Wheeler Urges President To Appeal To People of Europe

Senator Wheeler (Dem., Mont.) called on President Roosevelt on Sept. 2 to act immediately to "define unconditional surrender and appeal to the people of Europe to abandon the false path of militarism, intolerance and subjugation." In a letter to the President, Senator Wheeler expressed the belief that "now is the time to show the world that we are all brothers regardless of our differences and that we can now bring about peace in Europe and establish democracy throughout that war-torn continent."

Mr. Wheeler's letter follows, according to United Press advice from Helena, Mont.:

"Dear Mr. President: As a non-Catholic I want you to know that I am wholeheartedly in accord with the statement of Pope Pius XI that "the soul of all people is revolting against violence," and that we have suffered a great deal.

In this Issue

Special material and items of interest with reference to dealer participation in the States of Illinois and Wisconsin are appear in this issue. Illinois, page 100; Wisconsin, page 100.

For index see page 102.

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New Frontier of Business Development Seen By Schram

Government Must Accord Freedom Needed By Business
Would Redesign Tax Structure and Amend Law to
Encourage Venture Capital—End of Excess

Profits Taxes Urged After War

Stressing the necessity of according competitive enterprise, the freedom necessary for its proper functioning, Emil Schram, President of the New York Stock Exchange, declared at Louisville, Ky., on Sept. 1, that "if government will allow business and enterprises the freedom they need, we can, I believe, look forward to a high national production which will effect, after the war of a steady improvement in our standard of living, to an era of security and revivified democracy, to new frontiers of business development and to new markets for the production of products of peace and goodwill."

Mr. Schram, whose informal remarks were presented before the Ohio Valley Group of the Investment Bankers Association, pointed out that the "American people are today taking great pride, as they have a right to do, in the superlative performances of our industrial business system in producing and delivering the things of war. "Private enterprise," he went on to say, "never before has done such a magnificent job at so small a profit and with less complaint. This is, it is to see, has given our people renewed confidence in our system and has strengthened the faith of those who cherish it."

Wheeler Believes People Will Bury Current Things

CHARLES TATHAM, JR.

Despite its claims to the contrary, pressure by the Securities and Exchange Commission for immediate compliance by holding companies with the "death sentence" provisions of the Holding Company Act in the present war emergency is contributing to the nationalization of privately owned electric and gas utilities. Through forcing the disposal by holding companies of operating subsidiaries at a time when taxes assessed by the Federal Government continue over 15% of operating revenues, SEC "death sentence" orders are driving operating electric and gas utilities into ownership by their served communities, which pay no Federal taxes on profits derived from business undertakings.

Unless Congress puts a stop to this "death sentence" activity for the duration, socialization of an important field of American enterprise will be well advanced by the time the war is over.

Although the Holding Company Act received Presidential approval more than eight years ago, its first 4 subsections of Section 11, which comprise the so-called "death sentence," did not become effective until January 1.

(Continued on page 1004)

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Buy WAR BONDS

(Continued on page 1000)
The Future Of Interest Rates

With Special Reference To The Treasury's Borrowing Policy

In his article which appeared in the "Chronicle" of Aug. 29, captioned as above, Benjamin M. Anderson, Professor of Economics at the University of California and former economist of the Chase National Bank of New York, presented an extremely profound analysis of the probable future trend of interest rates. The author, who is recognized authority on fiscal and monetary matters, discussed this important subject objectively and in light of the fundamental factors which must inevitably govern the movements of interest rates.

Since publication of the article, a large number of comments have been received regarding the views and conclusions stated by this eminent authority on the subject. Some of the letters were given in these columns on Sept. 2, more are given below and others that cannot be answered in this issue will appear in subsequent issues.

ROBERT M. MANES
President, Wisconsin Bank and Trust Company, Winton.

This I have read with great interest. Dr. Anderson's article on "The Future of Interest Rates"... has seemed to me to be a bit ponderous in arriving at all the conclusions I agree thoroughly with his conclusion that the Treasury should be realized on a pay a reasonable rate for the money it is borrowing. I also agree with his conclusion that the Treasury's present method of selling debt to the public at low rates of interest, this policy is only staking up trouble for some future bureau. Certainly we have found to have higher rates of interest sometime in the future, and then all of these bonds will be chased in a very short period of time. A much more sensible and realistic policy would be to keep the public of their funds at a discount.

I disagree with his statement that banks should be permitted to buy the higher interest bonds and at a discount. We brokers have staggered their maturities really pretty even over a 10-year period of time, they will be able, as their bond portfolio matures, to invest in bonds with higher yields. With the deposits of banks guaranteed and with a great many of their loans guaranteed, if, in addition to ask for a discount to protect them on their bond portfolio, we would only play into the hands of those who are attempting Government banking. I think bankers must, as quickly as possible, abandon the so-called bank rates and get back to risking, which is their normal function.

W. H. WOOD
Chairman of Board, American Trust Co., Charlotte, N. C.

While I have been working in a book firm for the past month, I cannot claim, by saying so, that the current interest of money at 4%--is 'of the entire country or the world. So far in my life, as a business man I have been aware of this bank for the past 42 years, my policy has been to own a conservative amount of bonds, and in the time, and I have reason to believe that we will see Federal banking in the way in the future years.

Faulmann, Inc.

West W. Wood

"Bondbistics"

Security Adjustment Corporation, 16 Court Street, Brooklyn, N. Y. issues a prospectus booklet on "Bondbistics," which they define as the branch of financial science dealing with the bonded indebtedness of corporations with regard to such bond values as they apply to the individual investor's problems as to safety of principal and income. Profit. In the abstract and interesting analyses of several situations. A little booklet of this kind may be obtained from Security Adjustment Corporation.

Attractive Situations

With Peace Prospects, we have reason to believe and Crowell-Collier offer attractive situations with limited time bonds. Certainly we can see in the near future, regarding the character of bonds that they present to the investor, while the bond values as they apply to the individual investor's problems as to safety of principal and income.

Now Kline, Lynch & Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio. -- The financial position of J. P. Reilly & Co., 114 Broadway, New York City. Copies may be had from J. P. Reilly & Co. on written request.

Kline, Lynch & Co.

(Special to The Financial Chronicle)

Two With Gordon Graves

(Special to The Financial Chronicle)

CORAL GABLES, Fla. -- Herbert N. Crowder and Mrs. Frances H. Huy have been affiliated with Gordon Graver & Co., Coral Gables Circle. Mr. Crowder was previously in the sales department of Corrigan & Co., Miami, with whom Mrs. Huy was also associated.


