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Gwilym Price Is Westinghouse V.-P.

Election of Gwilym A. Price, of Pittsburgh, as a Vice-President of the Westinghouse Electric & Manufacturing Company, has been announced by A. W. Robertson, Chairman of Westinghouse. Mr. Price assumed his new duties yesterday at which time his resignation as President of the Peoples-Pittsburgh Trust Company became effective. At Westinghouse, his responsibilities will include settlement of war contracts.



Gwilym A. Price

L. H. Gethoefer, Chairman of the Board, stated that J. O. Miller, senior Vice-President and Chairman of the Executive Committee will serve as Acting President. Mr. Gethoefer also announced the election of Robert D. Ferguson as Vice-President in charge of trusts (Continued on page 1102)

In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri appear in this issue.

Connecticut on page 1092; Michigan, page 1091, and Missouri on page 1090.

General index on page 1108

Utilities Need Relief From Unnecessary Wartime Regulations

By LUTHER R. NASH

For nearly two years this country has been actively engaged in a global war. For a similar preceding period it was furnishing increasing quantities of war materials and supplies to countries that are now our allies. This ever expanding participation is having its effect upon all classes of people and business. It is clearly intended that the present war job shall be so well done that it will not be necessary to repeat it with increasing cost and intensity a generation hence.

Public utilities have been called upon for their full share in the war effort, including extraordinary jobs incident thereto, and have carried on willingly and successfully. But other, unusual and unrelated tasks have been superimposed which have not been cheerfully assumed, not only because they had no current significance but also because they have seriously interfered with essential war activities and problems.

It is the purpose of this paper to review some of the war obligations assumed by public utilities, with particular reference to operating electric power companies as typical of the various classes of utilities, all of which are rendering outstanding service although not all are subject to the agencies referred to herein; also to examine the difficulties under which these obligations are being met; and, finally, to consider the pressing need for relief from non-essential distractions.



Luther R. Nash

Electric power companies have a long-standing obligation to furnish service to all applicants, (Continued on page 1096)

To Keep American Tradition Alive We Must Blaze Trail For The World

We Cannot, However, Assume Sole Responsibility For Solving International Affairs, Says Justice Douglas

Declaring that "the war is more than the immediate challenge of military might which we are meeting so triumphantly," Justice William O. Douglas of the United States Supreme Court depicted it as "part of a continuing challenge to our whole way of life." "Now that our position in the world . . . is being challenged," said Justice Douglas, addressing the Commonwealth Club of San Francisco last Friday, "all Americans are considering what our policy toward the rest

of the world should be when the war is won." "Even if we wanted to," he said, "we could not assume sole responsibility for solving international problems."



William O. Douglas

"We should not forget," he stated "that every other nation knows more about its own troubles and problems than we do or ever can." Justice Douglas went on to say: "No matter how high our ideals or motives, we can hardly qualify as managers of the affairs of other nations. What may be good for them may be anathema to us or vice versa. The history, the traditions of people vary throughout the world. Each must work out its own destiny. We should let others have the same free choice which we reserve for ourselves." He added that "we must not disparage and underestimate other (Continued on page 1100)

Planned Economy And Free Enterprise

By DR. CLYDE WILLIAM PHELPS

Head of the Department of Economics, University of Chattanooga

The National Resources Planning Board is being terminated. But there still remain more than a hundred government and other

agencies busily planning the shape of our post-war economy. It begins to appear that our destiny is a planned economy of some sort, like it or not.

Even before the war, the trend toward governmental planning and directed economy had become worldwide. In the United States progress in this direction during the pre-war decade, although steady, was rather slow compared with that in many other coun-



Dr. C. Wm. Phelps

tries. A well-established free enterprise system which has operated for generations under the favorable political climate of a self-reliant democracy does not transform itself overnight into a collectivist state. It possesses a strong survival value. And its transformation into a collectivist system is much more easily accomplished by the shrewd distribution of dollars and special privileges than by the use of bullets and violence, so frequently employed abroad.

But the war has speeded up the movement, for a free enterprise system must convert itself into at least a semi-totalitarian state in order to fight successfully a powerful totalitarian country. It is no answer to say that we returned to free enterprise after the first World War. Then, (Continued on page 1094)

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Catching Up With
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Cites \$850,000 Total Earnings To Leave \$100,000 In
10 Years

Says Conant's "American Radicals" Already Are Here; Warns Underwriters of the Future
 Declaring that "there can be no denying the right to tax and to tax heavily in time of national urgency and for the purpose of raising necessary revenue," but questioning "any tax which is levied for the sole purpose of social reform or which in effect would deny to a widow the right to live in security as a direct result of her husband's personal initiative and thrift," Julian S. Myrick, 2nd Vice-President of The Mutual Life Insurance Company of New York and Board Chairman of the American College of Life Underwriters, last Thursday pointed out to 300 members and guests of the Boston Chapter of Chartered Life Underwriters that under today's income and estate tax laws a man must earn \$85,000 a year and live on \$16,300 of it in order to leave a net estate of \$100,000 for his family ten years from now.



Julian S. Myrick

"Of course, there's a war to be won, and war takes astronomical amounts of money," Mr. Myrick declared, "but the handwriting is on the wall and you had better start thinking right now about how you are going to leave a fair competence for your family—whether through stocks, bonds, real estate, life insurance, or other property—and start talking with your legislator friends about the future so that there may be no misunderstanding whatever when this war is over."

Hull Favors Organized Internat'l Co-operation
To Keep Peace—By Force, If Necessary

Secretary of State Cordell Hull, in a radio address on Sept. 12, called for an organized system of international cooperation with the maintenance of peace as its paramount objective, "based upon the willingness of the cooperating nations to use force, if necessary to keep the peace."

Speaking on "Our Foreign Policy in the Framework of Our National Interests," Mr. Hull stated that "readiness to use force, if necessary, for the maintenance of peace is indispensable if effective substitutes for war are to be found."

As to the means for restraining aggressors and nations seeking by force their own purposes, the Secretary explained that the peacefully inclined nations must be willing to accept responsibility for this task, adding, however, that the problem is being studied intensively by this and other governments.

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Harold W. Davis With
F. S. Moseley & Co.

Harold W. Davis has become associated with F. S. Moseley & Co., 14 Wall St., New York City, members of the New York Stock Exchange, in an executive capacity in the sales and underwriting department. He was formerly associated with Laird, Bissell & Meeds and prior to 1938, was a partner in the firm of Munds, Winslow & Potter. For a period of six years, Mr. Davis acted as Supervisor of Westchester County and was chairman of a special committee dealing with the finances of the county and its municipal sub-divisions.



Harold W. Davis

Goodbody's Canadian
Dept. Has Anniversary

Herb Hipkins and Jerry Burchard, Managers of the Canadian Securities Department of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange, are celebrating the first anniversary of their association with the firm and receiving congratulations from brokers and banks throughout the United States and Canada. Their department has been enlarged in personnel and facilities during the past six months, and has direct wires to Montreal and Toronto.

Gisholt Co. Interesting

Gisholt Machine Co. offers an attractive situation, according to a memorandum prepared by Herzog & Co., 170 Broadway, New York City. Copies of this interesting memorandum may be obtained upon request from Herzog & Co.

Post-War Rail Prospects

McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange, have just issued an interesting circular entitled "Railroads—Some Thoughts on Post-War Prospects." Copies of this circular may be had from the firm upon request.

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Norris E. Moore has become associated with Amott, Baker & Co., Incorporated, 150 Broadway, New York City. Mr. Norris was formerly with Cohu & Torrey. Also joining the staff of Amott, Baker & Co. are Louis E. Darling and Irving Heine.

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House Of Morgan And Morgan Stanley Not Related, SEC Decides

The community of interest which the Securities and Exchange Commission for a long time has claimed to exist between J. P. Morgan & Co., Inc., and the investment banking firm of Morgan Stanley & Co., is no longer present, the Commission has informed the bank.

On the strength of its former contention the SEC had refused to allow the bank to act as trustee for bond issues floated by the investment banking firm. Authority over such matters was held by the SEC under the Trust Indenture Act.

When the SEC first contended that a community of interest existed, the investment banking business was being conducted by Morgan Stanley & Co., Inc., which was later changed from corporate to firm status, thus eliminating any question about stock ownership. Even after this the question of a "father and son" relationship was raised. The death of J. P. Morgan, head of the bank, several months ago, is believed to have influenced the SEC in its recent declaration that the community of interest no longer exists.

Lt. Masek In R. I.
 Lt. (j. g.) Joseph E. Masek is now stationed at the U. S. Naval Air Station at Quonset Point, Rhode Island [Platoon 9, NTS (I)]. Lt. Masek was formerly with Charles E. Fuller Co. of Minneapolis.

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Tomorrow's Markets Walter Whyte Says

Current stalemate at old resistance level not a good omen. Continue advise "hands off" until market picture clears.

By WALTER WHYTE

The averages are again beginning to nibble at the 139-140 (Dow) range, but so far the small advance registered since last week has failed to awaken any enthusiasm.

Here and there isolated stocks manage to poke through fractionally to new highs but in no case do these performances carry over well enough to either attract new buyers or affect the market as a whole.

Last week and the week before this column went on record with the opinion that the Dow averages, then about 137, would crawl up to about 138 to the accompaniment of a general feeling of nascent optimism. But instead of going forward from that point, this column felt that a reversal carrying the averages down to as low as 130, would be witnessed.

In the last seven days the market has had electrifying news. Italy, the weak sister of the Axis, has given up. But following the tendency of the market never to discount the same thing twice, this news found the market disinterested. Yes, it rallied from about 136 to 138 or so, but beyond that it seemed to lose all

(Continued on page 1104)

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The Future Of Interest Rates With Special Reference To The Treasury's Borrowing Policy

In his article which appeared in the "Chronicle" of Aug. 26, captioned as above, Benjamin M. Anderson, Ph.D., Professor of Economics at the University of California and former economist of the Chase National Bank of the City of New York, presented an extremely profound analysis of the probable future trend of interest rates. The author, who is recognized as a leading international authority on fiscal and monetary matters, discussed this important subject objectively and in light of the fundamental factors which inevitably must govern the movement of interest rates.

Since publication of the article, a large number of comments have been received regarding the views and conclusions drawn by this eminent authority on the subject. Some of the letters were given in these columns on Sept. 2 and Sept. 9; more are given below and others that cannot be accommodated in this issue will appear in subsequent issues.

JOHN J. ROWE,
 President, The Fifth Third Union Trust Co., Cincinnati
 Dr. Anderson's article on "The Future of Interest Rates" is, in my opinion, one of the most im-

portant discussions on the subject which it has been my privilege to read and study. Readers of it may not agree with every paragraph, but the essay stimulates the study of the subject. It is worth reading and rereading many times, and should be studied by all bank officers, all aspirants to the large bank officer family, and corporation officers interested in (Continued on page 1098)



John J. Rowe

Sakolski Says International Monetary Stabilization Can Be Obtained In Only Two Ways

Editor,
 The Commercial and Financial Chronicle:
 I wish to compliment you on your editorial in the August 26th issue regarding the Treasury's international monetary stabilization plan. Absolute or even moderate international monetary stabilization can be obtained only in two ways, viz. (1) universal gold (or other metallic standard accompanied by a free and uninterrupted gold market and entire absence of restrictions on international exchange operations or (2) An international bank of rediscount having the exclusive right to create and control currency notes issues in all the leading countries. The latter plan would be similar to our own Federal Reserve System, but it would have to go one step further. It would place severe restrictions on the local or national central banks within its jurisdiction against unauthorized financial dealings with their respective governments. The chief source or cause of international monetary instabilization has been the use of central banks by national governments as a means of obtaining currency to meet revenue deficits. Unlike other causes of instability and disequilibrium, this cause is not remedied by economic readjustments. There is no remedy for it but devaluation or repudiation.

A. M. SAKOLSKI,
 The City College,
 New York City.
 September 2, 1943.

Interesting Situations
 Federal Water, Farnsworth Television, and Wickwire Spencer Steel offer interesting situations at current levels according to bulletins prepared by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting circulars may be had from the firm upon request.

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Real Estate Securities

PRUDENCE-BONDS CORPORATION

Calls For Tenders Of Various Series Bonds

In the latter part of August and the first two weeks in September, Prudence-Bonds Corporation sent notices to bondholders of different Series Issues stating the amount of the "Available Fund" to be used as a sinking fund for the purchase and retirement of bonds. The amount of the Available Funds are listed as follows:

Third Series	\$216,376.42
Eighth Series	149,464.59
Ninth Series	177,773.27
Twelfth Series	130,237.63
Fourteenth Series	159,714.39
Sixteenth Series	157,821.41

a total of \$991,387.71 (nearly a million dollars) applicable to these six series.

Third Series	\$490.00 per present face amount of \$1,000
Eighth Series	550.00 per present face amount of 1,000
Ninth Series	490.00 per present face amount of 900
Twelfth Series	630.00 per present face amount of 960
Fourteenth Series	440.00 per present face amount of 1,000
Sixteenth Series	500.00 per present face amount of 980

In the letters asking for tenders, the bondholders have been advised that appraisals have been made by independent appraisers as to the present estimated liquidating value of the collateral

Third Series	\$490 per \$1,000
Eighth Series	550 per 1,000
Ninth Series	490 per 900
Twelfth Series	630 per 960
Fourteenth Series	440 per 1,000
Sixteenth Series	500 per 980

In every case the present day Liquidating Value Estimate is considerably more than the maximum acceptable tender price which is a few points above the current market bids. It would seem conclusive that at present levels these issues are underpriced, and that the continued improvement in general real estate conditions must have the effect of increasing future Liquidating Value Estimates.

Another factor that must not be lost sight of, taking the Third Series as an example, is that the \$216,000 Available Fund will at approximately 50 cents on the dollar retire \$432,000 bonds of the \$3,275,000 publicly held bonds and considerably increase the "Liquidating Value Estimate" per remaining outstanding bond. The estimated value of the collateral today is about \$2,273,400 applicable to \$3,275,800 bonds but if issue is reduced \$432,000 to \$2,843,800, the ratio changes to nearly

Some of the issues have been reduced by previous prorata distributions. The Board of Directors have set maximum acceptable prices as follows:

Third Series	\$694.00 per \$1,000
Eighth Series	748.00 per 1,000
Ninth Series	665.00 per 900
Twelfth Series	779.00 per 960
Fourteenth Series	537.00 per 1,000
Sixteenth Series	638.00 per 980

securing each Series of Bonds. We believe it is interesting to note the liquidating percentage estimate and its relation to the maximum acceptable tender price.

Third Series	\$490 per \$1,000	\$694.00 per \$1,000
Eighth Series	550 per 1,000	748.00 per 1,000
Ninth Series	490 per 900	665.00 per 900
Twelfth Series	630 per 960	779.00 per 960
Fourteenth Series	440 per 1,000	537.00 per 1,000
Sixteenth Series	500 per 980	638.00 per 980

\$800 per \$1,000 bond which remains outstanding.

Real Estate securities of this type offer good yields and are worthy of consideration for those investors who desire diversification of collateral and future appreciation possibilities.



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**Advocates Cessation Of Subsidies To Federal
Lending Agencies Competing With Banks**

There is just one thing that the powers-that-be in Washington could do that would go a long way toward helping to rectify many things. This is to cease subsidizing Federal lending agencies operating in competition with private financial institutions.

The doing of this would save the Government an enormous amount of present unnecessary expense. It would relieve the Treasury Department of doing an enormous

amount of financing; it would give the country banks of this country, some 15,000 strong, an opportunity to live and continue commercial banking business without finding it absolutely necessary to install systems of pernicious service and exchange charges; it would encourage the country banks to become members of the Federal Reserve System and thereby strengthen the whole financial setup of the country; it would better enable them to finance expenditures of the Government, and last but not least, save the

Federal Deposit Insurance Corporation an enormous headache that is coming to them unless something is done to protect the small banks of the country now insured by the Deposit Corporation.

This is a big order in a few lines but a thorough investigation would verify the facts.

H. LANE YOUNG,
President, the Citizens
and Southern National
Bank, Atlanta, Ga.

September 2, 1943.

AMERICAN TURF ASSOCIATION

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Denver & Rio Grande R. R. Co.

Holders of bonds of the above are urged to send their names and addresses, together with amounts and issues held to the undersigned. This information is desired for compilation of list of bondholders requested by I.C.C. in connection with the proposed reorganization plan.

Wilson McCarthy and Henry Swan, Trustees,

The Denver & Rio Grande Western Railroad Co.

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**OUR
REPORTER'S
REPORT**

With institutional funds very largely "earmarked" for investment in the Treasury's huge Third War Loan Drive, for the next fortnight at least, the corporate bond market is standing up in a manner which affords considerable satisfaction to banking interests.

As a measure of the extent to which insurance company and savings bank funds are being, or have been, set aside to assist in putting the Treasury's \$15,000,000,000 call across, one need only cite the performance of savings banks in New York State.

This group of banks, naturally the largest and most numerous of any savings institutions in the country, are pledged to absorb no less than \$600,000,000 of the new war bonds in the current campaign. Normally at least a sizable portion of the foregoing total would be seeking investment through ordinary channels.

When it is considered that the participation of insurance companies assumes even larger proportions, there is no difficulty in understanding why investment bankers shake their heads when somebody raises the question of corporate financing these days, and reply invariably:

"Why talk about that. We've all got a real job to do for the next few weeks. When that task is completed, then we'll see what the corporate market looks like and go back to the regular grind."

Recent Issues Mixed

With the seasoned market more than holding its own in the current hiatus, most of the issues brought to market in the last month or six weeks have been doing as well as might be expected.

There are still some Northern Indiana Public Service 3 1/8s to be had around, but the supply is not in sufficient volume to disturb the market.

Pennsylvania Electric's 30-year 3 1/8s are still to be had, dealers report, but only in dribs and drabs.

(Continued on page 1091)

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RAILROAD
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**Donald N. Gilbert & Co.
Opens Branch In N. Y. C.**

Donald N. Gilbert & Co., State Tower Building, Syracuse, N. Y., have opened a branch office in New York City at 435 East 52nd Street.

The firm also announces that Mrs. Alice F. Gilbert is now a partner and that it is now registered with the Securities and Exchange Commission as an investment adviser.

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Can Railroad Credit Be Re-Established?

The following conclusions regarding the ability of the railroads to re-establish their credit are reproduced from a study by Pierre R. Bretey of the Research Staff of Goodbody & Co., 115 Broadway, New York City:

We do not subscribe to the defeatist point of view which holds that at least a 40 to 50% decline in railroad earnings is inevitable, that the market will appraise railroad credit in the post-war era lower than in the period, 1938-40, or, stated in another way, that the railroads creditwise are virtually doomed to their former low estate. We of course concede there are adverse factors in the railroad set-up which no investor—whether individual or institutional—can ignore. Yet, as we have tried to point out, such factors are more than offset by numerous constructive factors, such as:

- (a) Improved competitive status of the railroad industry;
- (b) Improved operating efficiency of the railroads;
- (c) Post-war traffic outlook not too dismal.

It may be of interest to investors at this juncture to supplement our own ideas on the post-war outlook with those of several admitted authorities. Mr. P. Harvey Middleton, Executive Vice-President of the Railway Business Association, in his recent monograph, "Transportation," points out that traffic volume (freight ton miles particularly) has paralleled our national income from 1939 to 1943. Whereas our national income has risen from \$70.8 billion in 1939 to \$119.7 billion in 1942, and \$140.0 billion estimated in 1943, freight ton miles by all forms of transportation rose from 540 billion to 942 billion, and 1,050 billion estimated for the same period and years, respectively.

Additionally Mr. Middleton suggests that our armed forces will be distributed all over the world and a substantial proportion of such forces is likely to be retained in these areas to enforce peace. These soldiers will need a sizable amount of transportation facilities where-

with to provide them with essential material. The above needs added to population increase, potential development of new industries (mass housing, etc.) the return of 30 to 40 million acres to cultivation, the rebuilding of our civilian production and the filling of the voids created by the war, suggest that the general decline in traffic volume may well be gradual. Mr. Middleton also believes once we have returned to a normal peacetime business year, future railroad freight volume may well parallel the rise and fall of our national income.

Another leading transportation authority recently consulted, expects railroad traffic, for a period of at least four or five years following the war, to equal if not slightly exceed, levels of 1941.

Broadly speaking, it would appear that if the war should last long enough, most of the borderline roads will have accumulated sufficient cash to reestablish their credit. Even in the event of a short war, many roads have already accumulated sufficient cash to justify the hope that their credit can be restored. Additionally, it is our judgment that the post-war outlook is such that railroad earnings will be greater than generally believed. In fact, we think that peacetime earnings will be sufficiently large to permit of some continued progress in debt reduction, although of necessity at a less rapid rate.

