent 50% of the outstanding capital stock, the re

aining 52% of which is already owned by the same group.

Upon completion of the present financing, Fox's outstanding capitalization will consist of 1,100,000 preferred shares, 1,000,000 of which will be preferred stock, and 1,200,000 common shares, with a par value of $1,000,000,000; dividend preference of $1,000,000 per year without par value; and 1,740,000

32-24 Series preferred stock. The company has no funded debt.

The preferred stock is preferable to stockholders of the company and to the common shareholders on several counts. It is convertible, but not at the option of the holder. It is payable at par, or prior to July 1, 1949 at $100 per share; thereafter, and on or prior to July 1, 1949 at $102 per share; thereafter, and on or prior to July 1, 1951 at $101 per share; and, thereafter at $100 per share, during the redemption period in each case. The preferred stock will, however, be redeemable at $100 per share, plus accrued dividends.

On the 12th day of the last quarter of the year 1943, a cash dividend of 10 cents per share was declared by The Chase National Bank of New York for the capital stock of United States National Theatres Corporation. This dividend is payable on December 1, 1943, to stockholders of record at the close of business on November 5, 1943.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a quarterly dividend of 50 cents per share on the outstanding common stock, payable on January 1 to stockholders of record at the close of business on December 15, 1943.

"Reverse" Land-Lease on British Ships

The "Lend-Lease Administration stated on July 2 that at the end of 1943 British military and com

merce would have received $870,000,000 worth of ships and other services, which would have been

total, already available to American authorities. In Washington advice of July 2 to the New York "Times," it was also stated that American warships and auxiliaries in British operational services will be returned as the cooperation is terminated. British ships and services were given free of charge.

"Reverse" land-lease was a British program started by that the United States had advanced several millions pounds of capital to the War Shipping Administra
to meet its counterpart with the British program to use AmERICAN Carpen

"Reverse" land-lease was a British program started by that the United States had advanced several millions pounds of capital to the War Shipping Administra
to meet its counterpart with the British program to use American ships and services in the United Kingdom. American ships and services were given free of charge.

N. Y. Title and Mgt. Cfs.

Series C-2 Interesting

41 Broad Street, New York City, have prepared an analysis of the "reverse" land-lease program and the many companies originally issued and guar

ciated by The Chase National Bank of New York.

This analysis may be had from Seligman, Lutbekin & Co., upon request.

Post-War Prospects

Of Airline Good

Merrill Lynch, Pierce, Fenner & Smith, Inc., of New York City, have prepared an analysis of Continental-Transoceanic &

Western Air, Inc., discussing the interesting post-war prospects of the company. A copy of the analysis may be had from John J. O'Brien & Co., upon request.
Tomorrow's Markets

Walter Whyte

Says

Group divergence in market now becoming intensified. Air transports, for example, should be watchful of their tobacco and airplane stocks show revival signs. Clue to next move will come from weak issues, or perhaps from some other new advance or sharp break.

**WALTER WHYTE**

If there is anything certain about the market it is that intensification of divergent trends. For not only do certain groups act better than others, but certain stocks within the groups give a better performance than others in the same group. This is impossible to generalize. One can't say, for instance, that the market "acts well" any more than one can say the war is going well. For, just as there are many fronts to the war—the home front, Europe, the many battlefields, so there are many stocks which make up the market and which don't act well at all.

During the week just past the market as a whole was well bought in eastern Europe, and on the other side of the world, the Far East, our Navy has again met, and as far as we know, defeated the Japs.

Whether or not this news will have an effect on the market is open to doubt. For up to now practically all the wars are taking place on the market strangely lethargic. But if the actual conflicts find their way over to the market, security prices the effect of this news on the home front and its current ramifications, will be felt in the market place.