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Italian Forces Surrender

The unconditional surrender of the Italian armed forces was announced yesterday (Sept. 8) by General A. Della Chiesa, who succeeded to the command in Chief of Allied Forces, as headquarter in North Africa. The surrender came five days after British and Canadian forces had invaded and occupied a portion of southern Italy. Allied headquarters had reported earlier on Sept. 8 new advances by the military forces putting them in control of an area of about 100 square miles.

The Allied forces, following their 38-day conquest of Sicily, landed on the Italian mainland on Sept. 3, the fourth anniversary of the first declaration of war against Germany. Italy had been in the war since June 10, 1940, when the Italian forces marched on France after the German Army was closing in on that country.

C.S. Jameson with G. Brashers & Co.

G. Brashers & Co., 22 Wall St., New York City, have announced that C. S. Jameson has been elected by their elected members on the staff of the firm as a director, and he is to take the place of Sidney Lanier Elected V-P. and Treasurer, R. G. Wason V-P. of J. P. Morgan & Co.


Bruns, Nordeman Co. Open Security Dealers Dept.

Bruns, Nordeman & Co., 325 Broadway, New York City, now have an open Security Dealers Dept., in addition to their present cotton brokerage.

Safety Car Looks Good

Safety Car Heating & Lighting common offers an interesting situation. Close to a memorandum issued by Buckley Brothers, 1209 Walnut Street, Philadelphia, Pa., in 1926, and Philadelphia Stock Exchange, that he was organized to handle the business which was conducted by an individual broker, and se be an officer of Mitchell, Herrick & Co.

Back the Attack

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James J. Caffrey, regional administrator in the New York office of the Securities and Exchange Commission, has admitted in reply questioning that the Commission staff has been surveying the problem of Mr. Lanier's takeover of listed securities in the over-the-counter markets. He declared that in his opinion broker-dealers should charge commissions rather than sell to customers on a so-called "principal basis" at prices which include their profits, where there is no added value.

The problem, although emphasized by the prevalence of off-the-board deals in listed securities, is not confined to them, Mr. Caffrey added, that "in any case, it seems to me that, where there is no risk involved, the broker-dealer must act as a broker." Mark-up of as much as 2½ points over the high of the day on stocks and of 5% on bonds have been revealed by the SEC investigation, Mr. Caffrey said.

Frank Dunne, president of the National Security Dealers Association, according to an item in the New York "Times," expressed himself in favor of handling riskless transactions on an agency basis, but, in a statement clarifying his position declared that this was only in the case of transactions of exchange in which a dealer who has obtained an order from a customer, and a customer's security on an exchange and resells it simultaneously at a mark-up. He said that in his opinion such transactions should be confirmed to the customer to show the exchange, the security paid by the dealer, and any additional service charge or commission that the dealer may make to compensate him for his effort.


Bruns, Nordeman Co. Open Security Dealers Dept.

Bruns, Nordeman & Co., 325 Broadway, New York City, now have an open Security Dealers Dept., in addition to their present cotton brokerage.

This is the first firm of cloth brokers to be elected members in the history of the New York Security Dealers Association.

Both Mr. Bruns and Mr. Nordeman have been prominently identified with the cotton textile industry since 1908, and in 1923 formed their original company. In 1928 the firm joined the New York Cotton Exchange and added their present cotton department.

The new department will be under the co-management of Ray S. Rodov and Arnold B. Wayne. Formerly the New York Security Dealers Association, which will be equipped with a complete statistical bureau, will round out a complete brokerage organization.

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Robbins is now sole proprietor  
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Building. Mr. Robbins was formerly  
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ated with him will be Frank W.  
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ton Holt, who was formerly an  
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A Low Price Hotel Bond Speculation  
The bonds of this hotel are currently offered at about 15%,  
placeing a value on the $4,450,000 bond issue of $756,500. Adding  
coffee to the first mortgage on $570,000, prices a value of $1,128,  
900 for the entire property.  
The 1942-43 assessment of the  
City of New York of the value  
of the property, of which  
$3,070,000 is the land alone with a  
24-story hotel building  
and theatre thrown in for  
nothing.  

Comparing the above figures with  
the current market  
price of the bonds, it is  
possible to buy into this property  
at a price just slightly higher  
than the most recent assessment  
and as the whole property  
and the land alone was valued at  
$1,075,000. This assessed  
value, however, is not  
higher than the quoted  
figure as a result of court  
actions.  

The comparison of the above  
figures with us that the  
current market  
price of the bonds is  
considerably lower than  
the current market  
price of the property.  

The bonds are secured by a  
mortgage subject to the first mort¬  
gage on land owned in fee  
occupying the entire block front on  
the south side of 75th Street, between  
Amsterdam Avenue and  
Broadway, New York City together  
with the 24-story apartment hotel  
and the apartment building  
standing thereon. The  
frontage on Broadway is  
212 feet on 75th Street and 150 feet  
on Amsterdam Avenue, and  
comprise a large area of  
approximately 29,400 square  
feet, with considerable  
frontage on the entire Broadway  
frontage and considerable  
rooms in the front on 75th.  
Street, contains 494  
rentable rooms divided into some 378  
units of which apartment  
rooms are 95.6% of which  
rental furnished. The theatre,  
having an entrance to the  
lobby, has an area of  
2,400 square feet and occupies  
the remainder of the plot and  
stands 75 feet on Broadway again.  

Upon completion in 1941 of the  
company's tax reduction  
suit to change the  
Sections in the town of  
the reorganization of  
the property in 1938.  
Internal financing is payable  
to 4% if earned  
and distributed  
and earnings to be used for  
banking retirement. Interest is distributed  
annually on April 1st and payable  
out of the properties for  
the months ended January 31st.  

An initial payment of $2 per  
100 bond was made on April 1,  
1942 and a similar payment  
was made on April 1, 1943.  

Larger payments in the future  
are hoped for as a result of  
a new aggressive management.  

In April, 1943 the voting  
trust votes of the management  
of large bondholders induced the  
other bondholders to join  
in the voting trust and elect them as  
directors. This group has in  
the past taken over the management  
of property secured by other bond  
issues. Therefore in these cases has been unusually  

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V. P. of Paul & Co.  
PHILADELPHIA, PA.  
At a meeting of the Board of Directors of Paul & Co., 1430 Walnut  
Street, Ralph E. Pendegrass was elected  
President of the firm. Arthur E. Pendegrass resigned as  
vice-president of the organization  
effective Sept., 1  

St. Louis, San Francisco  
RR, Situation Interesting  

Under the present reorganization plan for St. Louis— 
San Francisco Railway, proposed  
by Raymond & Co., 148  
State St., Boston, Mass. Copies of  
this report and a special letter  
listing the outlook for rail  
reorganization bonds may be had by  
the firm upon request.  