The study itself, which is available to customers without charge but at a cost of \$5 to others, contains four tables with financial statistics intended, Goodbody & Co. says, to "indicate to the in-

(Continued on page 1092)

Denver & Rio Grande

Cons. 4s, 1936

Circular on request

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Members New York Stock Exchange

61 Broadway New York 6
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Railroad Securities

The normal fall parade of interest payments has begun to get under way—at least the court requests have started in some instances and in other instances trustees of bondholders' groups have announced their intention of petitioning the courts in the immediate future. Based on the continuing high level of earnings and the unprecedented accumulation of cash, hopes are high for even more liberal disbursements than have been made in the past. Moreover, in many instances the reorganization railroads have arrived, or shortly will arrive, at the point where accumulations on senior bonds have been paid up in full so that holders of intermediate liens may be facing a period of more active direct participation in war earnings. In this connection it is being pointed out that a large proportion of the reorganization mileage is located in the western part of the country where continuing traffic and earnings benefits will be derived from the intensification of the Pacific war even if the recent optimism towards the duration of the European war proves justified.

The most recent road to join the ranks of probable fall interest payers was the St. Louis Southwestern, with a petition filed in the District Court late last week by the trustee asking permission to distribute a total of \$4,400,637 to bondholders as back interest. The company's earnings in recent months have been running somewhat below the levels of a year ago due to the heavy tax burden but the cumulative total of net for the seven months through July was still well above 1942 results. Moreover, the full year is expected to show at least some improvement over the excellent results of last year when old fixed charges were earned 2.88 times. With this background, and in view of the fact that the treasury position is materially stronger than it was a year ago, there appears to be little question but that the court will approve the requested distribution. Cash items as of the end of June amounted to 25,786,139 and net working capital of \$10,426,413 was almost double the figure of June 30, 1942.

The payments contemplated will pay off all arrears on the 2nd 4s, 1939 through July 1, 1943 and from here on these bonds will presumably be current as to interest. The First Mortgage bonds have been current throughout the reorganization. The payment will amount to \$140 per bond. Payments on the Terminal & Unifying 5s will amount to \$125 per bond, bringing them up to date through July 1, 1939. Unpaid accumulations to July 1, 1943 will then be reduced to \$400. The most junior mortgage issue, the General & Re-

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at substantial concessions below prevailing levels for coupon bonds of same issues.

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funding 5s, will receive \$75 per bond, leaving them with accumulations to July 1, 1943 of \$600. Continuing delays in reorganization (the plan is now before the District Court with extended litigation expected even if the court approves it this fall) might well result in final elimination of all interest accruals on the Terminal & Unifying 5s. Including pledged bonds these accruals now amount to \$8,638,400. Additional accruals on the Generals aggregate \$18,321,300 and most of this will obviously have to be satisfied in new securities in eventual reorganization.

Announcement of the request for interest payments stimulated renewed interest in the various Cotton Belt bond issues and fairly sharp price gains were registered. Despite these recent advances in a generally desultory railroad bond market, railroad bond men still consider the bonds attractive—the Second Mortgage 4s on an investment basis and the Terminal & Unifying 5s and General 5s for



International Hydro Electric
6s, 1944

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St. Louis, San Francisco Railroad

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Raymond & Co.

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Tel. CAP. 0425 : : Teletype BS 259
N. Y. Telephone HAnover 2-7914

speculative purposes. Cotton Belt is the only reorganization in which the Commission did not consider it necessary as a protection for the future to put the new Second Mortgage 4s on an income basis—interest is fixed. The entire claim of the old Second 4s will be met in this new mortgage. The plan contemplates giving the Terminal 5s \$467 in the new Second 4s but this will probably be increased through reallocation of new securities no longer needed to satisfy the claim of the old Second 4s for interest. The balance of the Terminal claim will be met in preferred stock. The \$182 of new Second 4s originally allocated to the General 5s will also probably be increased moderately. The Generals are also scheduled to receive \$302 in new preferred and \$433 in new common, with the further likelihood that the preferred stock allocation will be increased due to reduction in interest claims of the senior bonds.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway (4½s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

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Teletype—SL 486 L. D. 240

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Debenture 3s 1954

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Class A Common

Kansas City Public Service

Preferred & Common

Portland Electric Power

6s 1950

Consolidated Dearborn

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John Nordman Forming
Own Investment Firm

ST. LOUIS, MO. — John Nordman, Assistant Vice-President in charge of Real Estate Mortgage Loans of the St. Louis Union Trust Company, has resigned effective September 15, and will form his own investment company under the name of John Nordman & Company, to deal in general market securities.

Mr. Nordman was with the First National Company, former security affiliate of the First National Bank in St. Louis, from 1919 to 1928, during the latter years of which he held the position of assistant municipal buyer. He joined the St. Louis Union Trust Company in 1928 and was in charge of

Missouri Brevities

THIRD WAR LOAN DRIVE

Personnel of Kansas City and St. Louis investment firms are devoting most of their time these days to the Third War Loan Drive. In St. Louis a luncheon held at the Hotel Jefferson, September 9th, formally launched the program. Great effort is being put forth to make the Drive a success in the shortest possible time. Missouri will "BACK THE ATTACK!"

War Time Prosperity Cuts Debts
of St. Louis and Kansas City
Traction Companies

Total funded debt of the St. Louis Public Service Company as of July 31, 1943, was \$21,448,312, compared with \$28,841,164 a year earlier, a net reduction of \$7,392,852 or 25.6%. Present outstanding debt consists of \$11,185,800 First Mortgage 5s, due January 1, 1959, selling around 98, compared with 89 a year ago; \$6,368,552 Convertible Income bonds, due January 1, 1964, selling at 66, compared with 52, and \$3,893,960 Collateral Trust Notes, due March 1, 1964, held privately. The class A stock, which is paying dividends of \$1 per annum, is selling at 10, compared with a price of 7½ a year ago.

Kansas City Public Service Co. has reduced its funded debt from \$4,788,331 to \$2,682,824, a net reduction of \$2,105,507, or more than 43% in eight months. A dealer active in trading the company's securities points out that a continuation of this rate would completely extinguish company's remaining funded debt within ten months. Securities of the company have advanced sharply during the past year. The First 4s 1957 are 92-95 compared with 61-63 a year ago; the preferred stock is quoted 32-36 versus 9-10; and the common is 5-6 compared with a price of 75c.

Mr. W. Pelham H. Turner has been appointed manager of the New Business Department of the Lindell Trust Co. of St. Louis. Mr. Turner is well known in investment and banking circles, having been engaged in the investment business for many years, most recently as a partner of the former firm of Pierce, Turner & Co. of St. Louis. He has resigned from the Salvage Section of the War Production Board to accept this new position.

Edw. Bakewell Now
With Stix & Company

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Edward Bakewell has become associated with Stix & Co., 509 Olive Street, members of the St. Louis Stock Exchange. Mr. Bakewell was previously with Albert Theis and Sons for a number of years and prior thereto was a partner in Moore, Dail and Bakewell.

municipals in the investment department.

It is understood that an application for registration as a securities dealer has been filed with the Securities and Exchange Commission as well as application for membership in the National Association of Securities Dealers, Inc. It is further understood that the Milwaukee Company of Milwaukee, Wisconsin, will be the new firm's correspondent.

Missouri Republicans
Ask Willkie For Views
On Post-War Problems

The Missouri Republican State Committee has written to Wendell L. Willkie, 1940 Presidential candidate, requesting that he set forth his specific views on post-war problems. Mr. Willkie is reported as promising to discuss the questions "off the record" some time this month in St. Louis.

Associated Press advices Sept. 11 reported the following in the matter:

"The letter recalled that the Missouri delegation gave Mr. Willkie a large vote for nomination at the 1940 convention and declared, 'We are not unfriendly now.'"

"We are unanimously of the opinion that in the post-war world America should seek whatever arrangement of world affairs are in the best interests of America," the letter said.

"We seek enlightenment on method. We should like to have your considered views about this world when it is again at rest."

The questions:

The letter recalled that the United States should become a member of a world supranational state? Would it place United States armed forces under control of the world state?

2. If you favor a world state, what would you do about nations that refuse to come in? Would you force them in by military means?

3. Do you believe in absolute freedom of international trade without restrictions to protect American standards of living?

4. Do you believe a world monetary system should be established, and if so, what relationship would it have to the American dollar?

5. Do you believe in the free and unrestricted movement of people? If so, how do you propose to prevent peoples from Asia... overrunning the United States?

6. Do you believe that it is desirable for America to permit flooding our country with alien individuals and alien ideas?

7. In what other respect do you envision the political and economic organization of "One World"?

8. Newspapers report you to have said that if the Republicans adopt a liberal platform they can win. What do you mean by a "liberal platform"? Be specific, please.

9. If you are not the Presidential nominee of the Republican Party in 1944, will you actively support the nominee chosen by the Republican Convention?

The Associated Press further reported: Grover Dalton, Chairman of the State Committee, said Mr. Willkie promised in a telephone conversa-

Comments On Inflation
Article By Wright

Walter G. Benz of St. Paul, Minn., in a recent letter commented as follows regarding Dr. Ivan Wright's article, "Managing a Business for Stockholders Through the Vicissitudes of Inflation," which appeared in the "Chronicle" of July 8:

Below the close of Dr. Wright's article, it states the Chronicle invites comments on Dr. Wright's views, accordingly:

I have read this article but I have not studied it. Dr. Wright puts a lot of questions and, of course, if a person took his article seriously this person might be beset with a lot of fears.

My comment on the article is that Dr. Wright might better give individual suggestions and state why he gives these suggestions, and how to guard against inflation or how to guard against deflation, if he thinks that is coming.

Hedging by anyone in any commodity is dangerous and absolutely devastating unless the party who hedges thoroughly understands dealing in this commodity and also the dangers of any hedging, if he is dealing in this commodity.

I can't say that this article is anything outstanding but rather disturbing, in case a reader is inclined that way.

(Editor's Note—Dr. Wright warned of the prospects of deflation in a further study, titled "When Inflation Comes, Deflation Cannot Be Far Behind," which was published in the "Chronicle" of July 22.)

NY Customers Brokers
Elect Davidson Pres.

The Association of Customers Brokers at its annual election meeting chose the following officers for 1943-1944:

President—Robert J. Davidson, Fahnstock & Co.

Vice-President—Richard G. Horn, Peter P. McDermott & Co.
Treasurer—Donald C. Blancke, Eastman, Dillon & Co.

Secretary—Archie F. Harris, Merrill Lynch, Pierce, Fenner & Beane.

Executive Committee—Armand F. Fontaine, Merrill Lynch, Pierce, Fenner & Beane, the retiring President; William McK. Barker, Stillman, Maynard & Co.; Maurice Glinert, Hirsch, Lillienthal & Co.; Andrew W. Shuman, Delafield & Delafield; Jon Ralph Watson, Dobbs & Co.; Ralph A. Rotnem, Harris, Upham & Co., and Allen B. Kendrick, Burton, Cluett & Dana.

The slate presented by the Association's nominating committee was voted into office without opposition.

years of service have become officers of the company, the present set-up being as follows: Edward J. Costigan, Jr., Roy A. Dickie and Oliver F. Cuddy, Vice-Presidents; John M. Max, Treasurer; Max M. Mason, Secretary; Oliver A. Laun, Auditor.

Edward J. Costigan, Sr., former President of the company, died in April, 1943.

Edward D. Jones & Co., established in 1922, is a partnership, composed of Edward D. Jones, senior partner; Edwin S. Elder, William L. Reiman and Ralph C. Deppe. The firm is a member of the New York, Chicago and St. Louis Stock Exchanges and associate member of the New York Curb. Edward J. Costigan, Jr. will become a junior partner in the new firm to be known as Jones, Whitaker & Co., and employees of both predecessor companies are to be retained. The firm will probably occupy Whitaker & Co.'s offices at 300 No. Fourth St. Edward D. Jones & Co. has been located at 705 Olive St.

tion to meet the group in St. Louis some time in September to answer the nine questions and any others on international or domestic issues.

Mr. Willkie, on Sept. 13, stated that he did not say to the St. Louis "Post-Dispatch" "they aren't going to put Willkie on the spot," according to an Associated Press dispatch from St. Louis on Sept. 13, and he declared that what he did say was:

"If I decide to seek the nomination for the Presidency I will, of course, discuss all such questions and many others publicly. I certainly, however, do not wish to spend all my time answering questionnaires.

"Even I ought to have the privilege of selecting the time and place of my own public discussions. To discuss fully the questions submitted in the questionnaire I would have to write another book."

Edw. D. Jones Co. And
Whitaker Co. To Merge

ST. LOUIS, MO.—Subject to ratification by the New York Stock Exchange, the St. Louis investment firms of Whitaker & Co. and Edward D. Jones & Co. will merge as of September 23rd, according to plans which became known last week. Officials of the companies would not comment on the program pending action by the New York Stock Exchange.

Whitaker & Company and its predecessors have been engaged in the investment banking business in St. Louis since 1871, the present title having been adopted in 1902. The original firm was founded by Gen. Albert Gallatin Edwards and Leonard Matthews under the name of Edwards and Matthews Company. General Edwards was then Sub-Treasurer of the United States at St. Louis. About 1872 Leonard Matthews was appointed fiscal agent for the United States Government to sell its 5% bonds and in the following year the firm became the fiscal agency for the State of Arkansas.

Edwards & Whitaker joined the firm shortly after it began business and upon the retirement of Gen. Edwards in 1874, a new partnership was formed under the name of Matthews & Whitaker, which continued until 1888 when Leonard Matthews retired and a new partnership under the name of Whitaker & Hodgman succeeded to the business. Upon the death of Hodgman in 1902, a new partnership was created under the name of Whitaker and Company, the partners being Edwards Whitaker and H. Blakesly Collins. Edward J. Costigan was admitted to the partnership in 1906. In 1918 Edward G. Stockton and Charles L. Kraft became partners in the firm, followed in 1921 by the admission of Chas. Scudder. In 1929 the business was incorporated under the same name and since then several employees with many

A. W. Taylor, Retiring Dean of NYU, Urges Creation Of Board Of Economic Strategy

Dean A. Wellington Taylor, a pioneer in the field of education for business who has been head of the New York University Graduate School of Business Administration since its establishment 23 years ago, has been granted a year's leave of absence effective immediately, it was announced on Sept. 13 by Chancellor Harry Woodburn Chase. Dean Taylor will retire in September, 1944.

In his annual report to Chancellor Chase, made public on Sept. 13, Dean Taylor urged the creation in this country of a board of economic strategy to consider immediate post-war and peace-time economic problems. "At this stage of the world's affairs," Dean Taylor wrote, "I am convinced that there is a need for a board of economic strategy as great as that for a board of military strategy, for in the not distant future the emphasis on military problems will be shifted to problems in the realm of economics." He went on to say:



A. W. Taylor

"Such a board would rarely be in complete agreement and it is well that it should be so. It would be unfortunate if such a board were composed of persons holding a common economic faith. On the other hand, if honest experts can not reach a working agreement, how can one expect those less well trained to do so. The Supreme Court often divides in its opinion on legal questions and indicates its reasons in majority and minority reports. Some such procedure would appear workable in considering economic problems, not only those that will follow the war immediately, but those of more normal peace times."

Urging a "closer integration of the broad social economic consideration and the interests of the business man," Dean Taylor added that "at present, I am persuaded that the future of American business, as we know it, depends less upon new and better products than upon changed and changing conditions affecting the relation of private enterprise to society within which it operates." He further said:

"Society needs business organizations to implement its economic life, but there is a growing feeling that much of this need can be filled better by Government. Unfortunately, it is commonly held that all activity carried on by the Government is unselfish and for the common good. Experience does not bear out this thesis."

"The activities of Government are administered by human beings just as private activities are, and the attributes of self-interest are present in both cases. Recent efforts by Government to control economic life in a period of war shows how difficult it is to please everyone, and political preference depends in a very large measure upon a pleased electorate."

"Full employment as an end in itself can be effected by Government, but full employment is not the desired end. It is the product of full employment available to satisfy human wants and for which persons are willing to pay a price or render a service that matters. This thing the Government cannot do without regimenting our economy in such a way and to such a degree as to seriously encroach on our traditional idea of freedom."

"It is little short of tragic that the natural desire to be free from want and free from fear should

be played upon by people, not necessarily dishonest, but more likely misinformed. To make the assumption, however correct, that the productive capacity of a nation or the world is sufficient to remove want, that in itself doesn't do it. We learned early in the war that a Congressional appropriation of billions of dollars doesn't in itself create airplanes. Airplanes are produced by endless hours of human endeavor and after much planning.

"It is not a difficult task for a high government official full of good will to promise that out of the abundance of resources the fear of want can and will be removed. It is another thing to bring it to pass. Even an elementary knowledge of the intricate processes known as business by which wants are satisfied would cause one to hesitate before making such sweeping promises."

Dean Taylor added that "in the realm of economic thinking it is well to have all shades of thought but it is not wise to rely on the opinion of any single cult."

"Too often in business, as well as government, economists are chosen because they agree with the policies in effect and thereby give them the sanction of scientific, impartial approval," he said. "Truth is not advanced by such procedures. In the social sciences, truth is an elusive factor and should be pursued in all directions but it should be pursued with relentless energy and all the combined wisdom available."

Our Reporter's Report

(Continued from page 1088)

Iowa Power Company's thirty-year 3 1/4s have cleaned up nicely and in free trading are quoted 108 1/2 bid 108 3/4 offered.

Meanwhile United Drug Company's fifteen-year 3 1/4s, which slipped for a spell after the syndicate wound up, have recovered substantially.

Two Rail Issues Sanctioned

Two railroad issues, one an equipment trust obligation and the other a small issue of mortgage bonds, have been given the all clear signal by the Interstate Commerce Commission.

Pennsylvania Railroad has been authorized to issue \$5,790,000 of equipments on the provision that it reduce its funded debt by an equivalent amount within the next 12 months.

At the same time the Commission, early this week, sanctioned the New York & Harlem Railroad's proposed issue of \$7,820,000 of 4% mortgage bonds. This issue, however is not destined for public offering.

It will be taken by New York Central, which will proceed to offer them to stockholders of the issuer in exchange for their stock.

Trading In Italian Bonds

Expectations of some with regard to resumption of trading in Italian dollar bonds in this market appears to have been a little premature.

With the fall of Italy, some of the more optimistic leaned to the view that little time would be lost in reviving dealings in such obligations, which have been in suspense since December, 1941.

But while efforts are afoot to reopen the market in such issues, it now looks as though some time

Michigan Brevities

Number One topic of conversation in Detroit, and for that matter Michigan, is the grand jury investigation into alleged bribery of the Michigan Legislature.

That it involves the so-called anti-branch banking bill makes it doubly interesting in the financial district and the climax came when the first warrant issued named a banker.

Attorney General Herbert Ruston issued a felony warrant for Francis P. Slattery, Vice-President of the Michigan National Bank, and charged that Slattery offered State Rep. George Higgins of Ferndale a "handful of \$50 bills" to vote against the bill.

Slattery denied the charges. One interesting phase of the entire anti-branch banking bill is that even bankers dubbed it an "anti-chain bank bill."

Whether this was because the bankers didn't recognize the difference between chain and branch banking or because they wished to smear branch banking with the brush of ill-repute which dates back to the collapse of Detroit's two big chains, is unknown. However, the fact remains, that's what they called it.

Actually the bill was aimed at the Michigan National Bank, which operates branches in many leading Michigan cities.

And the grand jury investigation comes at a time when that bank was reportedly preparing to enter the Detroit banking picture. Whether it will continue to expand in the face of the bad publicity remains to be seen.

Expensive and exclusive, the Lee Plaza, one of Detroit's finest apartment hotels, was sold for \$475,585 on petition of James I. D. Straus, trustee for the bondholders.

Partial payment was made in bonds of the original issue of \$1,150,000 and the buyer, Charles H. Owen of Detroit, received credit for \$426 on each \$1,000 bond, the price that all bondholders will eventually receive.

President Joseph M. Dodge of The Detroit Bank has been named Chairman of the War Department's Price Adjustment Board.

He took the job on the condition that he would be given time off to attend the meetings of his bank and of the Packard Motor Car Co., of which he is a director. In addition he will continue as President of the bank, acting in a supervisory capacity.

In addition to the new post, he becomes Director of a new Renegotiation Division.