Technically, the action of the market, in the past seven days, has come up with several interesting clues. The sum total of these, however, tend to point to both the up and the down side. Unanimity is one thing the current market does not possess. For example, the best-setting groups, like the air transport stocks and the agricultural equipment issues. Yet by the same token these are the groups which should be closely

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**SUGAR**

Exports—Imports—Futures

*Eligible 4-7277*

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**SUGAR**

Exports—Imports—Futures

*Eligible 4-7277*
Spain To Pay On U. S. Commercial Debts

American creditors having arrears of commercial indebtedness in Spain and certain Spanish possessions for shipments prior to July 11, 1936 are being advised by the National Foreign Trade Council, Inc., of which E. P. Thomas is President, that settlement will be made of a substantial percentage of the dollar value of such outstanding commercial debts. The Council along with representatives of the Spanish American Advisory Committee, has been negotiating for some time regarding this settlement and has now received authorization from the Spanish Foreign Exchange Institute to announce that an agreement has been reached for supplying amounts in dollars destined to the payment of bona fide accounts resulting from merchandise shipments and incidental expenses, by individuals and organizations of the United States.

The announcement in the matter made available July 7 further stated:

The plan contemplates immediate payment of small accounts and a proportionate distribution against larger accounts. All claims with necessary supporting documents should be registered with the Council before Aug. 23.

"It is contemplated that dollar exchange in the amount of approximately $3,000,000 now available for payment of accounts will be in the hands of the Spanish Foreign Exchange Institute against provision of pesos by Spanish debtors for payment of part payment of registered accounts.

The accounts which may be paid are those of bona fide accounts of American creditors, owing from debtors in the Spanish Peninsula, Balearics, Canary Islands, Ceuta, Melilla, Spanish possessions in Morocco and Spanish colonies.

The Council will forward to

The Institute will examine these registered accounts for its own account, upon provision of pesos by the debtors, authorizing the release of dollars to cover full payment of small accounts not in excess of a maximum to be set by the Institute and pro rata payments of larger accounts. Payment for amounts payable to be determined on the total dollars available after determining the aggregate amount of small accounts to be paid. According to the Thomas, it is the intention of the Council, in cooperation with the Spanish American Advisory Committee, to negotiate for release of further instalments of dollar balance to be applied to registered accounts not paid in full by the time of the Sept. 23 exchange now contemplated. Plans for this payment were noted in these columns June 17, page 2288.

Kelleth Aircraft Offers Interesting Situation

The situation in Kelleth Aircraft Corp., pioneer manufacturer of the "Heli-copter and Giro" rotary-wing plane, offers interesting possibilities at the present time, according to an investigation issued by R. F. Gladwin & Co., New York City. Copies of this circular may be had from R. F. Gladwin & Co.

Seaboard Reorganization Possibilities Interesting

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

Name Now Minter & Co.

The firm name of Chandler Hovey & Co. will be changed to Minter & Co. The firm, which holds membership in the New York and Boston Stock Exchange, and is an associate member of the New York Corp. Exchange, is located at 62 Devonshire St. Partners are Samuel Minter, who holds the Exchange membership; C. Terry Coliens, Wellington Wells, Jr., and George H. Lyman Jr.

House Group Orders Study Of Individual Excess-Profit Tax

The House Ways and Means Committee announced on July 6 that it will begin work Sept. 10 on general revenue legislation and, at the same time, asked that studies be made of an excess profit tax on individuals. The Treasury's $12,000,000,000 in revenue annually above present collections.

In Associated Press Washington July 6 it was said that in a special session as a Congressional recess soared. Partners are Samuel Minter, who holds the Exchange membership; C. Terry Coliens, Wellington Wells, Jr., and George H. Lyman Jr.

Result Of Treasury Bill Offering

Secretary of the Treasury Morganannounced on July 2 that the tenders for $1,000,000,000, or thereabouts, of 62-day Treasury bills to be dated July 7 and to mature Oct. 7, 1943, which were offered on June 30, 1943, were opened at the Federal Reserve Bank on July 2.

The details of this issue are as follows:

Total applied for—$1,175,000,000.
Total accepted—$1,001,757,000 (includes $39,953,000 entered on a fixed-price basis at 99.904 and accepted in full).

Range of accepted bids:
High—99.916 Equivalent rate of discount approximately 0.392% per annum.
Low—99.904 Equivalent rate of discount approximately 0.376% per annum.

Average—99.904+ Equivalent rate of discount approximately 0.375% per annum. (93% of the amount bid for at the low price was accepted).

There was a maturity of a similar issue of bills on July 7 in amount of $804,717,000.