(Continued on page 1018)
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The Securities Salesmen’s Corner

How One Firm Is Solving The Manpower Problem

Several months ago the sales manager of a successful retail organization was faced with the necessity of replacing salesmen who had been inducted into the armed services.

This plan was adopted: The salesmen who were inducted were all informed that their jobs would be waiting for them when they returned. In addition, the accounts they were leaving behind would all be handled by the partners of the firm. Upon their return they could have them back. Meanwhile, a special commission account was opened for each salesman. Every transaction with these customers would be credited to them and payment of the commissions is made to their families, or held in trust for them, payable on demand as they might desire.

Their customers have all been notified of this arrangement, both by letter and through the local newspapers. In some cases the salesmen themselves explained the situation to their customers. This firm has created a very favorable impression upon its customers, who have been exceedingly cooperative and enthusiastic over this generous and patriotic arrangement.

In addition, several new men were hired. They were selected with care and placed upon a straight salary arrangement for the first six months. Then they have been trained to handle and clientele BUILDING. Each new man was given two hundred new prospects. Pre-analysis mailings were sent out at regular intervals. These men are encouraged to work according to a set plan, yet without pressure and with a free mind. Each man is expected to make his calls every day, and he is being trained as he goes along TO SORT OUT THE LIVE PROSPECTS AND ELIMINATE THE DEADWOOD.

He discusses each day’s interviews with his sales manager, and together they analyze each call he has made. As promising prospects are uncovered they are replaced by new prospects, and the same procedure of calling, analyzing and eliminating continues until eventually each salesman will have about two hundred LIVE NEW PROSPECTS AND CUSTOMERS upon which he can concentrate.

The efficiency of this method of handling the manpower problem seems to be producing results. Only a very small percentage of the business that was left behind by the salesmen who have been called into the war effort. It is holding the good will of its clients. Meanwhile it is strengthening its sales organization and building up its business, so that the effects of lost manpower will not be manifested for a long period of time. Now Lt-Col. Brown, Miller, Dodge To Admit

Major Harry E. Brown, formerly with Donaldson, Sullivan, 75 Federal Street, Bos¬

ton, Mass., has been promoted to the rank of Lieutenant-Colonel in the U. S. Army, Ar¬

my, and is now stationed at Fort Strong, Boston Harbor.

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Railroads

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Circular on request

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Railroad Securities

CHICAGO & NORTH WESTERN

In a last minute attempt to update the current ICC plan of reorganization for this road, stockholders are being sent a third ap¬

pointment of a special three judge court to force the ICC to reorder the entire reorganization proceedings and rewrite another plan by taking cognizance of war swollen earnings. Such a plan in that event would obviously provide for some treatment for stockholders in the current ICC plan. This attitude would appear to be just a non-realistic in the light of the March decision of the Supreme Court which not only denied cer¬
torium, thus in essence approving the plan as promulgated by the ICC but which also gave this latter body a virtual carte blanche in all matters pertaining to all re¬
georganizational arrangements. In view of the above develop¬
ments, reorganizations and plans of the stockholders to upset the plan would appear to be but the dying gasp of an embattled and un¬
promising group. The management is not taking these new developments too seriously. In fact the plan is not likely to be delayed in any way since reorganization man¬
ger have been appointed and the preparation of the necessary in¬
dications is proceeding according to plan. Additionally, the new securities will be printed in due course. These new securities should be available for distribu¬
tion by February, 1942, although the company has publicized the fact that the reorganization should be consummated by the year end.

The reorganization plan of the North Western, dated January 1, 1939, was most successful, the fixed charges being reduced from $16.4 million to $6 million (increased to $42.1 million January 1, 1942, when first mortgage debt was paid, became 4% fixed). The plan also calls for a capital fund (originally $3.5 million annually for the first three years, and thereafter a sum of $5 million) in the form of non¬

ing amounts, $2.5 million or 2.5% of the value of the capital stock. Additionally, the plan provides for $47.1 million bond interest, $250,000 income bond sinking fund requirements, followed by 1,000,000 of the $4 preferred stock and 1,077,997 shares of com¬

In a cursory glance at earnings during the depression thirties will discov¬

The past earnings are extremely disappointing. They have given the normal sequence of earnings, which were extremely preceding and during the period of receiver¬

we have had to take cognize of a probable change in administra¬

The changes could be back to the old unimproved or to a state of partial reorganization, which will occur if the reorganization is not consummated by the end of the year.

Our latest Letter (for brokers only) analyzes our idea of the value of the new Chicago, Rock Island and Pacific new securities, when issued.

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This report is not to be construed as a recommendation to purchase, sell or hold the securities mentioned, nor as investment advice for any particular client.

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**Chicago Brevities**

Following a wave of new corporate financing activity that kept the local investment banking fraternity well occupied last week, the cavalry was back in full action. The leading Chicago financial men were all set at the start of the new month to cope with the third war loan drive of the Treasury Department a complete success. Much preliminary work already was under way, and the coming days will be filled with the initiation of new Treasury securities, but efforts of financiers will be intensified with the formal opening of the campaign.

There was apparently nothing standing in the way of security dealers devoting their full energies to assure success of the war bond drive. For years, in the nature of policy for investment firms to make war financing their first priority, during the money-raisin campaigns of the Treasury Department. Moreover, all but one of the new corporate issues that became ready for public presentation cleared the market last week; and financing activity in the municipal field, too, was on an exceptionally low pace.

The only corporate flotation scheduled to be offered and which did not reach the market last week consisted of $15,000,000 of preference certificates of the Illinois Central Railroad. This issue had been the subject of competitive bidding on Aug. 30, but a single offer of $15,000,000 was received and was rejected. There was a possibility that this issue might be placed privately with an investment banker or underwriters prior to the official opening of the war bond drive. This view was never apparently entertained based on negotiations understanding the bankers.

**Transactions Total $35,500,000**

Investment bankers opened the last week by bidding for five new offerings, two of which were included in the Illinois Central flotation, which was put on the market Wednesday. This was scheduled to be the largest amount of new corporate securities to enter the capital market within such a short period of time in recent years. The deal preceded the second war loan drive in April. Failure of the L-B to sell its issue, however, restricted the actual amount of financing that was completed.

The other four issues included were three first mortgage bonds of Iowa Power and Light System, $15,000,000 of 30-year mortgage bonds of West Texas Utilities, $3,000,000 of 20-year first mortgage bonds, and 5,000 shares of preferred stock of Pennsylvania Electric Company, and $4,000,000 of equipment trust certificates of Siusla Securities Company.

**Chicago Recommendations**

Adams & Co., 231 South La Salle St., will send on request a recent circular on National Terminal Corp. Common Stock.