Chicago Brokers Ass'n Held Annual Meeting

CHICAGO, ILL. — The Stock Brokers Associates of Chicago held their annual dinner meeting at the Adventurers Club, 14 North Michigan Avenue, on September 9th.

The meeting was well attended. Richard Blood of Paine, Webber, Jackson & Curtis; Victor H. Vanek of Jos. R. Patton and Co., President and Vice-President, respectively, presided at the meeting.

Benjamin Regan, formerly of Hornblower & Weeks, now Assistant General Manager of Capteen Food Service, was the principal speaker and John J. O'Brien III, first President of the organization, also made a speech.

Pittsburgh Rys. Attractive

T. J. Feibleman & Co., 41 Broad St., New York City, have prepared an analysis of Pittsburgh Railways System, with particular reference to certain underlying bonds. Copies of this interesting analysis may be had upon request from T. J. Feibleman & Co.

may elapse before speculators get a chance to see prices quoted on the board.

The brokerage industry is suffering from the usual summer "dog days" and on the local exchange only 95,030 listed shares were traded in August as against 187,755 in the previous month. In the unlisted department 35,286 shares changed hands as against 55,100 a month previous, so that the total was only slightly better than half of the July level.

Cyrus King, resident partner of Merrill Lynch, Pierce, Fenner and Beane, became a member of the Detroit Stock Exchange and the firm of Shader, Winckler Co. celebrated its 22nd anniversary with an employees' party—the average service record of its customers' men being 21 years.

V loans—completed and under negotiation—were a subject of conversation here also.

The F. L. Jacobs Co., manufacturers of aircraft parts and equipment, negotiated a \$5,000,000 loan from the National Bank of Detroit—80% guaranteed—consisting of 90-day notes, maturity date, Oct. 31, 1944.

And Nash-Kelvinator Corp. is reportedly readying an announcement of a \$75,000,000 V loan, negotiated with a group of more than 20 banks headed by Chase National of New York.

Personalities: Gray H. Bernard, former manager of the flying boat division of Nash Kelvinator, and one-time G. M. official, has been named Works Manager of the Eureka Vacuum Cleaner Co. . . . William B. Crawford, President of the Atlas Foundry Co., will address the Gray Iron Founders Society Convention at Cincinnati on Oct. 5-6. His subject: "Price Making and Price Policy." . . . Dr. Fred T. Murphy, head of the Murphy Estate, and William Cornelius, President of the Parker Rust Proof Co., were elected to the board of the Detroit Trust Co. . . . Robert T. Keller, 32-year-old son of President K. T. Keller, was named Works Manager of the Chrysler Tank Arsenal.

Ruddick To Manage Lazard Freres Dept.

Girard B. Ruddick, who has been associated with Smith, Barney & Co. since its formation in 1938, has joined Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, as Manager of their Underwriting Department. Mr. Ruddick has been actively identified with the investment banking business since 1929 when he joined the staff of The Guaranty Company of New York, the business which was subsequently merged with Edward B. Smith & Co. and later became Smith, Barney & Co. He has specialized in underwriting work covering public utility and other corporate issues, and for the last five years has been in charge of the Public Utility Underwriting Department of Smith, Barney & Co.

Johnson With Goodbody

William F. Johnson has joined the retail sales organization of Goodbody & Co., members of the New York Stock Exchange and other leading exchanges, in their main office, 115 Broadway, New York City.

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P. C. Kimball With Sills, Troxell Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — Paul C. Kimball has become associated with Sills, Troxell & Minton, Inc., whose main office is located at 209 South La Salle Street, Chicago. Mr. Kimball was previously Manager of the Syndicate Department for Van Grant & Co.

Customers' Brokers' Meetings To Discuss Market Outlook

Ralph A. Rotnem, Chairman of the Educational Committee of the Association of Customers' Brokers, announces a series of three educational meetings to be held by the Association as follows:

Sept. 22: "Is the Market Going Up or Down?" Opinions will be given by the following market analysts: W. F. Edwards, Naess & Cummings; Lucien O. Hooper, W. E. Hutton & Co.; James Hughes, Smith, Barney & Co., and Thomas W. Phelps, Francis I. duPont & Co.

Oct. 6: "What About Railroad Securities Now?"—Patrick McGinnis, Pflugfelder, Bampton & Rust.

Oct. 19: "Which Industries and Stocks Have the Best Post-War Outlook?"—a discussion by the staff of Argus Research Corp., under the leadership of Harold B. Dorsey.

Meetings will be held at 3:45 p. m. in the Governors Room of the New York Stock Exchange, Sixth Floor, 11 Wall St., New York City.

Now McKinney-Ohmart Co.

WICHITA, KANS. — The firm name of Branch-McKinney Co., Inc., Brown Building, has been changed to McKinney-Ohmart Company, Inc.

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Connecticut Brevities

Taking advantage of the high premiums offered, the State of Connecticut recently sold all the Connecticut municipal bonds held in four of its funds—the State Teachers' Annuity Fund, the Soldiers', Sailors, and Marines' Fund, the State Teachers' Pension Fund and State Employees' Retirement Fund. The aggregate principal amount of bonds involved was in excess of \$1,750,000. The sale was made to brokers who reoffered the bonds in the market.

New financing in the municipal field was confined to one issue of \$350,000 City of Bridgeport notes due Sept. 1, 1944. This issue was sold at .38% plus \$11.

On Sept. 21, the Connecticut Light & Power Co. will redeem its entire issue of \$6,951,000 20-year 3½% debentures due in 1956. There was available a large amount of cash and securities for additions and improvements to property, but in view of labor and material shortages the directors felt that such additions and improvements were not warranted at this time. They, therefore, decided to use a portion of their available funds for the redemption of these debentures. This operation will result in an annual saving of some \$243,000 in interest.

Earnings on the common shares of this company for the first six months of the year were \$1.32, which compares with \$1.20 for the corresponding period a year ago.

In the first six months of the year total assets of the Phoenix Insurance Co. increased to \$70,234,616 from \$64,934,599 on Dec. 31, 1942. Surplus as of June 30 was \$45,920,047.

As of June 30, 1943, combined assets of The Travelers Insurance Co., Travelers Indemnity Co. and Travelers Fire Insurance Co. totalled \$1,355,865,000, showing an increase of \$110,300,000 over a year ago. Surplus account of the same companies totalled \$79,244,313, or a gain of \$19,481,742 in the same period. All reserve accounts of the company showed sharp gains, and the net premium reserve of The Travelers Insurance Co. crossed the billion-dollar mark.

Aetna Life Insurance Co. and affiliated companies also showed an excellent report, with many new records established. Aetna Life Insurance Co. on June 30, 1943, had insurance in force totalling \$5,583,201,000 which showed an increase of \$626,050,000 over a year ago. A gain of \$87,697,563 in assets during the past year brought the total to \$894,

620,278. An increase of \$5,358,966 in the same period brought total surplus to \$37,111,012, while the contingency reserve rose to \$23,650,000—a \$15,280,000 increase. Income totalling \$96,341,413 exceeded disbursements by \$26,421,069.

Aetna Casualty & Surety Co. reported assets of \$97,093,230, recording a \$12,810,000 increase over June 30, 1942. Surplus gained \$3,156,799, bringing the new total to \$23,985,505, while a new contingency reserve contains \$2,500,000.

Automobile Insurance Co.'s assets stood at \$35,348,062, showing an increase of \$4,129,000. Surplus likewise recorded a gain of \$1,697,579, totalling \$10,545,543 on June 30, and in addition there was a contingency reserve of \$1,650,000.

Standard Fire reported \$7,181,409 admitted assets, showing a gain of \$88,863 over a year ago, while surplus was \$2,131,260, or an increase of \$232,107 over June 30, 1942. Contingency reserve totalled \$300,000.

In the industrial field, Hartman Tobacco Co. reported net income, after depreciation and taxes, of \$140,477 for the fiscal year ended June 30, 1943. Surplus increased to \$69,452 from \$61,114 on June 30 a year ago.

Due to inadequate stock representation, no action was taken at a recent meeting of the Eagle Lock Co. stockholders in regard to a proposed plan whereby S. F. Bowser & Co. would acquire the company's property and assets. The latter concern has an option on Eagle Lock until Oct. 1. The meeting was adjourned until Sept. 28.

Recently released figures show that The Torrington Co. earned \$1.80 per share in the fiscal year ended June 30, 1943, which compares with \$1.89 for the preceding year. Income from operations was \$9,184,476 against \$8,783,134 the previous year, while net income, after provision for all taxes and contingencies was equal to \$2,933,749, a decrease from the previous year's \$3,083,775. Taxes per share amounted to \$3.55

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Can Railroad Credit Be Re-Established?

(Continued from page 1089)

Investor not only which roads are vulnerable to any near-term peace developments, so that the degree of risk can be more realistically appraised as prospects of victory become clearer, but also they will bring to the attention of the investor those roads which already have effected such a metamorphosis that their credit is likely of restoration to such a point that they should be able to withstand even a 1938 type of depression. These tables are therefore of use in making possible constructive shifts in securities of weak roads to those of the carriers likely to improve their credit standing.

"In the preparation of these tables we have developed the formula discussed in this report which, despite its weaknesses and limitations, does provide the investor with the opportunity to exercise greater discrimination than would otherwise be the case were such computations not available to him.

"These tables will also emphasize the desirability of reorganization securities as a group, since these roads have built up cash far more rapidly than the borderline carriers, and, with few exceptions, have far greater amounts of cash available at the present time. The importance of this cash cannot be over-emphasized, since in the case of many roads the cash will be held intact and a good part of it may be used for debt reduction upon emergence of these roads from reorganization. Accordingly, the full impact of this cash on the when-issued securities may therefore be felt only subsequent to their final issuance."

against \$2.99 a year ago. The increase in surplus over 1942 was \$327,397.

North & Judd Manufacturing Co. showed a similar decline in net profit. For the fiscal year ended June 30, 1943, net profit was \$513,482 against \$546,320 in 1942, or on a per share basis, \$4.29 and \$4.62, respectively. As of the fiscal year-end, June 30, 1943, reserve for contingencies totalled \$600,000, there having been an increase of \$100,000 over a year ago. Surplus totalled \$1,392,232, which shows a substantial increase of \$84,004 over last year's figure.

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H. N. Abell Rejoins Tift

HARTFORD, Conn.—Harry N. Abell, Jr. has rejoined the staff of Tift Brothers, members of the New York and Boston Stock Exchanges, and will be associated with them in their Hartford office, 49 Pearl Street. Mr. Abell in the past was with Tift Brothers in their Springfield, Mass. office and recently was with James P. Smith & Co. of Springfield.

Cons. Electric & Gas Situation Attractive

Collateral Trust Bonds of the Consolidated Electric & Gas Company offer an attractive situation with excellent possibilities for the future, according to a bulletin issued by J. Arthur Warner & Co., 120 Broadway, New York City. Copies of this bulletin may be had from the firm upon request.

showing their activities, resourcefulness and adaptability, post-war prospects and other facts of significance to investors today. Copies of this interesting booklet may be had from the firm upon request.

The Securities Salesman's Corner

Some Suggestions For Building a Clientele From An M.D.

Because of the similarity that exists between the manner in which a medical practice and a securities clientele are established, the following story which gives the highlights of the methods used by a successful doctor in building his practice, should have a definite application to the securities business.

About eight years ago a young doctor moved into a small city. As usual there were a number of established doctors in the community. He was without a single connection and had to start from scratch.

As he related the story of how he went about building his practice we were more impressed with the sincerity and simplicity with which he related his experiences than almost anything in particular that he said. There was a complete absence of any bragging on his part as he told his story. Here was a man who took pride in his work, and who was analyzing the methods he used to arrive at a certain point. You could easily understand why people talked with him and believed in him—HE DIDN'T HAVE TO ACT BECAUSE HE LIVED THE PART HE PLAYED.

The first thing he did when he went into this new community was to find out what other doctors were doing AND THEN HE DID SOMETHING DIFFERENT. For instance, he discovered that other doctors were not giving a complete physical examination when new patients called. He raised his fee a trifle above the average for his office calls, but when he got through with a patient they had a check-up from head to toe. He took their family history, and the questions he asked them were placed on a record card. Everything he did in that first examination was so thorough that oftentimes the patient would say, "That's strange Doc, but Dr. So-and-So down the street told me I had high blood pressure and he never went through all that rig-a-ma-role." But the next day this very same patient was telling his friends about the new doctor and the examination he went through. Gradually the word spread around and of course recommendations began to build up his practice.

Another method he used to gain confidence is so closely analogous to security salesmanship that we are sure many successful salesmen use some variation of this doctor's procedure every day in the week. He said whenever he would sit down with a patient he would ENCOURAGE THEM TO TALK. As they talked he would begin to analyze the kind of a person to whom he was talking and he would tactfully draw them out by skillfully asking questions. Once their tongue was loosened they would welcome this opportunity to unburden themselves. It seemed that he developed the faculty of talking like his patients. In other words he tried to become a partner to their problems; he merged his personality with that of his patients. He became their friend and their counsellor. In a doctor possibly this is what is called the bedside manner—in a securities salesman there is only one name we know for it—it's the best way we know to BUILD CONFIDENCE.

So here we have the two ingredients of the doctor's success—HE DID SOMETHING BETTER THAN HIS COMPETITORS, AND HE KNEW HOW TO BUILD CONFIDENCE. This is the way he built his practice. There is one thing more that he did however, that enabled him to keep his practice. We forgot to tell you that he was also a mighty fine doctor. He had prepared well for his profession. His several years of study both in this country's finest hospitals, and in Vienna in the field of surgery, gave him something to BACK UP HIS SALESMANSHIP. The people in the little city where he practiced finally learned that they didn't have to go to great Metropolitan hospitals for surgery—their own doctor right at home had proven himself by the work he had done.

Here again, the securities salesman takes the same road as the successful doctor—you can make all the clients you can handle, you can be a world beater at building confidence, BUT UNLESS YOU CAN HELP YOUR CLIENTS TO INVEST IN SECURITIES THAT WILL DO A GOOD JOB FOR THEM, you will never be able to build up a lasting and growing business. SELECTING SECURITIES THAT WILL DO A GOOD JOB FOR YOUR CLIENTS, ALSO REQUIRES KNOWLEDGE, THOROUGH PREPARATION AND SKILL. Knowing HOW to sell and knowing WHAT to sell—these are the ingredients of a successful securities business.

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Catching Up With The "American Radical"

(Continued from page 1086)

calling for 'American Radicals.' Their hot breath already is upon us, and if they continue to expand and to apply their distorted philosophy—a philosophy which inevitably would throw millions of people upon the State for their security, demanding in return the surrender of an equal amount of Freedom—then we and our children shall have to adjust still further our concept of thrift and our faith in the personal qualities of incentive and initiative as necessary factors in the attainment of success and security."

Mr. Myrick's speech in full follows:

I certainly appreciate the privilege of talking with you today, particularly because the subject I'd like to discuss with you revolves around a challenging article by Dr. Conant, President of Harvard University, which appeared in the May issue of "The Atlantic Monthly." The article is called "WANTED: AMERICAN RADICALS," and I think you will agree with me that it gives a rather alarming preview of the kind of people who may run this country of ours from Washington in the years to come. In considering what I have to say, however, please remember that I am speaking as an individual.

Here are two paragraphs from Dr. Conant's article. Listen to them carefully, because if Dr. Conant's "American Radical" takes over the reins of Government, it will seriously affect every one of you in this room. Here they are, and I quote:

"First of all, like all radicals and also all reactionaries, in his extreme moods he will be utterly impractical. In general, however, being rooted in the American soil he will be endowed with a considerable amount of earthy common sense and a certain willingness to apply to the changes which he effects the typical American question, 'Does it work?' and to take up cheerfully another trial if the answer should be no.

"No one needs to be told that the American radical will be a fanatic believer in equality. Yet it will be a peculiar North American brand of doctrine. For example, he will be quite willing in times of peace to let net salaries and earnings sail way above the \$25,000 mark. He believes in equality of opportunity, not equality of rewards; but, on the other hand, he will be lusty in wielding the axe against the root of inherited privilege. To prevent the growth of a caste system, which he abhors, he will be resolute in his demand to confiscate (by constitutional methods) all property once a generation. He will demand really effective inheritance and gift taxes and the breaking up of trust funds and estates. And this point cannot be lightly pushed aside, for it is the kernel of his radical philosophy."

In other words, "You Can't Take It With You," as the saying goes—and you can't leave it, either! If such people as Dr. Conant describes actually should get control of our country, then we and our children and their children shall have to adjust our entire concept of thrift and of security for the family and find a substitute for the incentive and initiative which today are the mainspring of whatever success we may achieve.

But before discussing the pos-

sibilities of a new way of life in America under such a radical philosophy—a way of life that presumably would throw millions of citizens upon the State for their security—let me quote from another enlightening article. It appeared in a magazine called "The New York Certified Public Accountant" and quotes Dr. Joseph Klein, former President of the New York State Society of Certified Public Accountants and one of our leading tax authorities. This article deals in present-day facts—in a situation which exists today, not 5 or 10 years from now—and I think it shows us pretty conclusively that the hot breath of Dr. Conant's "American Radical" already is upon us. Here it is, and again I quote:

"The relationship of the current fiscal phenomenon to us may be illustrated in connection with the possibility of our clients or ourselves creating a competence. That's an old-fashioned notion, for as long ago as the turn of the last century, Pope wrote:

'Reason's whole pleasure, all the joys of sense, Lie in three words: health, peace, and competence.'

"Under 1943 Federal income and estate tax rates, there is practically no longer an opportunity, starting from scratch, to create a competence by the standards of yesterday. Try some calculations for yourself, on assumed earnings not subject to the capital gains tax. How much would you have to earn annually for ten years or for twenty years, after allowing for modest living expenses, to leave your heirs, net \$100,000, or \$250,000, or \$500,000, or, forsooth, \$1,000,000?

"To leave net, after taxes:

	Annual Earn- ings for 10 years	Annual Earn- ings for 20 years
\$100,000	\$85,000	\$32,000
250,000	600,000	190,000
500,000	1,270,000	550,000
1,000,000	2,130,000	1,075,000

"Obviously," Dr. Klein says, "some normal ambitions of yesterday have gone with the wind. But what of the morrow?"

Those figures are astounding, aren't they! If you want to leave \$100,000, exclusive of life insurance, for the protection and security of your family 10 years from now—and remember, there are relatively few people who at some time in their lives haven't hoped or expected to accumulate that much money, which invested today will only produce an income of around \$200 or \$250 a month—you'll have to earn a total of \$850,000 to do it!

Let's look at that picture a little more closely before we go back to that new way of life which Dr. Conant's "American Radical" would map out for us—or perhaps already has mapped out for us. Here are figures which show how much money a married man with two dependents must make each year to create a given general estate, how much he must save, and how much he may use for ordinary living expenses. For estate tax purposes the initial figure is the value of the estate after deductions for funeral and administration expenses but before ex-

emptions and credits have been allowed. Let's assume that the 1943 tax rates will remain con-

stant—and that's a pretty broad assumption!

Number of Years to Build Estate	Net Estate Desired	Values of Estate Before Payment of Estate Taxes	Annual Earnings Before Payment of Inc. Taxes	Amount of Income Taxes	Amount Required to Create Estate	Amount Available for Living Expenses
10 Years	\$50,000	\$50,300	\$7,500	\$1,502	\$5,030	\$968
20 Years	50,000	50,300	7,500	1,502	2,515	3,483
10 Years	50,000	50,300	10,000	2,387	5,030	2,583
20 Years	50,000	50,300	10,000	2,387	2,515	5,098
10 Years	50,000	50,300	15,000	4,537	5,030	5,433
20 Years	50,000	50,300	15,000	4,537	2,515	7,948

Number of Years to Build Estate	Net Estate Desired	Values of Estate Before Payment of Estate Taxes	Annual Earnings Before Payment of Inc. Taxes	Amount of Income Taxes	Amount Required to Create Estate	Amount Available for Living Expenses
10 Years	\$100,000	\$107,000	\$85,000	\$58,000	\$10,700	\$16,300
20 Years	100,000	107,000	32,000	15,000	5,350	11,650
10 Years	250,000	320,000	600,000	538,000	32,000	30,000
20 Years	250,000	320,000	190,000	153,000	16,000	21,000
10 Years	500,000	700,000	1,270,000	1,149,000	70,000	51,000
20 Years	500,000	700,000	550,000	491,000	35,000	24,000
10 Years	1,000,000	1,530,000	2,130,000	1,928,000	153,000	49,000
20 Years	1,000,000	1,530,000	1,075,000	972,000	76,500	26,500

Assumption that taxpayer is married with two dependents. Income Taxes include Federal Income, Victory and N. Y. State Income.