Bank & Insurance Stocks

(Continued from page 122)

The remarkable changes in the calendar prices of the 20 domestic air lines disclosed have considerably improved in price since the same figures have shown that many real estate issues still undervalued in the general market in their selection should be profitable.

Domestic Air Carriers Comparison Of Interest

Ward & Co., 120 Broadway, New York City, has prepared a tabulated comparison of 20 domestic air lines showing official figures and statistics of the three main sources of revenue per month and per year, indicating the progress of the various lines. Copies of this tabulation may be had upon request from Ward & Co. Ask for tabulation No. 361.

Thursday, July 8, 1943

100,000 Shares

Twentieth Century-Fox Film Corporation

Prior Preferred Stock
(without par value)

$4.50 Dividend Cumulative

Price $100 per Share

(pres accrued dividends from June 15, 1940, to date of delivery)

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer the securities in such State.

Lehman Brothers

Hayden, Stone & Co.

Blyth & Co., Inc.

July 7, 1943
OFERINGS TWENTIETH-CENTURY-FOX FILM Corporation—Has filed registration statement with the SEC for sale of 7,590,000 shares of common stock at $15 per share. The offering is being underwritten by four syndicate groups, none of which has an Underwriting Agreement with the Corporation. The offering is expected to be completed by late July. Address—345 West 51st Street, New York, N.Y.

Business—Corporation is an operating company primarily engaged in the business of producing, distributing, and exhibiting motion pictures throughout the United States and Canada.

Stockholders—The stockholders will reti"
Grade Labeling Called Harmful To Consumers, Incentive-Destroying By Advertising Federation

The Advertising Federation of America, at its 39th annual meeting and wardies luncheon in New York, expressed its belief in descriptive labeling of consumer products which honestly informs the prospective buyer regarding the precise nature of the process, and is beneficial to the public with equal condemnation of proposals to require the use of government assigned grades on many articles of ordinary use and fashion.

In a resolution, the Federation expressed its belief that "this old proposal now again renewed under the guise of an amendment to a law which has been unfairly presented and has been voted on by Congressmen who would be most harmed by it." The resolution continued:

"Contrary to the claims made for it by its proponents, mandatory grade labeling actually involves:

1. "Regiment consumer buying habits": geometrically influence the consumer to its own particular choice and purchase;

2. "Thrust the information to produce better quality products at lower cost" and:

3. "Destroy the consumer's freedom of choice" and:

"Restrict the national American trend toward higher standards of living.

"The Advertising Federation of America deplores the proposed broad swing of information concerning this subject, which is being used to take away from the liberty of every individual in the United States."

In another resolution, the Federation commended "those advertisers, advertising media, and commercial enterprises who have contributed so much toward making World War II an important force in the war" and urged "every advertising medium to help in this war time task for which advertising has proved its unique competence and been used to its utmost advantage.

The Federation, in another resolution, declared the misuse of advertising which "reflects bad taste, vulgarity and wild perversion of basic American ideals and themes and intends to continue its fight on such concentration on these war tasks for which advertising has proved its unique role.

Resolved, that Congress be urged in another resolution "to weigh the need for new legislation to clarify and make sure the freedom of communities against the possibility of capricious regulation."

On this subject, the Federation noted "with profound concern" the recent supreme judicial interpretation which "clearly" the Federal Communications Act not only confines upon the Federal Communications Commission the power to supervise the radio broadcasting business, but upon the Commission the burden of determining the composition of that business.

R. Hoe Co. Common

Triumph Explosives

Bought - Sold - Created

HAY, FALES & CO.

New York, N.Y.

Tweedie Co. Formation in N.Y.C. is Announced

Announcement is made of the formation of Tweedie Co. & Co. with offices at 52 Wall Street, New York, N.Y., in investment securities specializing in over-the-counter stocks of firms and partners in the future F. B. Tweedie and Joseph R. Keily.

Formation of Tweedie Co. was invented by the formation of the "financial Chronicle" of July 1.

Bonner & Gregory Admit

Bonner & Gregory, 30 Pine Street, New York City, members of the New York Stock Exchange, will offer to the public, in limited partnership in the firm on July 15.