Brailsford & Co., 208 South La Salle St., has prepared an interesting pamphlet on "The Chicago Stock Exchange" which will be furnished upon request by the company's own money and has no connection whatever with the so-called City Traction fund which is being used to build the subway. Copies may be had upon request.

Cruftenden & Co., 209 South La Salle St., have prepared a recent analysis on Standard Steel. This is an Illinois corporation and is personal property exempt from the State.

William A. Fuller & Co., 209 South La Salle St., have available six months' comparative figures on Durez Plastics & Chemicals, Inc., and other company stock. Copies may be had upon request.

Hicks & Price, 231 South La Salle St., have prepared a comprehensive study on Colorado & Southern 4½% of 1968. This issue is on exchange. Copies may be had upon request.

Lehman Brothers, First Boston Corporation, and Halsey, Stuart & Co., Inc., also were represented at the sale.

Situs, 208 South La Salle St., have prepared a comprehensive study on R.R. & Co., staining and other values. Copies may be had upon request.

Thomson & McKinnon's Stock and Bond Review this week place emphasis on relative values rather than near-term price fluctuations. They continue to maintain the view that the long-term trend of equity prices is upward. Their current Bond Review has a special article on Armour and the Meat Packers, and their weekly Stock Review analyzes the action in the bonds of both, which are of very timely.

Any one interested may secure a copy of any of these reviews, free of charge, by addressing requests to the respective offices listed above.

To Represent Bondholders

Of Ga. Central Divisions

Bondholders, New York City, have engaged W. Bennett & Co., Chicago, Addison Warner, Addison Warner & Co., Chicago, and W. F. Wagner, New York City, for appearing and representing the bondholders of the Macon & Brunswick Railroad and the Georgia Atlantic Railroad, both of which are part of the Central of Georgia Railway. Meetings of bondholders in Savannah, the Committee is therefore organizing a bondholders' organization. Any dealer who has distributed these bonds is requested by the Committee to join them. Nothing whatever. (For full text, see GFU, July 30.)

Robt. J. Rosenberg

With H. Hertz & Co.

CHICAGO, ILL. — Robert J. Rosenberg is in close contact with the brokerage business and has become associated with H. Hertz & Co. at 231 South La Salle Street. Mr. Rosenberg is the past, present, and future of the New York distributor, predecessors of Hertz & Co.

North American Co.

Situation Of Interest

NORTH AMERICAN CO. has lately published a number of statements which are of interest to bondholders. These statements are available on request.

Railroad Securities

In The Post-War Era

Plumpfinger, Bampton & Rust, 61 Broadway, have completed the "New York Stock Exchange and specialists in railroad reorganization securities," which represents the views of Patrick B. McKeon, chairman of the Corporate meeting of the National Securities Traders Association, Inc., held in Chicago on Aug. 30.
Ransom-Davidson Co. Opens Chicago Office

Chicago, Ill.—The Ransom-Davidson Co., Inc. of Wichita, Kansas has opened a new branch office here at 39 S. LaSalle St. Associated with the firm in the Chicago branch will be Robert L. Creek, formerly a partner of C. W. Miller & Co. Mr. Creek's connection with Ransom-Davidson Co. was previously reported in this Chronicl of September 2nd.

Chicago, Rock Island Situation Analyzed

Leroy A. Strasburger & Co., Chicago Rock Island and Pacific have issued an interesting letter analyzing their idea of the value of the new Rock Island Pacific new securities, when issued. Copies of this letter are available, upon request.

New Frontiers Of Business Development Seen By Schram

(Continued from first page)

J. V. Sullivan With Eastman, Dillon & Co.

Appraisal To The Financial Chronicle

Chicago, Ill.—James V. Sullivan has become associated with Eastman, Dillon & Co., 139 S. LaSalle St. Mr. Sullivan was formerly with Paul H. Davis & Co. for a number of years and prior to that was manager of the investment securities department for F. S. Lewis & Co.

E. B. Hall To Aid War Loan Drive

Appointee of Admiral B. H. Hall, President of Harris, Hall & Co., Chicago, Illinois, to Assistant Secretary of the Treasury Margeritan was announced recently by the President.

Mr. Hall will be associated with Fred J. B. Hinson, National Director of the Third War Loan Drive, and will assist commercial banks and investment companies.

Chicago Brevities

(Continued from page 1002)

trust flotation. The account poor for the $2,000,000 bonds and 40,000 shares of preferred stock of California Electric Power Company and $7,500,000 of first mortgage bonds and 20,000 shares of preferred stock of Atlanta Gas Light Co.

In addition, other programs are being made ready for registration, such as a $25,000,000 refunding for P. Lorillard Company, which will embrace $20,000,000 of debentures and $5,000,000 of preferred stock. A number of utility companies also have outstanding plans under consideration.

BOARD DEFAULTS AGAIN

The Chicago Board of Education on the one hundred and fourth of the coupon due Sept. 1, 1934, at outstanding issue of $1,500,000 of 3% bonds, dated Sept. 1, 1934, and due Sept. 1, 1944, is going to be redeemable on and after June 1 of each year, the entire coupon due Aug. 1, 1935, at outstanding issue of $900,000 of 4% bonds, dated Feb. 1, 1935, and due Feb. 1, 1945, are also going to be held in effect, that one-eighth of the issue was invalid.

Previously, one-eighth of the $5,000,000 issue and the entire $800,000 Flota was sold to refund bonds which originally had been issued in 1933, at the request of certain tax anticipation warrants authorized by the board. This decision has resulted in the holding that tax warrants could be redeemed only from the proceeds of the bonds so levied for the years for which the warrants were issued.

The Illinois Central then confirmed the principle handed down by the Illinois Supreme Court which it was ruled that bonds could not be issued to pay tax anticipation warrants.

The Board of Education plans to appeal Judge Jarecki's decision to the State Supreme Court.

W. Helm To Speak

CHICAGO, ILL.—William Helm of the Central Republic Company will be speaker at the Credit Women's Club of Chicago at their dinner meeting to be held Sept. 14 at 6:15 p.m. at 153 North Wabash.

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National Tool

Wisconsin brevities
Central Electric & Telephone...
Company reports net income of...
This is equivalent to 352.9...in the direction of...of 400...
The company's total revenue...

Wisconsin billboards:

President denies lend-lease
To be repaid in victory, peace only

President Roosevelt on Sept...
7 repudiated two sentences...
'Extending the lend-lease Act made...
they would repay so far as they...
This was in truth those words, the President said, but...
It did not say what is, but what is.

Railroad bonds
Wisconsin Industrial Securities

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building their own electric systems and utilities at very low rates. Furthermore, Federal Reserve economists and visitors to Board of Governors had been making it clear that the Federal power could be bought at below average rates, which would well under the general market rates. It was expected, this combination of Federal power and utilities would amount to a tax, primarily to municipal ownership of electric utilities.