Well, there you have it. There's a picture of today's problem so far as leaving a competence for your wife and children is concerned. Of course, there's a war to be won and war takes money—astronomical amounts of it. And I believe in taxes and more taxes in order that we may pay as much of the bill as humanly possible as we go along. But I question the wisdom, economically and socially, of taxing a man's income and estate so heavily that it is impracticable or impossible for him to leave a fair competence for his widow and children; I seriously question whether or not it is economically sound, as we understand the meaning of the term today, in effect to "confiscate all

property once a generation," as Dr. Conant's "American Radical" would do.

I raise this question because I have always believed in the PERSONAL LIBERTY OF THE INDIVIDUAL—the God-given right to work, to save, to provide for one's family and for one's self. I have always believed in the initiative and incentive which personal liberty inspires and in the obligations to society which personal liberty demands. I believe in the equality of opportunity which since the founding of America 167 years ago has brought reward to the humble and to the proud alike and has provided the incentive to achieve personal success and security—

attainments which in turn have contributed so largely to the progress of this great country of ours. If I DIDN'T believe in these things I wouldn't be in the life insurance business, which certainly has its humanitarian roots down deep in the fertile soil of personal liberty, personal initiative, and maintenance of the home.

There can be no denying the right to tax and to tax heavily in times of national urgency and for the purpose of raising necessary revenue. But again, I question any tax which is levied for the sole purpose of social reform; which in effect denies to a widow the right to live in security as the result of her husband's personal initiative and thrift; which may deny to the children the right to an education and a helping hand at the threshold of their maturity.

Of course, if a man is in good health and otherwise insurable, he may create his entire estate through life insurance, rather than through stocks, bonds, real estate or other property, and his life insurance estate at present will enjoy certain nominal tax advantages. Certainly life insurance is the obvious way to create an estate today, isn't it! There could be no more convincing reason for its use than I have shown you. But there again, what of tomorrow? No one knows for certain what tomorrow's tax laws may provide, and if recent action may be taken as any criterion, then we

(Continued on page 1101)

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September 14, 1943

A MESSAGE TO YOU ABOUT A TYPICALLY AMERICAN INSTITUTION

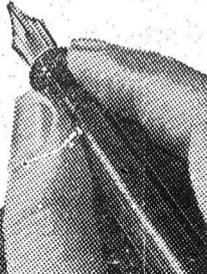
This letter to the investing public is about an institution that's as American as pork and beans -- the Chain Store.

Chain stores are American because they started humbly but grew to great stature and influence; because they had the daring and aggressiveness to blaze a trail where none had walked before; because they used centralized management to keep costs down and results up. But more important they are American because their first concern has always been the customer: in their 50-odd years of life the chains have done more than anyone else to supply better and better goods at lower and lower prices.

If you would like to know more about chain stores, we suggest that you send for our 1943 CHAIN STORE SURVEY. It tells the story of the chain stores in wartime. In plain words and simple facts it tells their progress and their profits; their wartime victories and deeds -- and their prospects for the future.

What's more, it's yours for the asking. Please request -- by mail, phone or wire -- the "1943 CHAIN STORE SURVEY." It will be sent you promptly, naturally without cost or obligation.

Sincerely yours,
Victor B. Cook
Victor B. Cook
Partner



Planned Economy And Free Enterprise

(Continued from first page)

both major political parties and the people overwhelmingly wanted to return to free enterprise. Today, the situation is quite different politically, and with regard to large and powerful groups of people.

Today, vast numbers of people do not want to go back; instead they wish to go forward toward a more thoroughgoing model of planned economy. It is perhaps somewhat inexact to state bluntly that they want specifically socialism, fascism, communism, or some other obviously defined form of planned economy. What each group immediately or primarily wants is to get the government to engage in certain specific practices which will benefit it at the expense of the others, not realizing (or caring) that the sum total of such practices for all groups will create a full-blown, governmentally planned and directed economy.

Security—and it is a rather specious security—then becomes the magic word for which freedom is traded, sometimes gladly but more often unwittingly. Usually unwittingly, because the members of the group generally feel that they are going to be able "to get by with it," to get something for nothing, to obtain some special privileges without incurring state regimentation and control. But the hand which grants the privilege sooner or later imposes its control.

Thus, labor groups seek such extensive privileges as must inevitably lead either to the taking over of government by organized labor or to state control of the labor sector. Farmer groups demand, or accept, subsidies which lead to government regimentation of the agricultural sector.

The "faceless masses" may clamor for such lavish "cradle to grave" security as will seriously impair the initiative which makes progress possible. Such trends may be viewed philosophically as the natural growth and expression of inherent greed in a people who have lost their religious and moral convictions of an earlier day and have embraced Carlyle's "Gospel of Mammonism." But from the viewpoint of economics, what has been happening is simply a great and widespread **Retreat from Competition**.

Most unfortunately, too many business enterprisers have joined in this retreat of the worker, the farmer, and plain John Doe who no longer wants to stand on his own feet and compete fully and fairly with his fellow contestants.

For the business enterpriser is the spark plug of the free enterprise system, and competition is the key force upon which the survival of the system depends. But let us return to this after we have disposed of the pleasures of a planned economy.

To an increasing number of people, the idea of a planned society, as a stable economy, working smoothly, with full employment of human and natural resources, to turn out abundance and security for all and proceeding toward a definite goal, seems to possess attractive features. This is especially true when the imagined planned economy is compared with the actual free enterprise system, which may appear to be disorganized, functioning badly, and getting nowhere.

But whether or not the actual planned economy which materializes will prove to be desirable in the eyes of any particular individual will depend upon how satisfactory to him are the answers to such questions as the following:

First of all, who is going to do the planning? Those who are most enthusiastic about the creation of a planned economy generally assume without question that it is they (or someone with their particular likes and dislikes) who are to do the planning for the rest of us.

People naturally differ in their likes and dislikes and therefore in their concepts of the kind of a planned society which would be satisfactory to them. It would be inevitable that, whoever does the planning, the result will be unsatisfactory to many. Hence, the promise of a bright new world so planned that everyone is contented and happy is not possible of achievement.

But how are the planners to be chosen or selected? In the case of the United States, the Congress might do the planning, either directly or through its own committees, the legislators endeavoring to follow the wishes of their constituents, or those pressure groups in their sections which are most powerful in voting strength. On the other hand, the planners might consist solely of persons appointed by the Executive to formulate his (or their) own plan which would be dutifully accepted by the Congress.

The question now arises: For whom would the planning be done? It is generally assumed in all discussions of a planned economy that the planning would be done in the interests of all the

people. However, realistic thinking will suggest that this is hardly possible.

Planning in the case of the Nazi-Fascist states has been for the benefit of an abstract, warlike personage, the State (conceived of as Germania or Italia), and at the expense of everyone in these nations except the party leaders. Planning in the case of Russia, while ostensibly for the masses as a whole, has been primarily for the benefit of those three million out of the two hundred million population who are members of the Communist Party or are Fellow Travelers.

In a democracy, like the United States, it is logical to assume that the planned economy would be shaped so as to benefit one or more powerful minority pressure groups at the expense of the rest of the citizens. That this may be done over the short run of a decade or so, we know from actual experience. And there is at least a theoretical possibility that an Administration planning the economy in the interests of powerful minority pressure groups might be able to continue indefinitely in power.

In the first place, only part of the population having the voting privilege actually votes. Secondly, a political party in power can count upon many millions of votes from those of its followers who are standpat or prejudiced adherents (whose fathers and grandfathers have voted the same ticket, etc.) and who will continue to vote for the party because of "principle" even though they receive no direct or tangible benefits.

In addition to this group, which may be larger than the standpaters affiliated with any other party, the party in power may count on many millions of votes from federal, state and local employees who owe their jobs to the party. Then, in order to be assured of enough more votes to constitute a majority of those actually voting in an election, it is only necessary to have planned the economy in such a way as to greatly benefit one or two powerful minority groups.

It might be thought that it would be better to plan the economy for the benefit of all citizens, or at least all voters, so that more votes could be secured. But this is neither necessary nor possible. Additional votes are not needed. And in order to thoroughly satisfy the few minority pressure groups whose all-out support is needed, benefits and privileges must be accorded to them which can be given only at the expense of the rest of the people.

The fact is that significant changes have taken place in the political aspects of American democratic government. Looking back, it seems that in the old days pressure groups were fewer perhaps and generally less powerful in enforcing their demands. For long, business enterprisers constituted the chief pressure group, and a very powerful group it was. As is characteristic of pressure groups, the business enterprisers followed their own selfish interests, and too often these were unenlightened. Yet, with all their shortcomings, it is generally true that, so long as full and fair competition prevailed, these business men were able to secure the gains they sought only by first benefitting the people through offering goods and services at lower prices or of better quality. This is more than can be said of many modern pressure groups, whose simple policy is to benefit themselves by mere restriction and by taking from others.

Today, the situation with regard to the number and power of pressure groups is quite different from that of the old days. And it would seem that whether or not a given individual would be satisfied with a planned economy will generally

depend upon his being in or out of the pressure group or groups in the interest of which the economy is planned.

A third question is the following: How thoroughgoing will the planning be? This is important because of the fact that really thoroughgoing planning is incompatible with the free enterprise system and with democracy as we know it. It would be impossible for a government to carry out an all-embracing program of planning and directing the economic life of the nation without first removing the essentials of free enterprise: the rights of private property, freedom of contract, individual initiative, and competition. With the disappearance of these rights must vanish the kind of democracy we have known.

Usually the descriptions of the planned economy for post-war America are couched in generalities so as to gain as much popular support as possible. One planner, for example, sees every citizen of the world walking down the road with a quart of milk under each arm. Others promise to avoid inflation, to furnish full employment, to maintain purchasing power, etc.—all quite appealing objectives.

Still another promises four freedoms to every person in the world, but no mention is made of what many consider to be the most important freedom of all—that of free enterprise. It should be plainly understood that you can have all of the four freedoms referred to in a planned economy which is run for the benefit of one or more powerful minority pressure groups, or in a totalitarian state (Russia claims to have all of these freedoms), or even in a slave state.

That is to say, you can let people speak and think as they like, worship as they please, and keep them free from want and fear in a benevolent dictatorship or a slave state. Of course, abolition of freedom of speech makes autocratic rule easier. But recent history has shown that widespread freedom of speech and overwhelming protests on the part of the majority of the citizenry against abuses committed by a given powerful minority avail little or nothing if that minority is a major source of strength of a political party in power.

There are many who feel that the four freedoms mentioned must be based upon the fifth or missing freedom—freedom of enterprise—to be meaningful to Americans and to preserve the American Way of Life. It is encouraging to note, therefore, that some of the most influential planners are not in favor of such thoroughgoing planning as would destroy the free enterprise system. But their idea of planning—that government should act mainly as a balance wheel to help the free enterprise system function more effectively—so far seems to be too closely tied in with the great New Deal purchasing power fallacy to promise much in the way of sound policy.

We cannot foresee whether sound concepts will be adopted or whether the free enterprise system will be abandoned in favor of an all-out planned economy. But we do know that the free enterprise system is threatened with extinction today as never before in our history.

What can business men do toward helping to preserve our free enterprise system? They can accept the responsibility to compete more freely and fully. Competition is the major economic force which we rely upon in our free enterprise system to make the system work effectively and to satisfy the great mass of people.

Competition among buyers and among borrowers protects sellers and lenders from the unremunerative prices they would have to accept if they dealt with a governmental or other type of

monopoly. Competition among sellers and among lenders assures buyers and borrowers the largest possible amount of improved goods and services at the lowest possible prices consistent with a normal profit.

Thus, because of competition the free enterprise system, or the American Way, has worked so as to pass on its benefits to the consuming public and to satisfy the great majority of our people.

But "Competition is dead; competition is no longer really effective," is the charge which has been made increasingly during the past decade by critics. Therefore, they argue, we should abandon the free enterprise system and shift into some kind of governmentally planned and directed economy.

Frankly, it is true that while enterprisers never tire of saying that "Competition is the life of trade," they often act as if it would be the death of their own businesses, and try to hamper its functioning. Perhaps competition seems to them to be the life of trade, and a good thing, when it occurs among those from whom they buy or among those to whom they sell. But competition experienced by a seller or a lender from other sellers and lenders may not always be viewed as a blessing.

Hence, as I have said, what has been going on is a great and widespread **Retreat from Competition**. Old, well-known methods of retreat are by way of monopolies, of varying degrees, or combinations with competitors. But far more pervasive in recent times, and far more important as a whole in hampering the beneficial functioning of full and fair competition, are what might be termed "partial retreats" from competition. That is to say, instead of trying to escape as completely as possible from competition (as in monopoly or combination), the enterpriser attempts merely to avoid the full force of competition.

One way of doing this is to state his prices and terms in a way which makes it difficult or practically impossible for the ordinary consumer to compare them easily with those quoted by his competitors. What results is not monopoly but rather what economists term "imperfect competition." In other words, competition cannot be "perfect" (or fully and fairly effective—as the business man would say) unless consumers are able to compare easily the goods or services, and their true costs, offered by competitors. Unless consumers can do this, it is obvious that they cannot force competitors to get down and compete in a really thoroughgoing manner, with the result that competition is not fully effective in passing on the benefits of the free enterprise system to all.

A good example of the method of partial retreat from competition by use of confusing statements of cost is to be found in the great field of consumer credit. The loan services offered by competing institutions not only differ (as do consumers' goods put out by different sellers), but in addition the prices or charges are stated in so many different ways that no average consumer-borrower can compare them intelligently. Thus, consumer loan charges are stated by competing lenders in the form of: dollar discounts on original balances, simple interest on monthly balances, percentage discounts on original balances, combinations of a dollar or percentage discount charge plus investigation fees, insurance charges, penalties or fines, rebates, etc., etc.

To compare the cost statements quoted by various lending institutions, the consumer would have to reduce the total charges of each to some one common denominator embracing the two variables, principal and time. And to do this job, he would have to be skilled in mathematics, including the

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mastery and exact application and solution of algebraic equations, which he isn't. Consequently competition is far from being fully effective in the consumer credit field.

Radical critics seize upon such conditions to proclaim that competition, which must function effectively to justify the free enterprise system and make it work in a manner most beneficial to the masses, is dead or dying, and to urge that the system should therefore be junked in favor of some type of planned economy. Where these critics are wrong is in their assumption that nothing can be done to remedy conditions of ineffective competition and thereby justify continuance of the free enterprise system. The situation is quite otherwise—unless we are to believe that business statesmanship is disappearing from the American scene.

Thus, the two major institutions in the field of consumer small loans repayable in instalments are the small loan companies, which for more than a quarter of a century have been required by the uniform small loan laws to state their total charges in the form of simple interest on monthly balances for the purpose of protecting borrowers and enabling them to compare easily the true costs of competing loan offers, and the commercial banks, which have recently adopted a practice of stating their charges merely as a number of dollars.

Now, the interesting fact is that the consumer-borrower needs both of these statements, both types of information. He needs to know the dollar cost in advance to help him in his budgeting; he needs to know the rate of cost in simple interest per month as the common denominator by which he can compare the offers of competing sources of credit. The easy solution, therefore, would be for the banks and the companies to adopt a uniform practice of using a combination statement, expressing the total dollar cost and also the rate in simple interest per month. It does not seem too much to expect that business statesmanship will eventually bring about such a practice, thereby raising the plane of competition in the field of consumer credit and making competition a more effective force in passing on the benefits of the free enterprise system to the masses of people.

Another method of partial retreat from competition, which is still more widespread than the case just examined, is by making one's product or service a little different from those of his competitors and then failing or refusing to provide consumers with sufficient information to enable them to compare the competing offerings intelligently. Differentiation of consumers' goods (typified by branded articles of all kinds) leads to what economists term monopolistic competition of the product differentiation type.

Differentiation of his product or service enables the enterpriser to avoid the full force of competition and to secure more than a purely competitive price or profit—sometimes very much more in case consumers find it extremely difficult to make a true comparison of the product or service with those of competitors. Here, with regard to monopolistic competition, is where critics of the free enterprise system really wax eloquent. Since the whole field of retail trade is characterized by product differentiation, the claim is made that competition is a thing of the past or is no longer effective; hence, the time has come to abandon the free enterprise system.

But sober reflection will suggest that it would not be in the real interest of all to discourage differentiation by competitors in their goods and services, to prohibit branded articles, or to forbid or arbitrarily curtail advertising. For one thing, the practice

of enterprisers in differentiating their goods and services results in offering to consumers a wider range of choice, thereby making possible the satisfaction of a great variety of tastes. That greater total utility results to consumers would seem to be unquestionable. Furthermore, if the differentiation practiced by an enterpriser makes his product or service really superior to those of his competitors, he ought to secure more than a "purely competitive" price or profit.

What is needed for assuring effective competition here is not the substitution of governmentally standardized items for the product differentiation of the present, but simply the provision by enterprisers of enough specific information about their offerings so that consumers may be enabled to compare more easily and intelligently the competing products and services.

Provision of such information, like the adoption of uniform cost statements in consumer lending previously mentioned, by all competitors might require legislation. But legislation of this kind to raise the plane of competition is an old established type which has been associated with, and necessary to, the free enterprise system ever since it arose out of laissez faire generations ago. It is entirely different from legislation of the planned economy type which aims at throttling competition or eliminating it altogether as the objective of complete governmentally planned and directed economy is reached.

Business statesmanship distinguishes clearly between these two types of legislation or regulation and does not slip into the error of blindly opposing any and all regulation whatever, as eminent labor union leaders have done recently. To preserve the free enterprise system, it may be said that generally the less regulation the better, but where it is necessary, legislation for raising the plane of competition is vastly preferable to, and acts as a preventive of, legislation of the planned economy type.

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

Home Borrowings Up

The increase in money borrowed by Illinois and Wisconsin families for home ownership purposes the second quarter of this year, compared with the first, was greater than the usual seasonal uptrend, the Federal Home Loan Bank of Chicago reported on Sept. 4. Figures compiled from all sources of home mortgage money show a 58% increase as compared with only 19.2% last year and 39% in 1941. The Bank's advices also state:

"Total home mortgages recorded in the district for the first half of the year were \$155,732,000, of which \$95,577,000 were in the second quarter. Leading source of funds was the savings, building and loan associations, which recorded 35% of the dollar volume for the first six months. Greater dependence upon this type of institution during the second quarter was noted, the percentage having risen from 32.7% the first three months to 36.7% the next three months."

A. R. Gardner, President of the Bank, indicated that the volume of mortgage borrowings from all lenders shows a 13.9% fall off this year from the like period of 1942, which had in turn chalked up a decrease from 1941, the largest year in new mortgage borrowings since recovery began. New borrowings the first half of this year were, however, still some 3% more than in the first half of 1940.

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Canadian Securities

By BRUCE WILLIAMS

The Brooking's Institution of Washington, D. C., in a recent survey covering price control and the subsidy program in Canada made the interesting statement that, "After three and a half years of war the total increase in the cost of living in Canada has been only 17% as compared with the 28% in Great Britain and 26% in this country; the general control over prices and wages and the subsidy plan, which have been carried out with a resolute will and unflinching purpose, together with an effective fiscal policy, have been the major reasons for this fine record."

Not only is this further evidence that the Canadian economy is ably controlled, but it is also expanding to an amazing degree as the six months trade figures to June 30th eloquently demonstrate. Exports for the year at this date totalled \$1,288,100,787, an increase of \$180,275,261 over the figures for the corresponding period of 1942. Imports for the period amounted to \$339,684,165, and the favorable balance of trade showed an increase of \$183,295,981 over the 1942 figures. July exports were just over \$300,000,000 which is about four times the total reached in this month prior to the war.

Although these results have been achieved under wartime stimulus, the amazing adaptability that has been shown by Canadian industry, in general, in addition to the numerous entirely new industries which have developed since the war hold out high hopes for the future of the Dominion in the post-war period.

During the past week the market for Canadian securities followed, as anticipated, the downward trend that has developed in the past few weeks, although the volume of offerings was not large.

In general, the market is now off an average of 1½-2 points from the recent peak levels. Even Ontarios which were the last issues to follow the overall trend finally receded and the 5's of 1960 which recently traded at 125½ weakened to 123½. Dominion 3's of 1967 and the 3's of 1958 eased to 103¼ and 104¼ respectively. Canadian National Railway 4½'s of 1956 were available at 117 and the 5's of October 1969 were offered in fair volume at 118.

British Columbias were obtainable at a yield of 3.40% for the longer maturities and similar New Brunswick issues were offered at a return of nearly 3¾%, whereas a few weeks ago the yields were 3.30% and 3.60% respectively. Saskatchewan 4½'s of 1960 were offered at 89½ and Manitoba 4½'s of 1956 at 104½, which compares with their recent highs of 93 and 107. Albertas were an exception to the general trend and the 5's were quoted 77/78 with bonds in quiet demand.

On renewed talk of a possible agreement on the debt reorganization plan, there was some inquiry for Montreals; these issues are likely shortly to become a center of activity as there seems little doubt that this situation will soon be settled, especially as interest rates are now definitely lower than when a deadlock on this question was reached and the bond holders are now likely to be less adamant.

The lull in activity in the market here for internal issues still

government bonds in the open market provided factor (2) holds good; if the present ceiling rate were increased by only 1/16% the foundation of the government market would be undermined.

As it has been previously pointed out, a healthy reaction in the market was foreseen and has now materialized. In the course of the next few weeks, it might be advisable to consider purchasing on a scale, giving special attention to certain lower priced issues, the status of which might be beneficially affected by the expected developments.

Canadian Industrial Activity Shows Gain

Canadian industrial activity shows a slight gain, S. M. Wedd, General Manager of the Canadian Bank of Commerce, Toronto, declared, according to the index of industrial activity compiled by the Bank, which rose from 205 at mid-July to 206 at mid-August (1937=100), the percentage of factory capacity utilized rising from 125 to 126. "The most significant change," Mr. Wedd stated, "was the recovery in textiles, with fuller time being resumed in garment factories, but footwear production declined, reducing this gain in the clothing group as a whole. Foodstuffs declined slightly. Pulp, paper and other wood products were unchanged, an increase in the activity of saw planing mills offsetting a loss in that of furniture factories. The automotive industries recovered to the June level.

"Our wage payroll index for July was 225 (1937=100), the same as for June (revised) and May. Within the composite index, however, there were rises between June and July in mining and construction wages and declines in those of logging and trade. There was a slight increase in manufacturing wages.

"Crop conditions are poor this year over most of Eastern and Central Canada, while in the West they are less favorable than a year ago, though about three-quarters of the prairie grain belt has prospects of average, or at least near-average, outturns, which would enable it to continue, even expand slightly, the large-scale meat and dairy production it has developed since 1939. The total crop yields for all Canada now appear to be about one-third below those of the banner year 1942."

Law School Of NYU To Hold Conference On Renegotiation

A three-day conference on renegotiation and termination of war contracts will open this morning (Sept. 16) at the New York University School of Law. The sessions, which will continue until Saturday evening, will include approximately equal time for prepared addresses and for questions and panel discussions, according to the announcement by Dean Arthur T. Vanderbilt.

Among the government agencies which will be represented at the conference will be the Procurement and Legal Division and the Price Adjustment Board of the Navy Department; the Ordnance and Purchase Divisions of the Army, and the House Naval Affairs Investigating Committee. Nationally known firms of public accountants, tax experts, and legal firms will also be represented on the program.

The conference will bring together some of the men responsible for government policy and administration with leaders of business and their legal, accounting, and tax advisers, Dean Arthur T. Vanderbilt said in his announcement.

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Utilities Need Relief From Unnecessary Wartime Regulation

(Continued from first page)

large or small, within their franchise areas. With the passing of the years this has included an increasing proportion of industrial power requirements until it would now normally be more than 75% of the total. The actual increase since war production began has, of course, been far above normal because it could be supplied with minimum investment in critical materials and lowest operating costs.

Industrial production is now more than double that of the average of the years 1935-39. Three-fourths of this increase occurred after the fall of France in 1940. Since that date the output of electric power plants has increased from 130 billion kw-hr to 200 billion (May, 1943) or 54%. At the middle of 1940 these plants contained 41,000,000 kw of rated generating capacity, about 10,000,000 kw of which was in excess of actual maximum loads. This excess was regarded as ample for expected loads until additional capacity could be installed.

But power supply complications arose in the summer of 1940 due to droughts in central industrial areas, particularly that of TVA to which industries had come in anticipation of cheap and dependable hydro-electric power. A 50% reduction in rainfall accompanied a 25% increase in power load and threatened a drastic curtailment of war production, particularly the desperately needed aluminum. This TVA shortage was made up by a pooling of privately owned power resources under which supply came in from as far away as the tip of Florida and the Texas gulf coast. The contributing companies had the foresight to supplement their hydro-electric supply by adequate relay steam capacity.

There then arose, largely from Washington agencies, a forecast of disaster from widespread power shortages, with demand for drastic increases in capacity of government owned plants. The power industry did not share

these apprehensions and challenged their basis which was, roughly, that power demands would increase in proportion to war production. In due time the Washington forecasts of increase in peak loads were found to be in error to the extent of more than 6,000,000 kw, and the industry's reserve capacity was actually drawn upon only to the extent of 1,000,000 kw, or 10% of its previous total. The reasons for this include a shift of industrial production from civilian to war supply instead of the assumed superimposition, adoption of daylight saving war time, and increased use of interconnections. The first named reason, together with two and three shift industrial operation (without increase in peak loads) played by far the most important part. The increased use of existing capacity in 1942 is shown by its 12.2% increase in kilowatt hours with only 5.1% increase in maximum loads. The annual load factor rose from 51% to 58.4%. Without this increase in load factor an additional 2,500,000 kw. of capacity would have been needed.

It is expected that at the end of this year the power industry will have installed capacity of at least 50,000,000 kw, with reserve in excess of expected loads practically equal to its pre-war standard. This will be in spite of the diversion of ordered turbine capacity to marine requirements to the extent of 2,200,000 kw, some of it from plants already extended and partly equipped to receive it. Many of the 85 plants from which this capacity was diverted found it necessary to recondition old equipment scheduled for early retirement as far as this was possible with scant repair supplies. Inter-company connections, included in the 80,000 miles of transmission lines of 60,000 volts and over, were of substantial assistance in meeting the extraordinary power demands in certain areas.

That the results were effective was asserted a few months ago by

the Director of the Office of War Utilities, Mr. J. A. Krug, when he said:

"Power has never been 'too little or too late.' There is today no shortage of power. This is in sharp contrast to the situation as to many other vital necessities. I do not know of a single instance in which the operation of a war plant has been delayed by lack of electric power supply."

While the problem of adequate capacity has been a major one for the power industry, it is by no means the only difficult one to be solved. When the shortage of oil supply became acute a year ago many electric plants, like other large users of fuel, were required to change their boilers to use coal. This involved auxiliary handling and pulverizing equipment, ash disposal, additional labor and other added costs. Now, with a scarcity of coal in prospect as the result of strikes, the power companies are being told that they may be required to reconvert to oil or reduce their coal supplies far below the 100 day minimum which they have always found it prudent to maintain.

The general problem of scarce material has affected the power companies like other business but in some respects far more acutely. Copper, a major necessity in electric power supply, has been and is unobtainable except for essential war service, and then only after long delays and voluminous paper work. Copper wire that formerly was discarded for scrap is now spliced, reinsulated, redrawn or otherwise fitted for further usefulness. In the absence of the usual supplies of meters, transformers and other routine equipment, the companies have established exchanges through which excess supplies are released and needed items are secured. Inability to obtain transformers and other devices needed for routine load growth has led to intensive studies of possible increased loadings beyond rated capacities by taking advantage of favorable external temperatures, neat absorption characteristics of brief overload periods, air cooling, and even overloads that were known to result in some shortening of insulation life but not expected to cause failure during the period of restricted replacements. In some cases capacities have been temporarily increased by as much as 50%.

The exhaustion of the supply of domestic appliances has called for repairs of existing units far beyond normal procedure which would replace rather than repair older models. The scarcity of repair men and parts in the dealers' shops has diverted many such customer troubles to the broad shoulders of the utilities. With 125,000,000 of such appliances in service, the job is not a simple one. Special industrial power engineering problems; the supply of defense housing projects; the securing of war contracts for small business units in areas where labor needs employment and other community problems have made many demands upon utility technical and supervisory organizations. Lack of gas, tires and labor have curtailed meter readings, and together with shortages of repair material, have led to neglect of maintenance that, will some time have to be made good.

The foregoing summary is intended as a review of the principal difficulties under which the power companies are operating due to material shortages, many of which call for additional effort to insure the maintenance of adequate service. But that is not the end of the story for, although needing increased personnel, the present greatly expanded service is being handled by a much reduced force. Just before Pearl Harbor the electric power companies had their maximum recorded employment, including 288,000 persons. In June, 1943 the

number had been reduced to 222,000. War service had taken 40,000 and a much larger number had transferred to war industries, making the loss in skilled employes far in excess of the 23% net loss. Among the substitute employes are some 10,000 women and many men beyond the draft age. Relatively few positions are subject to continuing deferment and the training of new employes for highly technical operations is time consuming and costly. The curtailed forces now in service include guards now required at important stations, substations and other critical locations as well as those performing operating functions. The loss in efficiency due to substitution of new or transferred employes has been appreciable but impairment of service has been carefully and successfully avoided.

All these developments in the electric power field during the period of the world war show an increase in volume of business well in excess of 50%, with all its attendant complications, successfully handled with a trained personnel more than 25% smaller than normal. But, again, this is not the whole story of difficulties and distractions. In 1937 the Federal Power Commission and many of the state regulatory commissions put into effect new and radically changed systems of accounts to which the companies under their jurisdiction were required to conform. Such radical changes were opposed by the utilities but without success. Opposition was particularly directed to a change in fixed capital which required the segregation of "original cost" defined as the cost of existing units of property to the owner who first devoted them to public service.

A very large proportion of existing power companies are the outcome of a long series of purchases, mergers or reorganizations, some of them covering a period of more than fifty years. Many of the old financial records have long since ceased to exist, some of them relating to presently surviving property. In many cases, also fixed capital records do not show the cost of present units but rather that of units long since replaced by others through charges to maintenance. Such, for example, has been the common practice with reference to poles, meaning that present records may show costs far less than those of the units now in service. Present and recent accounting practices differ materially from the primitive methods of the early years, but the regulations governing original cost determinations do not permit corrections of original entries for such obvious deviations from current practice. At any rate they are not permitted if original cost would thereby be increased. The job is projected, apparently, on a one-way street basis!

To the extent that this program, not directly authorized by the Holding Company Act of 1935 on which it is based, is intended to eliminate so-called "write-ups" there should be little opposition to its timely execution to the extent that such write-ups were arbitrary or intended to reflect inflated values and not for correction of known errors or deficiencies. When an arms-length purchase of utility property subject to regulation has involved a cost higher than that recorded on the books of the seller, and the transaction has had regulatory approval as being consistent with prevailing practices, the purchaser's record of cost should prevail against arbitrary eliminations. Any contrary procedure in the past would have definitely discouraged the consolidation of small properties, and the well-known improvement of service and reduction of rates resulting therefrom.

The disposition of those parts

of fixed capital excluded from original cost is left to the discretion of the regulatory commissions, with little present prospects that they will be inclined to recognize any substantial parts as appropriate for consideration in rate cases. An apparent intent of this program is that original cost shall become the rate base of the future in spite of repeated decisions of our Supreme Court that costs incurred over a long period of time are not representative of present value, and that items of continuing value, although excluded from "original cost," may not be disregarded.

Write-ups have been disclosed in many past rate cases and have been given such regulatory consideration, if any, as their particular circumstances have warranted, all without any rewriting of fixed capital records. Such practice could be continued safely for the time being, particularly in the light of the close scrutiny of all proposed rate increases by the OPA under the Emergency Price Control Act and the Economic Stabilization Act, both passed in 1942 and to be in effect for the duration of the war.

Another feature of the new accounting systems promulgated in 1937 has been time-consuming and annoying to the utilities affected. It sets up a new method of providing for depreciation, based on the assumptions that the useful life of utility facilities is known, and that depreciation accrues uniformly throughout this life period. Although the first assumption is not supported by utility experience and the second is contrary to findings of our Supreme Court, the companies are expected to prepare elaborate tables of the estimated lives of various classes of property and the monthly or annual accruing depreciation of each class. They know that the reserves so created would ultimately reach a size that has been found by commissions and courts to exceed existing depreciation.

It is further proposed by certain commissions, particularly Federal Power Commission, to compute accrued depreciation by the retroactive application of this new age-life rule although it is inconsistent with past prescribed accounting methods and the insistence, already referred to, that fixed capital records of the past shall not be revised. All these various moves, apparently aimed at lower rates through a lower rate base and otherwise, have taken much time of executives, engineers and accountants away from the pressing task of insuring an adequate supply of power to war industries and others, again without immediately applicable results. There might be less concern over FPC activities if they were restricted to utilities actively engaged in interstate commerce. But when, for example, jurisdiction is asserted over a company engaged in intra-state distribution because it has an interchange power contract with a neighboring company which in turn has a similar contract under which power may flow into another state, the field of disturbing regulation is so broadened as to add substantially to the complications discussed herein.

Since Pearl Harbor electric power companies alone have devoted more than 9,000,000 man-hours to FPC original cost and SEC "death sentence" studies, exclusive of the necessary supervisory and legal effort. And of the 300 original cost studies included in this work, which account for 75% of the direct labor, two-thirds are still incomplete and will require the further expenditure of much time by employes, executives and attorneys. Approximately 4,800 employes, or more than 2% of the dwindling staffs of all privately owned electric utilities, have been engaged in this work between December

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8, 1941, and August 7, 1943, while a much larger percentage of utility employees has been affected. A force of this size could man a large part of the air fleets that have recently been raining destruction on Berlin and other German industrial areas.

It is obvious that the accumulation of above-outlined burdens, many of them wholly unnecessary for the time being, upon curtailed utility organizations, striving valiantly to supply an ever increasing demand for power, should have a tendency to discourage cheerful, maximum efforts. That such tendencies are not yet disclosed is a tribute to the loyalty of an industry with a record of outstanding past accomplishments. But full co-operation, even in unquestioned matters, cannot be maintained indefinitely in the face of continuing evidences of distrust and antagonism. If the present service is to be not only maintained but expanded, as is clearly imperative, a note of encouragement is sorely needed. The logical first procedure is to relieve the utilities of all duties and distractions not directly related to their job of helping to win the war.

Included in the relief category should be the original cost studies and the other new accounting complications referred to herein and the reorganization and recapitalizations to which operating as well as holding companies will be subjected if the "death sentence" activities of SEC are continued unabated. To the extent that the needed relief relates to Federal laws and supplementary commission regulations, it can be secured by Congressional action through which FPC and SEC activities outlined herein would be suspended for the duration of the war and until its immediate problems have been solved.

The scope of this moratorium legislation also might well be extended beyond that heretofore proposed to include regulation by either of these commissions of the activities of public utilities that are not directly engaged in interstate commerce, at least if the proportion of the energy produced by such utilities that may ultimately find its way into another state is unimportant. In fact, the suspension under such circumstances might be made permanent without known hardship to any interested parties other than the regulatory agency whose job would be curtailed.

Both FPC and SEC have contended that they are now bound to continue the activities in question because of the requirements of statutes or regulations over which they have no control, although such contentions are only partially supported by existing legislation. Other than for such mandates, convincing reasons for aggressive prosecution of such work under present urgent manpower needs have not been advanced. The release for the duration of the hundreds of employees of these commissions who are engaged on the work to be suspended under the proposed moratorium would be of material help in the present man-power shortage.

Such a moratorium has ample precedent in the relief granted by Congressional action in the depression years of the 1930s to farmers and others whose interests were personal and unrelated to such war activities as are now shared by public utilities. Relief of the character provided by the proposed moratorium has also been recommended by certain state and national regulatory agencies. Its prompt authorization would not only help to improve present operations but also would relieve apprehensions, as to the motives behind the program to which the moratorium relates. It would promote new energy and enthusiasm in the prosecution of the war.

Detroit Judge Tells Receiver To Ignore OPA Ceilings In Sale Of Property

Judge Guy A. Miller of the Detroit Circuit Court on Aug. 26 instructed the receiver for a tool and die plant to sell machinery by accepting "bids of any figure whether above or below any alleged selling prices fixed by the Office of Price Administration." Indicating that Judge Miller thus acted in an informal decision, the Detroit "Free Press" of Aug. 27 reported the Judge as adding:

"The reason for this instruction is that the OPA is a Federal administrative office resting so far as this court is aware upon executive proclamation. There is no statute, no act of Congress, known

to this court which gives to the OPA any jurisdiction over the sale of property which is properly in the hands of officers of this court."

The OPA office refused to discuss Judge Miller's decision directly, but called attention to the fact that several Federal Courts have upheld price ceiling regulations.

Judge Miller's instruction was given to Miss Una Dunlop, appointed as receiver for the Leisner Manufacturing Co., and grew out of the fact that one of the partners feared OPA rules might be broken in disposing of assets.

When it was pointed out that adherence to his instructions might place the receiver in

jeopardy, Judge Miller said: "When the highest bid is received, and if it is over the ceiling price, the OPA will be invited to come in and show any law or statute that sustains the executive proclamation."

He closed the discussion with the statement: "If the OPA continues to take authority away from the state through executive proclamation there won't be any 48 states left."

**BACK THE ATTACK
WITH WAR BONDS**

Massachusetts Mutual
LIFE INSURANCE COMPANY
Springfield, Massachusetts
Bertrand J. Perry, President

The Future Of Interest Rates

With Special Reference To The Treasury's Borrowing Policy

(Continued from page 1087)

capital funds, whether for long-term or working capital requirements.

Credit expansion is so colossal that we run the risk of not comprehending its implications. Some economists and many users of credit speak of money as though it came out of a barrel, rates of interest to go up when the bottom of the barrel becomes a threat. Have we made allowance in our thinking for the fact that every credit extended creates a debit, that for every dollar borrowed there is created a new owner of a dollar? Are we still talking about money and credit as mankind did when it used "hard" money exclusively, before the perfectly astounding invention of double-entry bookkeeping? An invention not heralded as epoch-making, a slow growth over recent centuries, but today the instrument creating an expansion of money in its true sense, upon the solving of which our future is wholly dependent.

Is credit not directly dependent upon sound capital? Quoting Dr. Anderson: "Capital grows as men consume less than they currently produce." During the war, we are consuming natural resources, and wearing out industrial equipment and transportation equipment at a rate never before dreamed of. We have created new plant facilities, vastly improved production technique, and the spur to new invention and to produce great results is incalculable. What will the net result be? One of many unanswerable questions. My own conviction is that the wealth of this country cannot be measured by cold statistics, but that the tabulation should include inventive power, manufacturing technique, distributive and selling ability, educational facilities, and other intangibles, and that we have no adequate conception of our great wealth as a people. To make this wealth real, instead of just potential, will require an atmosphere friendly to work and enterprise.

Dr. Anderson states: "One of the great essentials for economic progress is that capital should grow more rapidly than debt." How much ground have we lost in this race during the war, all factors considered? A vital question.

Again quoting Dr. Anderson's essay: "I have seen calculations which would indicate that the capacity of bank credit to expand and to take Government bonds is very great, if no question is raised as to the credit of the Government and if there are no currency disorders." Can anyone refute the statement that the fundamental cornerstone of credit is the solvency of the debtor?

"Fear" is the other risk factor. "Fear", whether just or unjust, getting out of hand, can cause ruin. Has the element of fear been taken into account sufficiently, when interest rates are under discussion? To what extent are interest rates a psychological affair? How much has the "state of mind" of the debtor and the creditor to do with interest rates?

Several more, possibly imponderable questions, occur to me. What effect upon both short term and long term interest rates was caused by the abolition of interest on demand deposits at bank? If it is true that interest rates tend lower as a country becomes prosperous and rich, have we allowed sufficiently for the fact that we have in this country most of the riches of the world, measured by productive power, invention, transportation and electric power? In a creditor nation, how high a rate of interest, with the compounding of interest at work, is safe? Compound interest, year after year, generation after gen-

eration, is something to ponder about. Are we too prone to think that interest rates are abnormally low, and are we overlooking low rates in Edinburgh and London one hundred and two hundred years ago, when Great Britain was the money center? How about the very old adage "John Bull can stand anything but a 2% rate?"

When will borrowers appear to bid for risk money? Will corporations be allowed to expense renewals and replacements in advance of actual disbursements as an allowable deduction when computing taxes? Will the volunteer army selling Government bonds in the periodic War Bond Drives, and month to month on the clearly devised installment plan called Payroll Allotment, do a good enough job to insure a colossal buying power after the war, through accumulated savings and postponed spending? Will the postponement of spending be of sufficient proportions to hold down "war prices" and reduce war scarcity of things?