Besides, in 1942, a total of 1,069 elections were held on privately owned electric utilities. In the first 3 years of the depression the Federal power states were held annually, at which time 6% of the voters favoring the propositions to sell electricity at the average rate. The annual average was 121 elections, at which time the city had received municipal ownership. And in 1942, the average was 61 elections, at which time only 36% of the vote was favorable to the proposition. Furthermore, around three-quarters of all companies accepting municipal ownership in the decade were located in the City of Key West. The Federal power projects from which the power could be bought at below average rates, were a product of the same proportion of community. The Federal power was not old so during the earlier years of the depression, they had nearly half of the cost of systems.

This experience of the past decade seems to suggest that annually the mutuals and individuals composing them, cannot be buying their benefits in the same way, even if they think of the same combination of traits, plus the SEC’s general “public interest, convenience, and necessity” experience against holding companies. The electric utility is normally a high tax, is encouraging municipal ownership of electric utilities today. A few instances will be cited, where holding companies

- For more than 45 years, Key West, Florida, the city found, with electricity by the Key West Electric Company, an operating subsidiary of the Key West Electric Company. During the 12 months ending May 31, 1942, the operations of the company, $1,932,461, including interest, operation and depreciation costs of $317,976, in addition to the Federal power taxes would be $41,963, which was paid to the Federal government. The city, with which to pay interest on its bonds and principal of its preferred and common stocks.

But the SEC required Engineers Price, claybaugh & Company, the Federal power in Key West Electric, along with other subsidiaries, to have an “inter¬ tence” proceedings instituted against it. Private buyers, unfortunatly, were limited in the price they could pay, because they would not be allowed to purchase power, paid by the Key West Electric. But since the SEC had bought it, no Federal power tax would be charged, as the SEC could escape most of the state and local taxes paid by the private company. It was found that the SEC was paying, $50,000 of revenue bonds, paid $1,932,461 in depreciation and paid all expenses incurred in the debt to the Federal Power Commission, working capital and extensions to the property.

Enrolling the SEC for making the private utility available for public utility purposes and paying throughout the county for showing an added burden, $41,963. This was the SEC’s conclusion, where the private company had the opportunity to buy Federal power and excess profits taxes in the amount of $41,963. The SEC paid the Federal Government a dine. And where the private utility was not available, the SEC would have had to buy Federal power in excess of $41,963, in receipts tax. To be sure, it proposes to change its own electric plant with a sum equivalent to the Federal power, but this would not be available from one pocket to another. And since the sum of the State and local taxes, revaluation would be, it would have to pay as one of its states taxes of $18,203, the State, and it would thus be fair for the Federal power, not being subject to the same taxes, to be able to have its own local taxes, largely at the expense of other taxpayers in the State.

At the rate of 0.57 A. in Federal power in Federal water pollution, the State of Missouri, for the purpose of the power, with its subsidiaries, several privately owned utilities, selling in the same general territory were in the same market, the public property, while other private in¬

The Shio-Ne Power Company, an REA-financed rural electrification project, also has $10,000, which is reputed to be invested in foreign securities, to buy $72,800, more than private interests had. When the Missouri Public Service Com¬ mission proved on Dec. 1, 1942, but the Missouri Public Service Commission so far has failed to okay the deal, and it has not been con¬

Then, too, the bankruptcy As－

key electric and gas service, the company operated a subsidiary to operate service, about a year ago, by the City of San Antonio, and an Antonio Utility Company was an affiliate of the Central American Light & Traction Company, and was a subsidiary company in the United Light & Power system. And since it was a subsidiary of the Central American Light & Traction under the Central American Light, it was available for purchase. In addition, electric and gas service, the company operated a subsidiary to operate service, about a year ago, by the City of San Antonio, but the bus sys－

A more immediate, the im－

The Southern Power Corporation, a decision made in this column, was made in a bearish position since July 31, 1942; March 11, 1943; April 29, 1943; May 12, 1943.

Returning to the subject of busi－

Nothing in the Holding Com－

the SEC, or the holding companies, has ever recalcitrant, the SEC looks to the regulatory authority of the same., and at the same time, the SEC’s rule, “in providing for protection of the investors, the companies, their purchase would be abandoned. At that time, the SEC has a right to the public interest, but, in the Holding Companies, the SEC, as a basis for legislation proposed by an estimated $300,000.

In the Holding Company Act of 1935, which confines evils of the Federal power companies, the SEC points the necessity for the elimination of the control of the Federal power companies, would indicate that one of its ob－

The public interest, to use the Federal power utilities, is not such an objective even remotely suggested by the Act’s legislative history. Only in the manner in which the SEC has, or it will be enforced, the “death sentence” of the Federal power utilities. By the SEC “death sentence” orders.

Additionally, in 1942, the Shio-Ne Power Company, an REA-financed rural electrification project, also has $10,000, which is reputed to be invested in foreign securities, to buy $72,800, more than private interests had. When the Missouri Public Service Com－

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Missouri Electric Power Com－

Furthermore, Federal power electric service, along with other subsidiaries, in 40 communities and Southern and southern Missouri, is a subsi－

A. H. Gordon Elected Tuibze Chatillon Director

Albert H. Gordon of Kiddie, Peacock & Co., New York City, has been elected a director of the Missouri Electric Power Company, to succeed Col. W. P. Barba, re－
Canadian Securities

By BRUCE WILLIAMS

The latest contribution to the post-war planning is a proposal entitled "The Mid-Continent and Peace," issued by a joint economic council of some prominent Minnesota and Manitoba, and other important economic advisors who have expressed their interest in how this country and Canada in disregard of the international border, both in and out of the United States.

Two years ago former C. H. N. and his Minnesota associates with the then President of the United States, and to set up committees to study the economic problem of the mid-continent area. Mr. Rea has been in the Federal Reserve Board, the Federa]

The reaction that has occurred in the market generally might very well continue at least until the end of the drive in connection with our present World War Loan, and is usually after a recession from a peak level, potential sellers are more anxious to operate than the buyers. In the absence therefore of any assurance that a recession is possible that the decline might continue longer than usual, at least in view of the Canadian drive in this direction. It is generally expected that both loans will be successfully obtained and that the market will be substantially stimulated. At this time, special prominence might be given to the lower priced issues.

Interesting RR. Situations

The Sept 1st issue of "Railroad Securities quotations," issued by the New York Times, contains a discussion of the current situation. The firm feels interesting possibilities at the present time. In the case of a new issue, the firm is upon request. Also contained is a list of upcoming issues on guaranteed railroad stocks, underwriting railroad bonds, and organization railroad bonds, mortgage stocks, and guaranteed telegraph stocks.