Can the public be made to realize that jobs for the soldiers, when demobilized, can only be available if we have buying power then to buy goods which the returned soldiers help produce?

Upon these questions and many more like them, the credit of the Government, our economic structure, depends, and, in my opinion, interest rates are inextricably intertwined. I think most people will agree that the credit expansion of the 'Twenties was an important factor causing the problems of the 'Thirties, but it was child's play compared to our post-war problem—to solve the war credit expansion. This is why Dr. Anderson's article is of such enormous importance.

HON.

LEVERETT SALTONSTALL,
Governor, The Commonwealth of Massachusetts

The subject of interest rates is one of the most difficult problems that I know of, and one about which I feel very ignorant. It has always seemed to me that for the past few years interest rates have been unnatural. Government has stabilized them and now can't afford to let the prices of its securities drop, for if it does, every bank, insurance company, etc., in the country will "go bust."



Gov. L. Saltonstall

I am a little skeptical whether anything will be gained by putting up interest rates for Government securities. What is most important is to eventually balance the budget. I know that cannot be done over night, but until that is done and business incentive returns, there is not much difference whether the interest rates are low or a little higher.

Eventually, capital must go in again to productive sources, or else our system of living will be completely altered. When it does go into productive sources, interest rates naturally will be higher, and banks and insurance companies will invest in those types of securities.

As I said, this is a most difficult subject, but one that is fundamental and of interest to all of us if we are concerned in making our post-war country and living worthwhile.

M. J. CLEARY,
President, The Northwestern Mutual Life Insurance Co., Milwaukee, Wis.

I sincerely hope that Mr. Anderson's belief with reference to interest rates will materialize. I am in that viewpoint thinking not of

our own company affairs but rather of the general good. Surely we ought to continue our interest in men and women providing for their own old age. If they are to do that in any great number, we will have to restore at least a part of the earning power of money which has been lost in recent years.



M. J. Cleary

I have often referred to the fact that I practiced law in a country area a good many years ago. When I left that community I probably could have written a list of somewhere between 50 and 100 elderly couples that had accumulated from \$6,000 to \$10,000 or \$12,000. In addition to this they had a small home and garden. They were happy, contented people with no fears about the future. Under the then prevailing conditions their confidence was justified. Their money earned them from 5 to 6%. Their taxes and other costs were negligible. People similarly situated today have no assurance of future security. That is the unfortunate part of it.

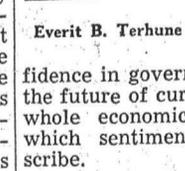
As suggested by Mr. Anderson, if individuals and institutions are to continue to hold long-term Government securities, which the Treasury surely is interested in having them do, the yield will have to be such as to provide for the necessities of the investing institution and also to be reasonably attractive to the investing individual.

EVERIT B. TERHUNE,
Vice-President, Chilton Co., New York City (Publishers of Iron Age)

I regret to say that I have never been able to qualify as a fiscal expert and Dr. Anderson's article has given me more real factual information on interest rates than I have ever before had.

I was tremendously impressed with the summation as given in the last sentence of his article which reads as follows: "I think, too, that such a return to financial orthodoxy would greatly strengthen the fabric of confidence in government finance, in the future of currency, and in the whole economic picture," — to which sentiment I hereto subscribe.

Everit B. Terhune



WM. FULTON KURTZ,
President, The Pennsylvania Co. For Insurances On Lives and Granting Annuities, Philadelphia

I have read Dr. Anderson's interesting article "The Future of Interest Rates"—with a great deal of which I heartily agree.

I would not presume to argue with him on the academic points of his thesis. I do not, however, agree with his conclusions. I think higher rates of interest on Gov-

ernment bonds would not attract a vast amount of new investments, as I doubt if the interest rate is today the controlling factor. If the rate on offerings is substantially increased, the investor will naturally look for successively higher coupons and may await what he hopes will be the maximum rate. Such a program might place an almost impossible burden of support of the existing market on the Open Market Committee operations of the Federal Reserve System.

I think Dr. Anderson's suggestion that the holders of presently issued long-term Governments be permitted to convert into higher rate issues is absolutely unfeasible politically and would be creating preference for the commercial banks and other financial institutions that would constitute the poorest sort of public relations, even if such a program were possible. In effect, his proposal might be viewed as an attempt to guarantee par or possibly even a premium for the present holders.

With the probability of a war shorter than we originally expected, I am inclined to think that the fiscal and monetary authorities can and will continue to keep money rates in the general neighborhood of present levels.

HON. ROBERT HALE,
Representative in Congress from Maine



Robert Hale

I think that Dr. Anderson is one of the best writers in the country on economic subjects.

DR. FELIX MUEHLNER,
Niagara Share Corporation of Maryland, Buffalo, N. Y.

We appreciate your invitation to comment on the views of Dr. Anderson and we agree with him that it is a fundamental issue to know whether or not capital created by bank credit expansion can serve as a substitute to the real savings by thrift.

However, we wonder whether or not this issue can intelligently be discussed as long as we don't know what kind of a post-war world we shall have to face. All we know is that we shall be confronted with the highest national debt in the history of the United States, due to a war of an immensity never known before.

As long as this life struggle is still on, we cannot quite see the importance of advocating a raise of the interest rate now. Somehow, it appears to us that Dr. Anderson is not giving credit to the American Nation by saying that patriotism by itself won't take bonds with present low coupons in adequate quantity. This war seems to us to be too serious an issue to differentiate patriotism on the grounds of a higher or a lower coupon rate on Government bonds.

Perhaps we may suggest to Dr. Anderson to explain to the readers of the "Chronicle" the reason why bank money instead of thrift money has become the main source of capital in the last decade before the outbreak of this war.

Isn't the real dilemma simply this: that thrift reduces consumer's purchasing power for consumer goods and increases production facilities which in turn

depend for continued operation on consumer's demand and have to curtail production if consumer's demand declines on account of the habit of thrift?

Isn't the phenomenon of idle money better explained by the observation that existing production facilities had a hard time to make money and that thrifty people preferred to keep their savings unemployed instead of risking investment in new enterprises, when old and established companies were not doing so well, even if new enterprises offered a high rate of return?

C. F. CHILDS,

C. F. Childs & Co., Chicago

In general I share Dr. Anderson's views.



C. F. Childs

program.

J. W. WATSON,

Treasurer, Shell Oil Company

Thank you very much for your letter of September 1 to Mr. Fraser, and for the copy of the article on interest rates by Prof. Anderson, which was enclosed. Mr. Fraser has asked me to acknowledge it. This I do, with my appreciation for another opportunity of reading a noteworthy article about a subject of more than passing interest just now. A clear understanding of the factors involved in today's financial policies will promote clear thinking and, it is hoped, constructive action upon this phase of the national problem. Dr. Anderson's article is of great value in this direction and he states a very complex case in simple and logical terms without, I believe, running into the usual risks of oversimplification.

I trust that more articles of this type and caliber can be expected in the future, as we now need authoritative discussions by qualified men more than ever before. Your part in making this possible is commendable.

JOHN L. ROWE,
Los Angeles.

Dr. Anderson's article is full of thought provoking material. My only criticism of these experts who write this pedantic material is that they see too many bogeymen at every turn. We simply now have in this country a condition that is the antithesis of the roaring 'twenties. Whereas every Tom, Dick and Harry was in debt up to the hilt by 1929 we now have a condition where the individual is cash happy and debt free. Last year individuals set aside 22 billions while corporations were piling up 14 billions. Private debt redemption is moving ahead at an appalling pace.

The fact that the public debt touched 148 billions last month is not serious. Provide this country with harmonious political and economic environment and our post-war boom will cancel this debt at an amazing pace.

If we can somehow bring Soviet Russia into the family of nations so that we can tie our domestic and world commerce to Mr. Roosevelt's devalued gold dollar, then we shall have the mechanics for a world recovery, the like of which commercial history has yet to record. It will then be time to take cognizance of the future trend of

interest rates. Let us then lighten the tax burden on industry, initiate a national sales tax in its place, and thereby restore the profit motive to a high level. Under these conditions the producers of wealth will be generous, as usual, with those who prefer interest to dividends.

Under Mr. Roosevelt's leadership Federal debt has mounted while individual debt is being liquidated. Our debt structure is now in one central depot instead of being spread thin as it was in the roaring 'twenties. Reverse this domestic trend and bring Soviet Russia into the family of nations so that an international gold standard mechanism can be made to work, then be on guard for a major change in the long-term interest rate. As a nation, we shall be on the way to new and glorious achievements!

Unlike the roaring 'twenties, this new era will be an advancement gained through controlled individualism. The New Deal deserves credit for laying a foundation which, with refinements, can achieve orderly cooperation both at home and abroad.

CRANDALL MELVIN,

President, The Merchants National Bank & Trust Co., Syracuse, N. Y.

I can't fully agree with Dr. Anderson that the interest rates are bound to work higher in the near future. It is true that probably



Crandall Melvin

in seven or eight years they will work higher, but in view of the tremendous financing job that the Treasury still has to do, I don't see how they can permit them to go any higher.

I don't agree with him when he states that interest rates aren't high enough to attract investors' funds.

It appears that there is a reluctance on the part of the people, a question in their minds as to how the Government is going to handle the debt that deters them from investing and not the rate of interest.

I am 100% for him when he states that banks holding long dated Governments should be allowed to subscribe for the proposed new high yield issues with their old bonds. If this was not permitted, the future solvency of the banks of the country would be jeopardized.

Our opinion is that the Government should continue to hold down the interest rates on their bonds in order to protect not only the banks but also the insurance companies of the country. I also feel that, if it is at all possible, the Government should institute every possible conservative program to instill in investors confidence in Government securities.

At this time I want to congratulate you on the fine publication which you present. It is "chock" full of wonderful material and my only complaint is that I don't have sufficient time to read it from the first page to the last.

D. B. ROBERTSON,

President, Brotherhood of Locomotive Firemen and Engineers, Cleveland, Ohio

While I have not had the time to review "The Future of Interest Rates With Special Reference to the Treasury's Borrowing Policy," by Mr. Benj. M. Anderson in as complete detail as I should like, it seems to me that to express an opinion with respect to Mr. Anderson's views on the future of interest rates would involve the discussion of a subject concerning which learned and eminent econ-

omists are not in full agreement.

However, this I can say: My concern at the moment is that (1) the war be brought to a successful conclusion at the earliest possible date and (2) that a post-war economy be planned which will not only absorb the shocks of conversion of industry from a wartime basis to peacetime pursuits but will also make jobs available to our returning service men at wages in keeping with the American standard of living as we know it. Give the workers full time jobs at good wages and I doubt if we will have much to worry about concerning the solvency of the banks and/or industries.

Another point I should like to make is that I have no sympathy with the views expressed by Mr. Anderson to the effect that "facing its realities would give immense impetus to the move for economy in spending even in the midst of war, and in particular might make the Treasury a strong advocate of doing away with the forty-hour week for the duration of the war, and of 50% overtime payments beginning at 40 hours in work on Government contracts as well as elsewhere."

In this respect the record speaks for itself. True, in some instances it has been found necessary to increase the work week because of the manpower shortage, but the soundness and efficiency of the present work week is unquestioned by the Government and the splendid production records being established by American labor will doubtless go down in history as one of the great achievements of the war.

When one advocates theories such as the one referred to, a grave doubt arises in our minds as to whether it is not a camouflaged attempt to shackle labor and destroy the social gains of the past decade rather than an honest effort to improve the general situation.

DAN W. HOGAN,

President, City National Bank & Trust Co., Oklahoma City, Okla.

I have read Dr. Benjamin M. Anderson's article on "The Future of Interest Rates" with a great deal of interest and I think



Dan W. Hogan

the doctor's suggestion that the Government allow investors the privilege of surrendering present issues for new issues which bear a higher rate, in the event that is the case, is sound. In fact, bankers will not buy long-term bonds at the present rate of interest because such rates are out of line with the earnings of other investments.

A person who depends upon his interest income for a living is now finding that he needs a raise just as much as the man who labors and who is clamoring for a raise on account of the advancing cost of living.

THOS. H. CANNON,

High Chief Ranger, Catholic Order of Foresters, Chicago.

I have read Dr. Benjamin M. Anderson's article on "The Future of Interest Rates" with great interest, although there are some sections of the address which the ordinary layman would not be able to follow as well as one who has devoted himself to economic interests.

The organization that I represent has invested \$40,000,000 in municipal bonds through the last forty years. We used to have an average yield of about 5 1/2% but

it is going down every year until today our average annual yield is about 4.3%, but we cannot invest in safe municipals in the present market at much better than 2 1/2%. The declining interest rate has caused us and other insurance organizations to remodel our premium tables because the invested reserves will not realize the basis of 3 and 3 1/2%, upon which these premiums were formerly calculated. We started with a 4% interest assumption and then had to cut it to 3 1/2%, and if the present interest rates continue to decline, we will have to go on an even lower than 3% interest assumption. Of late months, of course, we have been prodded into investing in Government loans which realize us less than 2 1/2%. I would like the return of the good old days when money could have its fair return by way of interest.

LEWIS H. BROWN,

President, Johns-Manville Corp.

Dr. Anderson's article on the future of interest rates is most interesting and informative.

I do not see how anyone can believe that



Lewis H. Brown

the present enormous expansion of bank credit incident to Government financing can, in the long run, be productive of any good. To curtail it, there should certainly be employed whatever reasonable steps are essential to procure public investment. I have no doubt that Dr. Anderson is right in saying that the most important step is to restore a rate of interest on Government securities which will make people want to own them.

M. ALBERT LINTON

President, Provident Mutual Life Insurance Company of Philadelphia

I have read Dr. Anderson's article, "The Future of Interest Rates," in the Commercial and Financial Chronicle twice.



M. A. Linton

I am not a banker and therefore do not have an informed judgment as to the proposal to permit banks holding long-dated government bonds to subscribe for new higher yield issues with their old bonds. To a layman, it sounds reasonable, but whether there are complications not foreseen is

another matter.

On the whole, I feel Doctor Anderson's article is a very helpful and stimulating one. To my mind the probabilities as to the future of interest rates are of the utmost importance to many types of institutions, life insurance companies in particular. . . .

W. HARNISCHFEGER,

President, Harnischfeger Corp.

I have reviewed the article by Dr. Benjamin M. Anderson entitled "The Future of Interest Rates," with considerable interest and there certainly seems to be some sound reasoning behind the opinion he expressed.

I am somewhat reluctant to give my opinion on this very involved subject but I can, unhesitatingly, state that I, personally, do not en-

dorse a great many of the new ideas in financing.

Personally, I believe that our Government's finances are in a very unsound condition and unless something is done, we are bound to have chaotic conditions. In my opinion, the starting point is to reduce government expenses to a minimum. This is, of course, difficult to accomplish with the prevailing policy. The second point is that I believe a substantial increase in taxes should be secured by enacting a sales tax.

With reference to the matter of bond interest, it has always been the practice that short maturities have a comparatively low interest rate. I am in agreement with the theory that the interest rates, in view of the present chaotic conditions, are entirely too low and by increasing the rates there might be a trend toward investing which would assist in stabilizing our economy and, of course, this would have the tendency of obtaining more capital in this form of security which, apparently, is going to be necessary.

Under the most favorable conditions, I believe we are going to have a long, hard road ahead to liquidate the obligations which we are incurring.

Home Loan Banks' Resources Higher

Increasing 7% over the past fiscal year, total resources of the 3,774 member institutions of the Federal Home Loan Bank System have passed the \$6,000,000,000 mark, James Twohy, Governor of the System, announced on Sept. 4. By districts, it is announced, the largest gain in the year ending June 30 was registered by the Federal Home Loan Bank of New York, which reported a rise of 25% in members' assets, in part due to the admission of five New Jersey mutual savings banks into the System. Since 1936, the resources of the thrift and home-financing institutions of the System have almost doubled, Mr. Twohy said. From the advices we also quote:

"Membership of the System on June 30 consisted of 1,468 Federal savings and loan associations, 2,261 State chartered savings and loan associations and similar institutions, 23 insurance companies and 22 savings banks. The savings and loan associations in the System alone serve some 7,000,000 investors and borrowers.

"Since the System was established, the 12 regional Federal Home Loan Banks have advanced \$1,044,000,000 in reserve credit to their members. Approximately \$92,000,000 was outstanding on July 31."



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To Keep American Tradition Alive We Must Blaze Trail For The World

(Continued from first page)

peoples' ability to help themselves."

In stating that "there is a great deal we can do," Justice Douglas said:

"We cannot force other countries to act as we wish or to emulate our way of life. But if America continues to be a country worth following, she will be followed. If our standard of life and our respect for the individual and his freedom are still vital and inspiring they will inevitably awaken similar desires in other lands."

He essayed that "we cannot expect our prestige throughout the world to rise above the level of our own accomplishment at home." "Our world problem," he continued, "far from conflicting with our domestic job, should stimulate us to do better. If we want the security of friendship with like-minded neighbors, we will show the world that our democracy can outperform any other system. No counter-propaganda can stand against that."

Observing that "in the era now ending we have been the inspiration of the world, the symbol of progress to even the most progressive countries," Justice Douglas admonished that "to keep the American tradition alive, we must continue as the trail blazer of the world in the age now dawning."

The address of Justice Douglas follows in full:

We are living in an era of fundamental change. One age is giving way to another. The process of change was set in motion before the present war began. The war is indeed a violent chapter in its history. But this war—huge and disturbing as it is—is hardly the last chapter in the transition.

The war is a challenge. It is a challenge not only to our ability to produce guns and tanks and planes, and to use them in the field. If that were all, we would not be talking and thinking about the future as we all are doing today. But the war is more than the immediate challenge of military might which we are meeting so triumphantly. It is part of a continuing challenge to our whole way of life.

Military victory will not automatically provide a solution to those problems. Something more will be required of us. Our moral stamina as well as our fighting strength is being tested. For it is up to us to prove that our democracy can adapt itself to new circumstances, yet carry with it the values it has achieved in the past. This war is a test—a test of our wisdom, and our strength and our faith.

China, Britain, Russia—each passed the test of survival. Their successes were not lucky accidents. They were genuine victories, earned by millions of people. They demonstrated a basic principle of history. Each battle proved that national integrity is a prerequisite of national survival. The cases of China, Britain and Russia show that, in time of supreme national crisis, when a people have only their faith left to fight with, they can—if they feel they must—convert and transmute their national integrity into a decisive weapon of national defense.

We need not be concerned when the minds of the American people are in a ferment of doubt. Trial by doubt is an ordeal from which nations, like men and women, gain both wisdom and stamina. Nor should we be frightened when a world crisis provokes a mood of self-questioning among us. This doubt, this self-questioning, is not mysterious nor humiliating. On the contrary, it is a challenge

which a vigorous and healthy people must always welcome. It is a challenge which should make us glad to be living at a time when so much is demanded of us, when entire nations can rise to heroic heights. In the history of mankind turbulent years are more nearly normal than placid ones. Societies either advance or they disintegrate. That is, perhaps, the first law of life.

Any era of transition or change provokes uncertainties. The old dogmas are no longer sure. The old truths seem to have been refuted. At such times—and especially when the climax of a great and bloody war is approaching—the whole basis of life is invariably altered. We cannot know what will come to take its place. But we may all be sure that the end of this war will be the signal for the beginning of a new struggle . . . a struggle of a different kind. It will be on the moral and social front. Upon our skill and wisdom in that endeavor will depend our chances of building successfully a new America; of shaping her to our historic ideals; of making her new stature a guarantee of freedom, of strength, and of promise to the world; of saving a new generation from the terrible necessity of having to fight another World War.

We cannot escape the test nor evade the issue by pretending that the familiar world of the past 60 or 70 years is more than a memory and a tradition. We were brought up to live by its facts and ideals. We honor our past, and we propose to live by our traditions, not blindly, but selectively and intelligently.

America has never stifled life; it has always grown. America has never worshipped any imaginary absolute of perfection. As a people we have understood that a gulf must always separate what men have from what men want. That is why we are tireless in our pursuit of the better.

America has endured, America has remained true to herself, because she has changed many times. The men who created this country knew that empires and eras, like people, grow old, become feeble, and die. The men who have spoken for this country in every chapter of her growth have known it, too.

In the same spirit of reverence for our dynamic past, with the most profound determination to use the great American tradition as a living guide to the world about to be created, we must admit frankly that the world into which we were born has died. We will dishonor our past if we deny the challenge of today. We, the generations now living, have a great historic chance to preserve the ideals we inherited. It is the same chance our fathers had. But it is also up to us to discover new goals, to find the new truths which the new age we are moving into will need, if the Americans of the future are to be proud of their history and traditions.

The task will not be easy. We'll have to make up our minds to live with our doubts and with our worries, with the problems to which no one today can give a simple or positive answer. While we must not underestimate the job, neither must we let its complexity . . . its immensity . . . appall us. This is not a country of men who are refugees from the past. This is not a nation of men and women who cling to the past because they do not understand the present and because they fear the future. Nor is it a country of men who are willing to sell their souls for a promise of security. This is a country of men and women who will accept the challenge of what lies ahead—all of

them ready to do their part; all of them living with a sense of responsibility to their children and to the American Creed they want to hand on to their children's children.

The last great period of change and growth which America went through, some 80 years ago, was more like our own than we have been brought up to think. The 1840s and '50s were a time of social ferment and intellectual probing. People were beginning to re-examine the values that their parents and grandparents had lived by. New religious groups sprang up just as new political ideas did in our day. And the period was climaxed by a war as bitterly fought and as fundamental in the changes it brought about as any in history.

Abraham Lincoln was not only the protagonist of his age. He was the symbol of all its inner meaning. No man could have been more tortured by doubt. No man could have felt more deeply the consequences of the action he knew he must take—action that he was sure was right . . . and yet which destroyed a way of life and meant death for thousands of young men.

Lincoln met the challenge of his own time successfully. But no one knew better than he that there would be new challenges to meet, new periods of change and doubt, new ages of transition and reevaluation. Some of the problems of his age still face us. Lincoln left us no panacea, no lifeless and entire peace. He handed down to us, rather, an opportunity to preserve America in its own image, an opportunity to build anew. What he felt and thought and suffered is a barometer of all the spiritual striving and search of his era and a measure of its heritage for us.

Out of the confusion and disorder of that day came one of the most vigorous and lusty periods the world has ever seen. The age of crude growth and ruthless strength is not one that we want to repeat. But the vitality and the promise of our post-Civil War life were as real as its crudeness. There is no reason for us to think that America cannot experience such growth again. Out of our own experience can come a spirit as powerful but wiser, a purpose equally determined but even better fitted to the world of tomorrow.

The decision of the Civil War that all labor in America would be free labor ushered in the greatest, most dynamic of all industrial revolutions. To some, looking back today, it is a Golden Age of enlightened self-interest and free enterprise. To others, it is the dark story of the marauding barons of high finance . . . of exploitation . . . and nothing more.

Neither of these views tell the story, which is far more dramatic than any special pleading can make it. The last 80 years saw us grow from a sprawling adolescent, importing economy to an industrial power greater in many ways than all the rest of the world put together. Our wilderness became farm land, our frontiers were transformed by blast furnaces and machine shops and factories of every kind. We were needlessly wasteful of our resources, and we left problems and evils in our path. But we made more things than any nation had ever made before and we gave more of them to more people. We were America. We were the trail blazer of the world. We pictured abundance to succeed scarcity. And we groped toward that goal.

But what we gave to our people—what our people made and took for themselves—was not just wealth and material things. We also made new liberties. No nation has ever been free as we have been free. Nor did any nation ever dare dream of growing as free as we did. The immigrants from Europe who came to our shores had heard stories—incred-

ible stories—of gold in the streets, and shoes for everyone. But it was the other stories they heard, the stories that had the word liberty in them, that also brought them across what was then the wide Atlantic. It was the news that you could say what you wanted, and think what you wanted in America; that you could worship your God or argue about Him as your conscience told you to; that you could become a citizen and vote for the people who governed you; that you did not have to cringe before officers in uniform, that your children could go to school, free school, and learn to read and write and grow up to be somebody. They learned that civil liberties meant not only their right to say what they liked and the other fellow's right to say what he liked. They learned that the true meaning of those liberties was the right of the other fellow to say what they did not like.

Because of these things they learned to live together with other people whose fathers their fathers had always fought in the Old World. They and their children became Americans. They came, and they worked, and they fought as they are fighting now. They learned how to speak their minds and make their needs and desires felt while accepting the equal right of people of different views to do the same. They made themselves a place alongside the descendants of the older waves of immigrants. Because they could do this, because it was the freest land in the world, America became the richest.

That is a primary lesson we can learn from the earlier era of American development. Our people won new liberties. They did not reach Utopia. No one ever will. But within the wide framework of those new liberties we were able to produce the good things of life more abundantly than any other nation. Our wealth and our power have been a direct outgrowth of our freedom.

In that connection let us not forget that in the last century we offered the common man something few other nations did—opportunity. He was not bound by inherited class distinctions. He could make money, win professional distinctions, acquire political power within the framework of a republic, or simply pursue his own idea of happiness as he wanted within the bounds of a reasonable penal code.

Those are the ideas of freedom and liberty that have made us the inspiration of the world.

Those are the ideas of liberty and freedom for the individual which we must never lose.

Now that our position in the world—our very existence as a nation—is being challenged, all Americans are considering what our policy toward the rest of the world should be when the war is won.

Some say the rest of the world is no concern of ours, that we ought to let it stew in its own juice while we devote ourselves to solving our own problems. Others feel that our problems are merely a part of international issues and that we must take on 4—To Keep American Tradition Alive the responsibility for solving those international problems before we can expect to get anywhere with domestic questions.

Each group is convinced that only the attitude it advocates will protect our liberties, and that to follow the rival course would ruin democracy in America.

If we look at the influence on the world that this country has had in the past, we may get a clue to how we ought to behave in the future. It is perfectly true that our domestic problems are part of a larger picture. All that we do to solve our problems at home is immediately radiated out to the rest of the world.

At the same time, we should

knows more about its own troubles and problems than we do or ever can. No matter how high our ideals or motives, we can hardly qualify as managers of the affairs of other nations. What may be good for them may be anathema to us or vice versa. The history, the traditions of people vary throughout the world. Each must work out its own destiny. We should let others have the same free choice which we reserve for ourselves.

Even if we wanted to, we could not assume sole responsibility for solving international problems.

Moreover, we must disparage and underestimate other peoples' ability to help themselves.

But there is a great deal we can do. We cannot force other countries to act as we wish or to emulate our way of life. But if America continues to be a country worth following, she will be followed. If our standard of life and our respect for the individual and his freedom, are still vital and inspiring, they will inevitably awaken similar desires in other lands.

But other peoples must feel that our attitude toward them is friendly. We must show them that we are more than a great tutor; that we can learn as well as teach.

Above all, our word must be good.

The world is going to need—and it will welcome—as much competition as the people of America have always insisted on at home.

Liberties cannot be forced upon people. But we can kindle the imagination of the citizens of other continents with the idea that they would do well to achieve such liberties for themselves. After all, nothing succeeds like success.

We cannot expect our prestige throughout the world to rise above the level of our own accomplishment at home. Our world problem, far from conflicting with our domestic job, should stimulate us to do it better. If we want the security of friendship with like-minded neighbors, we will show the world that our democracy can outperform any other system. No counter-propaganda can stand against that.

In the era now ending we have been the inspiration of the world, the symbol of progress to even the most progressive countries. To keep the American tradition alive, we must continue as the trail blazer of the world in the age now dawning.

During the crisis of Lincoln's day, the political party in power in England was ready to enter our Civil War against the North. It was the common people of Britain who stopped the move. The war meant hardship to the textile workers of Manchester, thrown out of employment because the Northern blockade was cutting off supplies of cotton. But although the British Navy might have broken the blockade and put them back to work, although gentlemen across the sea who were supposed to be so wise were for war, the textile workers protested. America was not just the country that sent them their raw material. America was a dream in their hearts. They would not let their rulers make war upon her.

Those people are allies worth having. They are the ones who said in England four years ago, "We will have no more appeasement. We will honor our obligation to Poland." They are the ones who three years ago stood up when hell rained on London and Coventry, on Bristol and Portsmouth.

They are the Chinese farmers who turn soldier by night, who keep Japanese rifles hidden in their huts and blow up bridges with home-made hand grenades and risk torture that China may live.

They are the Russian people

(Continued on page 1101)

Catching Up With The "American Radical"

(Continued from page 1093)

may expect that the imposition of additional taxes upon a man's life insurance estate certainly will continue to occur to our Legislators. Already we have seen the specific \$40,000 exclusion wiped out.

At such time as the matter of further life insurance taxation again may come up, however, our tax experts should remember this: LIFE INSURANCE IS INDEMNIFICATION IN CHARACTER. Its purpose is to make no one rich; to reap no profits for the beneficiary, but simply and solely to INDEMNIFY A WIDOW AND CHILDREN AGAINST THE LOSS OF INCOME OCCASIONED BY THE DEATH OF THE BREAD-WINNER.

Happily, a few of our outstanding Legislators realize this, and their testimony in behalf not only of life insurance but of the right to leave a competence for one's family lends encouragement to the hope that American traditions of personal liberty may continue to prevail in years to come.

One of these Legislators is Senator Styles Bridges of New Hampshire, who says this:

"Frankly, aside from my home, a small farm, in New Hampshire, my life insurance represents most of my life's savings. I have three boys; one is now in the Armed Forces in foreign service; two are in the public schools. The insurance I carry gives me assurance that my sons will be brought to manhood. It is my way of providing security for them, assuring them of an education, clothes, a home, and other necessities of life, regardless of what may happen to me.

"The protection which I have afforded them gives me comfort day by day as I go through the hazards of life. I am fortified by the realization that whatever tomorrow may bring I have done the best I could to safeguard the future of my children.

"Today with the world in the greatest chaos of all time what can a man cling to but the stable, substantial things of life? What greater comfort can any man have than the knowledge that come what may his family shall not suffer?

"Security and protection stretch beyond the grave and extend a helping hand to loved ones after the physical support of the family bread-winner ceases to be a functioning element. That is life insurance. But as great as life insurance is, it cannot be considered a thing mechanical. It is human in its entirety. There is the personal, individual understanding that must be reckoned with in the scheme of things. . . . even for a factor as strong, as powerful, as complete as life insurance."

Another is Representative Wesley E. Disney of Oklahoma, member of the House Ways & Means Committee, who says:

"There was only one way I could provide for my wife in the event of something happening to me—so I started my life insurance program; a too limited one, I realize now. It was the only way a public official, dependent upon a small monthly income, could provide an estate. My chief regret is that I did not, in those earlier days, enlarge my program of insurance. I waited until later to do that, and in consequence I am absolutely compelled to carry for the protection of my family in its present station in life, an insurance program that is expensive. I am paying for my lack of foresight. Upon this experience, my advice to the younger generation is to start your insurance plans early and enlarge them to completion before middle age.

"As I have said, since those

days the life of a prosecutor in Oklahoma has become less hazardous; but I moved on ten years ago to Congress and then was elected to Ways and Means, the Tax Committee—so I might still be classed as living a dangerous life, particularly when taxes are the subject-matter of conversation. But I'm still a policyholder and still interested in what happens to the life insurance business. I'm interested first because I've put my own money into it these last thirty years, and the future security of my family rests in the hands of the management of the insurance companies. That is almost literally true. Beyond that, I'm interested in life insurance because I've seen it in action, seen the part it has been compelled to play in the development and preservation of the governmental and business principles of our democracy."

Representative Disney speaks of "the future security of my family," and that brings me to the "SO WHAT?" of my talk here today. I started out by quoting from Dr. Conant's article on American Radicals who would resolutely "demand the confiscation, by constitutional methods, of all property once a generation" (and remember that life insurance is property), then I showed you how impracticable or impossible it is adequately to provide for your family under today's tax schedule other than through the medium of life insurance, which itself certainly is not and has not been immune to increased taxation, but which today appears to be about the only way in which a fair competence may be passed on.

Now I don't necessarily say that the present tax situation points up a trend or holds a threat for the future; but I DO say that you had better start thinking about how you are going to leave a fair competence for your family—whether through stocks, bonds, real estate, life insurance or other property—and start talking with your Legislator friends about the problem so that there may be no misunderstanding whatever when this war is over.

Furthermore, I believe that in order to guarantee that the family may continue to exist as the principal unit of our civilization from generation to generation, we must be prepared to oppose vigor-

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ously any attempt which might in the future be made to break up trust funds and estates of a reasonable amount, through tax means or otherwise. And in view of the obvious fact that today the amount of so-called "spendable funds" available for the creation of a competence for widows and children will go further in life insurance than in other forms of saving, I believe that a deduction for life insurance premiums up to a reasonable amount should be allowed in calculating income tax; that the recent exclusion of \$40,000 of life insurance from estate tax should be immediately restored, and that, in order to help families conserve whatever estate they may inherit and promptly pay their taxes on it—and this point is most important—life insurance SPECIFICALLY EARMARKED FOR PAYMENT OF ESTATE TAXES SHOULD NOT BE INCLUDED IN THE TAXABLE ESTATE. This would not only benefit the family but the U. S. Treasury as well, for it would definitely assure the Treasury of its estate tax revenue no matter what the structure of the estate might be.

The progress of this great and enduring country of ours ever since it was born on that glorious day 167 years ago has been based upon one thing and one thing alone. THE WILL TO WORK AND TO SAVE AND TO PROVIDE SECURITY AND FREEDOM FOR THE FAMILY. And freedom, gentlemen, is not only a right but a hard-won heritage which constantly must be fought for to be preserved. If we ourselves are to be denied by law the privilege of providing security for the family, then others must provide it. And every time people accept a guarantee of security from others they surrender an equal amount of freedom.

To Keep American Tradition Alive After War We Must Blaze Trail For The World: Douglas

(Continued from page 1100)

who held at Stalingrad and today roll back the Nazi hordes towards Berlin.

Those silent millions are our real neighbors in the world now being born. They are taking the place of the decadent and irresponsible castes that traditionally controlled old-world politics. They have moved closer and closer to the council tables where power politics has always flourished.

Those silent millions—the common people of the world—are paying for the war—as they have paid for all wars—with their blood and their suffering. They insist that the world of tomorrow offer more to youth than the creed of cynicism. They insist that the world to tomorrow not make a mockery of those killed and sacrificed in this war.

We failed in 1918. We must be wiser this time. We must attain new maturity if we are to make our victory in this war a fitting end to the struggle that achieved it. Our chances of success increase with the ascendancy of these silent millions to a greater position of power.

To fight in the manner of the Allies, a nation must have more than a fine army and good equipment. There has to be an idea in the hearts of the people, soldiers and civilians, that will give them something to balance against the supreme sacrifices of war.

The fighters and the working men and women of the Allied nations are not waging war on the basis of lies and deceptions and false promises. They have ideas about what they expect their world to be at the end of the war and how they want to improve it. Those ideas are largely private and unexpressed, but they are there. You might call them individual war aims. But they are private and personal only on the surface. Underneath they are so widespread and universally held that they point to fundamental change in the shape of the world, to more freedom and better material conditions for all.

That combination, that determination to gain new liberties and higher standards of living at the same time, is very American. If the fiery hope for freedom is the

(Continued on page 1102)

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Public Utility Securities

Recent Offering Of Idaho Power Common Stock

Idaho Power common stock was recently offered to the public by a syndicate headed by Blyth & Co., at 24%. The stock, which was formerly owned by Electric Power & Light (Electric Bond and Share system) was split five-for-one, after a capital contribution of 60,000 shares by EL, making the present outstanding amount 450,000 shares. A dividend rate of \$1.60 is indicated, returning a yield of 6½%. It is proposed to make application to list the stock on the Stock Exchange.

This is the second important offering of a utility equity this year; Houston Lighting & Power, offered at 54 last May, advanced to a recent high of 63% on the Big Board. Such offerings are apt to become more frequent as holding companies take advantage of present strength in the utility market to dispose of subsidiaries, in order to conform to the "death sentences" the SEC has entered against them—though it is hoped that Congress will order a moratorium on these proceedings until after the war.

Idaho Power was retailed at 11.8 times the stated earnings of \$2.09 per share for the 12 months ended June 30, 1943 (exactly the same as for the calendar year 1942). However, in connection with a substantial write-off of plant account (reducing it to historical original cost) an amount of \$1,905,410 is to be amortized by annual charges of \$127,027 (28 cents per share) over a fifteen-year period. On this basis, earnings would be reduced to \$1.81. However, allowing for possible tax savings and other factors, it is estimated that fully adjusted earnings would be in the neighborhood of \$1.85 or more a share on which basis the price-earnings ratio is 13.3. This figure compares with a recent average of 14.3 for twelve leading operating company stocks. The average yield on these stocks was 5.78%. The buyer of Idaho was therefore getting a moderate discount on the average price-earnings ratio, and a substantially better-than-average yield.

However, it may seem curious that the stock of a little-known operating company, in a somewhat isolated territory such as Idaho, could be priced fairly close to the Big Board "leaders" in the utility group. Nearby Puget Sound's common (which is expected to lose its "when issued" status September 13th, the date when the plan becomes effective) sells at only five times earnings, and a comparatively seasoned stock like Indianapolis Power & Light sells at about eight times earnings. The reason doubtless

lies in the favorable combination of factors to be found in the background of Idaho Power. While the State of Idaho is sparsely settled, being originally a desert area, it is a growing State due to the irrigation program sponsored by the Federal Government. The war has of course retarded this program, but substantial plans are prepared for extending the irrigated area as soon as men and materials are available in the post-war period. Meanwhile, of course, the predominantly agricultural area served by Idaho Power is benefiting by the present demand for farm products and many farmers are rapidly liquidating the government debts against their land, in advance of maturing installments.

The Power Company has a substantial amount of surplus power which is currently being sold to its neighbor Utah Power & Light at a very low rate. When the irrigated area is increased, this power can be sold to its own customers at much higher rates, which should substantially increase net earnings before taxes. It is estimated that gross revenues could be increased by 50% or more without requiring additional generating facilities. During the past ten years the company's revenues have increased in each year.

Even if anticipated growth should prove disappointing, earnings should enjoy a considerable measure of stability because of the company's natural advantages. Practically all electricity is from the company's numerous hydro plants on the Snake River, which draws its water from heavy snow caps in the mountains. So far as past records indicate, there is no danger of drought; and on the other hand, due to the scarcity of rainfall, there is little likelihood of floods. Since the same water which supplies power also feeds the irrigation ditches, the power company and its customers are well synchronized by nature.

Idaho Power, which serves nearly half of the state's population without direct competition, enjoys excellent goodwill and

(Continued on page 1102)

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To Keep Amer. Tradition Alive After War

(Continued from page 1101)
heart of the dream, the material gains are its outward symbol. Today that American dream is burning all over Europe and Asia. It burns brightly in the lands successfully closing in toward victory. It burns sullenly and obstinately in the hearts of the conquered who await a new day. It has now been kindled anew in Italy. With the end of the war, it will shape itself into a drive of such force that it can be ignored by none.

On the material plane, we see first of all irresistible pressure for a universal rise in living standards. There will be a demand for material necessities and luxuries of life even from the most backward economies. To meet that demand new industrial areas will appear and old ones will grow larger. What happened in America 60 and 70 years ago will begin to happen in other nations throughout the world.

That new industrialization need not be a threat to us. The increased productivity of one nation can profit all its sisters. A higher standard of living in Europe and Asia and Latin America will mean enormously increased markets for our goods.

Nothing could be more fallacious than the ancient theory that backward peoples can be exploited as outlets for industrially produced goods. Even if backward peoples want such goods, they do not have the money to pay for them. Profitable trade can exist only between countries on a fairly equal footing economically.

We should not be disturbed if the other nations of the earth begin to grow more like our own. In fact, America can expect to profit from the economic gains other continents are sure to make in much the same way as our industrial East is bound to gain from our development of new productivity here in the West.

With more and more things in common with other nations we can come closer and closer toward a real and functioning community of nations. And we must not forget that any real community of nations can exist only among equals. Our own history proves that.

Some think our period of leadership in the world is ended. Some say we shall have to yield our position of trail blazer to some other more dynamic power. But I cannot agree. I believe that we will go on to realize a way of life better than has ever existed before. America is not decadent. It has never been so strong. Its truly great achievements lie ahead of it.

The future will be strange to us. Its problems will be new. They will be more difficult than any we have had. None of us knows what new thing we shall make together here in America during the years of trial and struggle ahead.

But of one thing I am sure. What we make will not be a denial of our past. America will reverence freedom as it always has. We shall not surrender or compromise our ideals of liberty and freedom for the individual. We shall not lose the basic civil liberties guaranteed at the birth of our country in the Bill of Rights and supplemented during the years of our growth by Congress and the courts. Those rights are the touchstone of what we must demand from the future. As long as our citizens are free to think, to write, to speak, to vote as they please, we can never be untrue to ourselves and our past—and we can never fear to compete with any nation for a position of moral leadership in the world.