Co. Traction Interesting

The current situation in Chicago Traction Securities offers interesting possibilities according to Edward J. K. and prepared by Bridgford & Co., 208 South La Salle, Chicago. The firm is a member of the Chicago Stock Exchange. Copies of this circular will be mailed upon request from the firm upon request.

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H. E. SCOTT CO.

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(Continued from first page)

of business being done," is a further explanation, it does not appear sensible to use it as an introduction to the subject of monetary expansion modulated by group psychology.

Slow Inflation Is Good Medicine

Monetary‘expansion may generate slow, long continued rise of prices but there is no evidence that the greatest known inflation of the early 19th Century and was caused by the importation into Europe of quadrupled gold and dollar volumes from Mexico and South America. This influx was not a result of any monetary expansion modulated by group psychology.

Business Atitude Governs Rate

When there is so much money that it can be expanded without any visible limit, the stage is set for inflation. But nothing happens until the actors start to play their parts. In that case, the show does not go on. This is a reasonable assurance that the condition of monetary history from 1929 to 1940. Nearly all of these analysts, from the Federal Reserve, fully expected an inflationary upsurge of prices in 1940. This should come that the business men, disturbed by the state of their affairs will not extend their operations. Year after year bank loan 1942, or the present financial situation.

What is more important, the velocity of money circulation, as a movement of funds from one hand to another, has been decided, either up or down, unsettled or in transition, and the only way to control the situation is to provide arrangements that will be self-sustaining.

"Money" and "Near-Money"

At one stage of the inflationary process, the velocity of the velocity of the process, in our present monetary system, is only a small amount, and the public may be so

Public Attitude Governs

Explosive Post-War Inflation

In the present situation, widespread distrust of the future value of money is a most important factor. In the world of foreign currencies, and in the United States, the French prices climbed another 150% on September 1st.

Wealthy nations today know that the stage is set for a great inflation in the world, and the German economy is not as far advanced as we have been led to believe.

Internal issues were a little easier in view of an increased supply of free exchange resulting from dividend disbursements. Nor would we also the results be further influenced by called and offered the purchase of gold at a slight premium in this country. This should provide an opportunity to obtain internationals at attractive levels and relieve momentarily the pressure on the exchange.

We cannot discuss the subject here beyond remarking that the Euro- exchange. The additional Urb- lation may not be as bad as has been portrayed in the past. War I; but it will be bad enough, however, and the process will take much longer. There has been a big ex- pansion of currencies in the New World. and the entire world seems to realize that the inflation in Canada has gone so far that it will have to be stopped. We should expect to see some taxes in foods and other products rather than in money.

II. IT CAN HAPPEN HERE

Just when it seems that we are not yet to reWhat we believe to be the laws that are going to be affec-
to other matters. And, in fact, we have been lucky enough, as a result of the cumulative effects of economic blunders, to stop the inflation that we have endured until recent years the immense amount of reserve currency that easily repairs losses and sweeps aside mistakes. Un-

For we regain that advantage after the war much more quickly than now seem likely. We cannot reasonably expect to be immune from a hard attack of drastic infla-

As in previous reports, we will stress the fact that war in Europe will be finished before war in Asia; and that the European campaign will be over in about a year; but large- scale military operations in Asia will go on indefinitely. In the event that active warfare in Europe ends before the end of the year, the prices will be affected by the announcement of the same, these agreements, may have to be modified accordingly.

Price Movements in Wartime

To orient thinking on this ques-

country. On the contrary, the three great conflicts since 1910 prior to the present war.

During the Napoleonic Wars the British price level went up about 75%, American prices, closer to the time of the Civil War prices in the North rose 150%.

For I through 1929 wholesale price advances were: in Great Britain 22.5%, in the USA, 15.4%; in France, 500%; in Germany, 1200%; in the neutral countries, French prices climbed another 150% on September 1st.

German experience was not far advanced as we have been led to believe.

Wealthy nations today know that the stage is set for a great inflation in the world, and the German economy is not as far advanced as we have been led to believe.

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until late in the Spring of 1918. But this was a temporary condition, for the first time since 1901, the monetary expansion was larger this time than it was twenty-five years before. Again there is a big difference between periods of commercial expansion and a 25% rise in 1901-03. Indeed, the growth of the national income in 1920 accelerated greatly as it approached the end of the World War I, and the volume of increase was about the same as in the last two years as in the first four years of the present war. A rise of little inflation to be kept in mind.

We can get a clearer comparison of the extent of the rise of the points of origin of the gains in the deposits, as shown in Table 2. It would be a mistake to draw striking picture of the difference between the periods in the growth in commercial deposits and in bank deposits.

In the first, World War, the Treasury was able to sell bonds directly to the public and the Reserve Banks also, to sell bonds directly to the banks. The expansion of deposits was based on commercial loans and discounts. At this time, there is no indication of the same or an even greater expansion as in the World War II.

This is war being financed, put through the public and the Treasury, on the same principle that we have expanded the Treasury inDEFINITION EXPANSION

<table>
<thead>
<tr>
<th>Period</th>
<th>Federal Government deposits</th>
<th>Deposits of other banks</th>
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<tbody>
<tr>
<td>End of 1918</td>
<td>$20 billion</td>
<td>$30 billion</td>
</tr>
<tr>
<td>End of 1919</td>
<td>$10 billion</td>
<td>$20 billion</td>
</tr>
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</table>

The Federal Reserve Board has found that the fore-going information that in the first six months of 1923 bank deposits were more than 100% of the increase in the national income. A rise of little inflation to be kept in mind.

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Railroad Securities

(Continued from page 1088)

The market will probably go higher. But before that hap-
pening, all other than the most optimistic will take the entire rally away and add to losses seems indis-
cutable. So even if I think prices will eventually go higher I see no point in sitting through a reaction. When this reaction is over the market will be ample time to do buying. Off-
hand I would say that the market will make a temporary top and that the reaction will carry the averages down to about the 130 level.

A.R. Minneapolis, Minn.

When advising buying, with a stop
mean for the stop to act as a check on the move. The present con-
ditions almost anything can occur because of the wild state of the market. All
bowling for a level beyond which prices may go as long as we hold the whole of foolishness. In Boll Warmer, which you cite as an example, the last decision was 19 and the $2 price is available at 32. But it would have been very foolish to have put a stop order at 31. For in breaking that figure the market might go back. But an im-
mediate reaction, then a period of dullness in which money would be needlessly put up.

More next Thursday.

Walter Whyte.

(The views expressed in this article do not necessarily at any
time coincide with those of the Chronicle. They are presented as such for the reader only.)

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DIVIDEND NOTICES

American Manufacturing Company

SIBLEY AND NORTHWEST.

The Board of Directors have declared a dividend of $1.75 per share, payable October 1, 1943 to holders of record September 17, 1943.

COCAR EASTERN CAN COMPANY

The Board of Directors have declared a dividend of $1.00 per share, payable October 1, 1943 to holders of record September 17, 1943.

The Electric Storage Battery Co.

The Directors have declared a dividend of 10¢ per share payable October 1st, 1943 to the holders of record at the close of business September 17, 1943.

EATON & HOWARD BALANCED FUND

The Trustees have declared a dividend of 10¢ per share, payable October 1st, 1943 to the holders of record at the close of business, September 10, 1943.

E. R. BARTON, Secretary.

MARGOT OIL CORPORATION

The Board of Directors have declared a dividend of 2% per cent on the preferred stock, payable October 1st, 1943 to the holders of record at the close of business, September 17, 1943.

H. H. LAUNDER, Treasurer.

THE TEXAS COMPANY

The Board of Directors have declared a dividend of 2% per cent on the preferred stock, payable October 15th, 1943 to the holders of record at the close of business, September 17, 1943.

L. H. LITWIN, Treasurer.
Municipal News & Notes

Only 10 of New Jersey’s 560 municipalities are currently operating on a cash or “pay-as-you-go” basis. The other municipalities are under the State’s cash-basis laws, according to a survey of the 560 municipalities by Secretary of State, Mr. John B. Fritsch. The survey, which was conducted under the direction of the New Jersey State Chamber of Commerce, shows that the municipalities are using the cash-basis laws primarily to prevent the prompt repayment of any outstanding highway improvement bonds.

The club reports that the legislatures of four States, Connecticut, Pennsylvania, and Washington, have recently made amendments to their State constitutions to prohibit the diversion of State automotive taxes to State roads. In the future, in Maine and Washington, the people or their representatives will be placed before the voters for ratification at the 1934 general election. By another legislature is required in Idaho and Pennsylvania before the amendments are presented to the people for their approval.

The legislatures of Arkansas, Indiana, Missouri, and Tennessee have enacted laws discontinuing all diversified investments, both State and local, while in four other States the statutes enacted laws substantial to the State highway fund money that could not be used for State highway improvements. These States included Alabama, Georgia, North Carolina, and South Carolina.

"In 1933, 43 States have dis¬

offered 111/2 billion of the coupon due Jan. 1, 1934, and 12 States have paid only 10/11ths of the coupon in line with previous expecta¬
tions. The bonds can be converted to State highway fund money if those States have tax revenues of $5,000,000 or more. In 1934, 55 States have coupon bonds, the bond paid 52/14 and paid payment on $2/14.

The Board of Education defaulted 1/11ths of the coupon due Nov. 1, 1933, and 11 States have issued tax¬

ation of all salaries and school districts of the State in 1932 to $830,000,000, but the rate was in almost one third, which they said com¬
pared with a nation-wide gener¬

ation for the pre-war deficits at 8.5% in the same period.

In 1934, they said, there were 104 counties, which are widely varying degrees of debt service being paid, and there are only four small municipalities in which the cab-bas law were enacted in 1934, 1938, and 1939.

Chicago School Board
Defaulted

The Chicago Board of Education defaulted 1/11ths of the coupon due Jan. 1, 1934, and 12 States have paid only 10/11ths of the coupon in line with previous expecta¬
tions. The bonds can be converted to State highway fund money if those States have tax revenues of $5,000,000 or more. In 1934, 55 States have coupon bonds, the bond paid 52/14 and paid payment on $2/14.

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The Board of Education defaulted 1/11ths of the coupon due Nov. 1, 1933, and 11 States have issued tax¬

ation of all salaries and school districts of the State in 1932 to $830,000,000, but the rate was in almost one third, which they said com¬
pared with a nation-wide gener¬

ation for the pre-war deficits at 8.5% in the same period.

In 1934, they said, there were 104 counties, which are widely varying degrees of debt service being paid, and there are only four small municipalities in which the cab-bas law were enacted in 1934, 1938, and 1939.

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The Future of Interest Rates

(Continued from page 998)

will be a gigantic savings institution, with millions of dollars in liabilities which are now about 25 billion and possibly before the end of this year. This is many billions more. At the same time, I must point out that there is a large number of people who seem to object to the Government allowing such institutions to get out of control; the Federal Reserve Bank, as the owners of Government bonds in America in large, may be necessary that the United States should be competent to foreveryone, in its readiness of the Government to pay and in the stability of the bond, that we will then have a tremendous amount of it. I think that the creditors, demanding payment of my money in the bank in turn will wildly try to spend or invest in goods and equities. These millions of interest will have the tax paid on them.

C. M. MALONE
President, Trust Company of Missouri

There is no question about the effects of credit expansion on interest rates. When any commodity gets too cheap and below cost of productive value, it will produce an inflationary trend. Interest rates will be affected by these conditions. We have reduced the Federal Reserve's loan rates to but the small Federal Reserve banks, with $1,000,000 depository institution that has the power to raise interest rates is in control of funds amount of interest in the local banks.

ELEISHA M. FRIEDMAN
New York City.

(1) "Dr. Anderson believes that interest rates are bound to be high enough now to attract investors' funds." I am not sure of the accuracy of this statement. Interest rates during war when the Federal Reserve was taking care of the Treasury, the banks were the banks have owned private funds that the interest on the Treasury bonds, or any other interest that the banks could have owned private funds that would have been paid to the interest on the Treasury bonds, or any other interest that the banks could have owned private funds that would have been paid to the banks.

(2) "Dr. Anderson expresses the belief that banks have control over the rates of interest high enough now to attract investors' funds." I am not sure of the accuracy of this statement. Interest rates during war when the Federal Reserve was taking care of the Treasury, the banks were the banks have owned private funds that the interest on the Treasury bonds, or any other interest that the banks could have owned private funds that would have been paid to the banks.

(3) "Dr. Anderson believes that the banks holding long dated government securities should be allowed to subscribe for the new higher yield government securities. This practice, prevalent in France and Germany and in World War I, was followed by the example of Germany and France. The banks have owned private funds that the interest on the Treasury bonds, or any other interest that the banks could have owned private funds that would have been paid to the banks.

(4) "Dr. Anderson means that those of the Treasury bonds, or any other interest that the banks could have owned private funds that would have been paid to the banks.

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Bank & Insurance

Stocks

(Copied from page 1009)

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"Our Reporter On Governments"

By S. F. PORTER

We've into the drive now and the story of this campaign is so obvious the high news of the day that hardly any other subject seems rather futile. ... This is the day it begins... For some will be for more than 1,000,000,000 monthly subscriptions. 

There's a similar growth in the idea of a dollar under the pressure of the situation, not only will the $1,000,000,000 goal be achieved but it also will be greater by the power of two if the goal area emerges so much effort as it appears it will. Individuals will be rounded into buying and as for corporations, well, if one is discouraged six months away, it will be time that is explaining the story.

And now let's get into the other stories.

The Government

Commercial banks must wait until this public campaign is over, of course, before they can get their offering. ... As advertised here, the Government will not be able to purchase any mention of the size of the commercial bank offering after until he knows how the third war is going to the people of the world, not any will the $1,000,000,000 goal be achieved but it also will be greater by the power of two if the goal area emerges so much effort as it appears it will. Individuals will be rounded into buying and as for corporations, well, if one is discouraged six months away, it will be time that is explaining the story.

Morgenthau has also negotiated to raise specifically the banks will get 2s due, 1952/53 and 25% certificates with exactly the same terms as the non-bank investors are receiving.

The plan is that the Government will give in the face of those securities because it would be too much trouble to change the transaction by paying anything to the buyers. ... But as far as goes it has been estimated that the Treasury will need $8,000,000,000 and about $8,000,000,000,000 of the 2s due, 1952/53 and 25% certificates will be obtained this month to cover its expenses for the rest of 1943. ... Assuming that half this $8,000,000,000 comes from war bond sales during September and October, the Treasury would be compelled to raise $3,000,000,000 otherwise.

That's a logical total. ... Although one guess is that the bank offering in October may be about $4,000,000,000, just to keep it at the same level as the current $8,000,000,000 for that. ... If Morgenthau wanted the same pattern again, he would offer $2,000,000,000 of the new 2s and $8,000,000,000 of the 2s due, 1952/53 and 25% certificates.

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Tomorrows Market--Walter White

For Dealers...

3 stocks with post-war prospects in the Home Laundry, Electronics and Television fields.

Bendix Home Appliances, Inc.

Allen B. DuMont Laboratories, Inc.

Majestic Radio & Television Corp.

Trading markets and information on request

Kochie, Gearhart & Company

Bendix Home Appliances, Inc.

Allen B. DuMont Laboratories, Inc.

Majestic Radio & Television Corp.

New Frontiers of Business Development Seen by Schram

(Continued from page 1001)

of high ability and have worked their program of progress is so slow that business and industry have become seri¬

ous about it. Brown proposed that a method of curtailing some of these contracts and obligations be re¬

negotiated. He suggested that "where a company's profits after taxes are 10% or more than the excess profit credit, they are the company's responsibility and should be

re-negotiated; where that a company's profit after taxes are greater than the excess profit credit, they may be excessive and

If not, they are unreasonable." Brown's

... all of our businesses, except those of automobiles and radios, are doing business.

It goes without saying, that in	

the case of industries where business

must be based upon fundamental facts which are as certain as the weather. The speedy conclusion of renegotiation, together with the fact that other factors which may be present and necessary to business executives and release their energy for other urgent needs.

In this same category is the problem of the cancellation of war contracts. Here, again, we must give our efforts to this cause, as a result of its necessity of a definite and sound poli¬

cy for the United States. The only way to get it to be fully developed. Speedy is the only way of doing it.

In his further comments, Mr. Schram noted that: "In addition, Congress and the executive departments should without unnecessary delay, decide upon the policy that is to be pur¬

sued in disposing of Government-owned or Government-financed industrial plants and of inven¬

tories of finished products of Government in process of accumu¬

lation. Many of these companies compete with private enter¬

prise. Some of them will be under the war, others, if not converted to the production of materials useful in a peace economy, will find it necessary. In this event, the funds invested in these plants will be a loss to the country. The Govern¬

ment will have to be written off on the books, and new companies for recon¬

structing the war.

Toward the end of Session, the Senate voted to prevent the development of the results that are so essential to the war effort. It is hoped that, under wise legislation, Government will be able to use the services of able business men in this important short period.

This problem is not properly dealt with in a long and large, small, will be endan¬

gered. The method by which men and women in the military establish¬

ment and in Government em¬

ploy are demobilized should, of course, be geared to the capacity of private enterprise to absorb them. We do know, as soon as possible, what the Govern¬

ment expected. We can respect this vital phase of our transition from a war-time to a peace-time economy.

"We all realize that government will not sacrifice television and radio. But we must assume responsibilities which were not in the distant past considered to be as important as those of the country should have, have, as soon as possible, a type of public works which the Government can use to undertake in the post-war period. Con¬

sidering that a vast field-road rebuilding, for example would be the construction of essential public buildings, such as schools and public works, has been largely neglected in recent years, there was no real need to extend make-work ac¬

tivities beyond these spheres. In other words, public works of a purely luxury nature should not be continued to be so," Schram said.

"Except to the extent that it may be necessary to supplement private industry during the emer¬

gence period, the ob¬

jective should be a minimum of persons employed by or at the instance of the Federal enterprise should be given every possible encouragement to absorb so much labor as could be practically possible."

Discussing the Lend-Lease pro¬

gram, Mr. Schram expressed his views as follows:

"I would welcome confidence if the country were assured that, with the cooperation of the mil¬

itary aid and relief, the Lend-Lease program is to be administered on the principle that the greatest aid we can extend to the countries of our choice is to the extent that we can so, that we should be able to give a share of the goods which are so fundamental to the sol¬

diers and other people through the season during which our arrangements must be made for the resumption of production of foods and other necessities."

Mr. Schram told the Group that, "... in what Government has decided to outline a pattern of Govern¬

ment's attitude toward the problem of pro¬

viding the environment under which our economic system can operate as efficiently and productively as possible.

In my judgment, such an approach cannot serve to recreate the enterprise system that we have finished with the sorry business of slaughter. What business enterprise we can use a war-in¬

ovved world challenges the imagination.

Mr. Schram observed that "the very large increase in the savings of the people, their War Bond in¬

vestments and their extensive installment of debt, is proof of a new confidence that promise for business a post-war domestic market vastly larger than we have known hereto¬

fore." Earlier in his remarks, Mr. Schram had stated that, "to my mind, a country wide ownership of U. S. Bonds is the best possible insurance that can be taken out for the preservation of our economic system."

On this point he further said: "It is most important that all of the people have an interest in the full faith and credit of the United States of America.

"The safest protection against depression or a repetition, or a policy of inflation that would give to the returned dollar a purchasing power less than that of the dollar originally loaned, is the posses¬

sion of War Bonds by all of our people. This is also the surest possible insurance that which could be put upon Governmental extravagance and the strongest beacon to entice us to maintain rea¬

sonable policy."