Gwilym Price Is Westinghouse V.-P.

(Continued from first page)
of the Peoples-Pittsburgh Trust Co.

Mr. Price was President of the Peoples-Pittsburgh Trust Company since January, 1940, following three years as its Vice-President in charge of trusts. He had been a trust officer since 1923, and was elected a Vice-President of the bank in 1930.

During Mr. Price's presidency, the bank's deposits have been enlarged by more than 60%, making it seventy-fifth among the nation's banks.

Born in Cannonsburg, Pa., in 1895, Mr. Price attended school in New Kensington and Carnegie, Pa., and was graduated from the University of Pittsburgh Law School. He is an overseas veteran of World War I, which he entered as a private, rising to a captaincy in a heavy tank battalion. Following the war, he resumed the practice of law, and in 1920 became an assistant trust officer of the Pittsburgh Trust Company. Another brief period of private legal practice was followed by his employment at Peoples-Pittsburgh.

Mr. Price is a Director of the First National Bank of Pittsburgh, the Blaw-Knox Company, the National Union Fire Insurance Company and the South Penn Oil Company. He is Vice-President of the Pennsylvania Bankers Association and Chairman of the Public Relations Council of the American Bankers Association.

He is presently serving as Allegheny County Chairman of the banking and investment division of the Pennsylvania War Finance Committee, and as Treasurer of the War Advertising Fund. He is Treasurer and a Director of the Chamber of Commerce of Pittsburgh, Vice-President and Trustee of the Zoar Home, a trustee of the Pittsburgh Y. M. C. A., Elizabeth Steel Magee Hospital, Pennsylvania College for Women, and the British War Relief Fund. In 1942, he was President of the Community Fund in Pittsburgh.

J. R. Williston To Admit

J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, will admit Oswald Anderson to partnership in the firm on October 1st.

Public Utility Securities

(Continued from page 1101)
there seems little likelihood that any local government ownership project would gain headway. Costs of producing electricity are so low that there would seem no possible advantage to Bonneville or Grand Coulee in attempting to send electricity into this area on a competitive basis.

The company's regulatory relations appear sound and it has had no important rate controversy in the past fifteen years. Plant value has been fully adjusted to meet the requirements of two State commissions and the Federal Power Commission. With 29% in common stock equity, capitalization appears conservative.

Summarizing, there may be a potential rise in share earnings over future years due to anticipated increase in farm acreage, excess generating capacity to take care of new customers, and future refunding of bonds and preferred stock—which benefits will remain limited, however, so long as excess profits taxes continue in effect.

Chain Stores—A Typically American Institution

Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange, and other leading Exchanges, have issued the 1943 edition of their "Chain Store Survey," discussing the effect of the wartime economy on the chain stores, their progress and their profits; their wartime victories and defeats, and their prospects for the future. A detailed study of the situation, with charts, tables, and interesting data on 31 leading chains is contained in this attractive brochure, copies of which may be had from the firm upon request.

St. Louis, San Francisco RR. Situation Interesting

An interesting report on the reorganization plan for St. Louis-San Francisco RR. has been prepared by Raymond & Co., 148 State St., Boston, Mass. Copies of this report and a special letter discussing the outlook for rail reorganization bonds may be had from the firm upon request.

DIVIDEND NOTICE

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED
NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER.

A Second Interim Dividend on the Ordinary Stock for the year ending 30th September 1943 of tenpence for each £1 of Ordinary Stock, free of United Kingdom Income Tax, will be payable on 30th September 1943.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 192 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C., for examination five clear business days (excluding Saturday) before payment is made.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the Press, are notified that Coupon No. 192 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividend to which they are entitled is paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 30th September 1943.

Coupon No. 80 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED 17th August, 1943.
BY ORDER,
D. M. OPPENHEIM, Secretary.
Rusham House, Egham, Surrey.

Kebbon, McCormick Co. Adds Edwin Stephan

CHICAGO, ILL.—Kebbon, McCormick & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, announce that Edwin A. Stephan has become associated with them in their Trading Department. Mr. Stephan has been identified with security trading on La Salle Street for more than 15 years. He was recently associated with Bond & Goodwin, Incorporated, of Illinois.

DIVIDEND NOTICES

American Woolen COMPANY

INCORPORATED
225 FOURTH AVE., NEW YORK 3, N. Y.

At a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of \$2.00 a share on account of arrears was declared, payable October 15, 1943 to stockholders of record September 30, 1943. Transfer books will not close. Checks will be mailed.

F. S. CONNETT,
Treasurer
September 15, 1943.

Dividend Notice of THE ARUNDEL CORPORATION, Baltimore, Md.

September 14, 1943.
The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding, payable on and after October 1, 1943, to the stockholders of record on the corporation's books at the close of business September 20, 1943.

JOSEPH N. SEIFERT, Secretary.

THE ELECTRIC STORAGE BATTERY CO.

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents (\$5.00) per share on the Common Stock, payable September 30, 1943, to stockholders of record at the close of business on September 13, 1943. Checks will be mailed.

H. C. ALLAN, Secretary and Treasurer.
Philadelphia, September 2, 1943.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held September 3, 1943, declared a dividend for the third quarter of the year 1943 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable September 30, 1943, to stockholders of record at the close of business September 20, 1943.

Transfer books will not be closed.
C. S. DUNCAN, Treasurer

UNITED FRUIT COMPANY

DIVIDEND NO. 117
A dividend of fifty cents per share on the capital stock of this Company has been declared payable October 15, 1943 to stockholders of record at the close of business September 23, 1943.

LIONEL W. UDELL, Treasurer.

United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½¢ per share on the Preferred capital stock. They have also declared a dividend of 62½¢ per share on the Common capital stock. The dividends on both Preferred and Common stock are payable October 5, 1943, to stockholders of record at the close of business September 14, 1943.

WALLACE M. KEMP, Treasurer

REDEMPTION NOTICE

To the Holders of Witherbee Sherman Corporation

First Mortgage 6% Income Bonds
Maturing May 1, 1963

The Board of Directors of Witherbee Sherman Corporation has appropriated the sum of \$110,000.00 from its General Funds for the purchase, for retirement, of bonds of the above issue at a flat price of 110%. No additional payment will be made on account of accumulated or accrued interest.

Offerings of bonds must be in the hands of the undersigned not later than 10 A.M., Eastern War Time, on September 28, 1943.

A letter setting forth the terms and conditions under which offerings are to be received, together with a form letter to be used in making offerings, were mailed to all known holders of bonds on September 7, 1943. If you are interested in offering all or any part of your bonds and have not received said letters, kindly communicate with the undersigned promptly and copies will be forwarded to you.

GEORGE A. BARCLAY, Treasurer

Witherbee Sherman Corporation
14 Wall Street, New York 5, N. Y.

Dated, September 10, 1943.

DIVIDEND NOTICE

DIVIDEND NOTICE

DIVIDEND NOTICE

AMERICAN LOCOMOTIVE COMPANY

30 Church Street



New York 8, N. Y.

PREFERRED DIVIDEND NO. 141

There has been declared for the quarter year ending September 30, 1943, a dividend of \$1.75 per share upon the shares of this Company's Preferred Stock (authorized by the Certificate of Consolidation of American Locomotive Company, American Locomotive Sales Corporation and Transamerican Construction Company filed in the Office of the Secretary of State of the State of New York on September 3, 1943) issued and outstanding, payable on October 1, 1943 as to shares thereof held of record at the close of business on September 24, 1943 to the holders of record thereof at that time and payable as to all of said shares which shall not be held of record at the close of business on September 24, 1943 to those who shall first become the holders of record thereof on the date on which they shall become such holders of record, or on October 1, 1943, whichever shall be the later date.

Transfer books will not be closed. Checks will be mailed or delivered by the Bankers Trust Company in accordance with the foregoing.

JOHN D. FINN, Secretary

September 7, 1943.

"Our Reporter On Governments"

By S. F. PORTER

It's a strange thing that even as the cash is rolling in and the billions are beginning to mount toward the \$15,000,000,000 goal, financiers and dealers in bonds are arguing about the ultimate success of this drive. . . . "Debated everywhere was the effect of the Italian surrender on the war loan drive" was the lead of a financial column in a New York newspaper the day after Italy quit. . . . And the story went on to say that Wall Street was divided into two groups on the point of increased or decreased subscriptions on this good news. . . . That's poppy-cock! . . . There isn't any question about this \$15,000,000,000 being raised because it just has to be raised. . . . And this Treasury is not so stupid—in fact, just the opposite—as to permit the black mark of failure on its record in the greatest war loan campaign in world history! . . . If individuals fail to come through on as large a scale as is essential, then corporations will make up the difference and institutions will be "pressured" into rounding out the figure. . . . And if signs appear of lagging subscriptions, steps will be taken within a few days to make sure there's a backlog of buying to take up the slack. . . . This is common sense stuff—not talk out of the air. . . . And to this observer, the question is not whether the \$15,000,000,000 can be obtained but whether a billion or two oversubscription can be secured to cut down the subsequent bank campaign. . . . To answer that question in a hurry, the belief is the oversubscription will be obtained.

Best guesses are that at least one-third of the goal will be in the till by the end of this week. . . . And it's believed that much more actually will be in sight but won't be reported as it comes in, for the Treasury won't want to let people think they can sit back and hold out their few dollars.

And, meanwhile, the Government mart is at a standstill. . . . Prices holding firm—in fact holding so well that it's surprising. . . . Banks in there buying as their reserve positions are eased. . . . Dealers trading as usual but devoting most attention to the war loan drive. . . . And the little stories that mean dollars-and-cents to the men alert to opportunity are there as always. . . . For instance. . . .

THE TAX-EXEMPTS

In a few more weeks, the market will lose \$1,401,000,000 tax-exempts—the called 3 1/4s of 10/15/45/43 and one of the best trading issues of the early '30s. . . . Next April, the market will lose another \$1,519,000,000 of tax-exempts at one clip—the 3 1/4s of 4/15/46/44 and also one of the favored trading issues of the early '30s. . . . In the meantime, the September 15 issue of \$279,000,000 tax-exempt 1% notes is out. . . . And in December, the \$421,000,000 of tax-exempt 1 1/8% notes will be out. . . . And next March, \$515,000,000 of exempt 1s will be off the lists. . . . And by the middle of 1945, there won't be a single direct or guaranteed short-term issue carrying the tax-exempt privilege on the market. . . . Only the bond calendar will contain them. . . . And all you need do is check down a list of outstanding bonds to find out the relatively minor totals of those. . . .

Figure it out for yourself. . . . All this scarcity we've been talking about for years is now becoming a real and inescapable fact. . . . Who do you think hold these called exempts? . . . Institutions, mostly. . . . Banks and corporations with definite reasons for wanting to switch out of their current tax-exempt holdings into other exempt securities. . . . Investors who will make every effort to maintain their privileged position even if it means paying up every time they make a switch. . . .

Of course, the shrewd trader might decide the wisest course is to get into the longest-term exempts right now and settle the matter once and for all. . . . The constant rolling-over of maturities and paying up to obtain longer exempts would not be necessary. . . . Easier on the nerves and probably a lot easier on the pocketbook. . . .

We're not discussing the major trend of interest rates after the war or any other issues of similar significance. . . . We're talking now just about the scarcity-plus-popularity angles in a still strong and well supported market. . . . You carry on from there. . . . And, incidentally, the key exempt issue—the 2 3/4s of 1965/60—has gone back to above 112.14. . . . That bottom of 112 was maintained. . . . Good investors in the issue once more. . . . And when the impact of the calling of the 3 1/4s is felt, it will may be that the longer-term exempts will stage a little rally on their own. . . .

And, for instance—to get to another "money-making" report). . . .

THE 2% BONDS

The way the 2s continue strong and in demand is one of the most significant features of today's market. . . . Here we are, in the middle of a campaign permitting any one and every one to buy all the 2s of 1953/51 they want at par. . . . In fact, a campaign in which (Continued on page 1108)

Municipal News & Notes

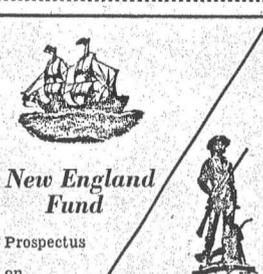
Halsey, Stuart & Co., Inc. are informing holders of State of Arkansas Highway Refunding Bonds that interest coupons due October 1, 1943 and subsequently may be presented for payment at their Chicago and New York offices. Of the \$136,330,557.29 of such bonds originally issued, Halsey, Stuart & Co., Inc., has underwritten \$73,306,557.29 of the bonds.

Debt Creation By State Of Missouri Discussed

The forthcoming State Constitutional Convention in Missouri has prompted the Governmental Research Institute of St. Louis to prepare an extremely interesting memorandum pertaining to the creation of debt by the State of

Missouri. It is pointed out that while it the obvious intent of the delegates who drafted the existing State constitution in 1875 to provide controls against the creation of large state debts, "in practice these provisions have proved ineffective" and the intended restraints on State borrowings "have been successfully avoided a number of times in the past."

The constitutional prohibitions "to curb the unrestricted power to create debt," required that except in certain instances, the General Assembly could not incur indebtedness without first obtaining approval of two-thirds of the votes cast at an election called for that purpose. This requirement, however, has generally been by-



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passed "through the expedient of submitting proposed bond issues to the voters in the form of constitutional amendments, which require only a simple majority vote."

Illustrating the extent to which this practice has been employed, the Research Institute points out that of the grand total of \$169,100,000 of State bonds that have been authorized by popular vote since 1875, only \$3,500,000 were submitted under the constitutional provision requiring a two-thirds majority vote. The balance of \$165,600,000 was approved in the form of constitutional amendments requiring a simple majority for passage and only \$15,000,000 of these bonds received as much as a two-thirds majority vote. In explaining the circumstances which brought about this situation, the Research Institute said:

It seems not to have occurred to the framers (of the Constitution) that the two-thirds requirements could be avoided through the expedient of submitting proposed bond issues to the voters in the form of constitutional amendments, which require only a simple majority vote. This can probably be explained by the fact that the two-thirds requirement for bond issues was adopted by the Constitutional Convention on June 29, 1875, while the report of the Committee on the Future Manner of Amending the Constitution was not submitted until July 16. When the latter came before the convention for action, the members clearly overlooked the fact that it could be used to circumvent the two-thirds requirement. With the prohibitions in the Constitution against aid for railroads and other private purposes, the framers probably believed that any large debt incurred by the State would be for an "unforeseen emergency" or a "casual deficiency in the revenue." Logically, any other interpretation leads to the untenable conclusion that the framers intended it to be easier to authorize a debt for normal purposes than a debt for an unforeseen emergency.

The use of the Constitutional amendment method to authorize State debt, the Research Institute declares, "has had the effect of writing into the Constitution, permanently, through these amendments, data relating to specific bond issues of only current importance and not of fundamental significance." It then makes the following additional observations:

"If it is believed that State bonds should be authorized by a simple majority vote, then such a referendum procedure should (Continued on page 1107)

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Investment Trusts

WHAT THEY'RE SAYING—

About The Third War Loan Campaign

"The battlefields are white with the bones of those who on the very eve of victory stopped to rest and in the resting died."—Ancient Quotation reprinted in Keystone Corp.'s *Keynotes*.

From Lord, Abnett's *Abstracts*—"The Third War Loan campaign differs from all previous bond drives in either the two World Wars in our generation. It is a daring innovation and a forthright challenge to the American public.

"In every previous drive it has been possible to shrug off the whole thing by saying: 'If we don't buy them, the banks will, so there is no need to be concerned about it.' But this time it is different, because the banks are being left out of the picture, and if the drive is to be a success, the entire \$15,000,000,000 must come from individuals or institutions representing them."

From MIT's *Brevits*—"It is, of course, difficult to visualize the immensity of the present war loan campaigns, but by way of comparison, it is interesting to note that prior to the first World War, the largest increase in the American public debt in any one year amounted to \$941,902,000 in 1835 and that the largest loan ever floated by our Government in a single operation was for \$200,000,000 in the Spanish war period of 1898.

"During the first World War, the Government raised a total of \$21,432,918,450 in five separate war loan drives, the largest of which was an issue of \$6,964,576,000 Fourth Liberty Loan 4 1/4% bonds offered in October, 1918. At that time the report of the Treasury Department stated: 'The oversubscription of this largest of all loans was the greatest financial achievement in all history and a wonderful manifestation of the strength and purpose of the American people.'

"If we exclude the 'Victory Loan' issue which was offered in April of 1919, some five months after the Armistice was signed and which was used in part to assist in the financing of American exports, the present war-loan campaign for \$15,000,000,000 is within some \$1,937,000,000 of the entire amount of money raised by the Federal Government in the war loan drives of the first World War period."

About the Investment Outlook

From the *Investment Report* of the Research Department of Distributors Group—"An announcement by the Treasury Department of a modification of its former tentative proposals for post-war international currency stabilization indicated that gold would play its traditionally basic role. This did much to clear away the chief uncertainty that up to now has clouded the outlook for gold stocks. In other respects these stocks appear most fortunately situated, particularly for any temporary post-war readjustment period. In consequence an important proportion of the investments of Mining Shares has been placed in the stocks of leading Canadian and American gold mining companies. Even greater concentration in such stocks than that shown by this report is being considered.

"Undervaluation continues to be most extreme in the heavy industries, notably steel and railroad

Railroad Equipment Shares

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equipment, and in the interest-paying railroad bonds which still sell at substantial discounts."

From the eleventh and concluding article in National Securities & Research Corp.'s series on Post-War Backlogs and Business—"Conclusions:

"(1) The readjustment period at the end of the war may, if the ending is abrupt, be as short as six months, but intense; or if considerable time elapses between the end in Europe and in Asia, it might last for a year or two, but be relatively mild.

"(2) The post-war period should be one of prosperity—though just what the levels of business will be or how long prosperity will last cannot be closely anticipated. The backlog industries should be outstanding beneficiaries of the prosperity.

"(3) Earnings should satisfactorily reflect the post-war prosperity, and the period should be a favorable one for investors. The fact that (though speculative opportunities have been plentiful) the securities markets of the last 18 months have shown a predominance of the income motive may point the way to post-war conditions in this respect.

"(4) What the levels of security prices may be when the war ends cannot now be foreseen; but at present the stocks of most of the backlog industries do not appear to be at levels which would dis- (Continued on page 1105)

INCORPORATED INVESTORS

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Tomorrow's Markets Walter Whyte Says—

(Continued from page 1087)
incentive. In the interim
bullish forecasts increased.

Learned articles claiming that more and more industries were geared to turn from sword beating into plowshare manufacturing, practically overnight, began appearing. The assumption being that fears of post-war problems were over emphasized and that stocks were a buy here and now. One market pundit gave as his considered opinion that rails, particularly a major eastern road, were cheap at present prices and that an advance to something called "value" was a logical expectation.

What stock or stocks, or groups will take the lead in the next upward stage of the market cycle, is still a mystery to me. But if "logic" is the yardstick applied then I would never consider the railroads as likely candidates.

In the next few days the I.C.C. will issue its figures on the railroad industry for 1942. In this report you will see some interesting comparisons that may give you a clue as to the recent increase in railroad accidents. For 1942 American railroads had about 45,000 locomotives, 39,000 passenger cars and about 1,750,000 freight cars in operation. If you will study these figures and compare them with rolling stock in use say ten years or even twenty years ago you will see that instead of increasing, it has declined steadily.

It is very easy to say that this shows good management. But this opinion will evaporate very quickly if you have to use the railroads these days. For 1942 the rails were called upon to carry 100% more passengers than in 1941. Freight movements are at least 50% above 1941, and for the first half of 1943 were probably still greater. To facilitate all this increased traffic brought about by a major war the railroads have actually less rolling stock today than they had even 20 years ago. It may make for bigger earnings but it will

Delay Curb Hearing

The hearing scheduled for September 16th on the application of the New York Curb Exchange to extend unlisted trading privileges to the securities of six companies has been postponed by the Securities and Exchange Commission to November 15th. The postponement was requested by the counsel for all parties.

The stocks involved are: Lukens Steel Co., \$10 par common; Farnsworth Television & Radio Corp., No. 1 par common; Merck & Co., Inc., \$1 par common; Northern Natural Gas Co., \$20 par common; Public Service Co. of Indiana, Inc., common stock without par value, and Warner & Swasey Co., common stock without par value.

H. W. Stimpson Dies

Harold W. Stimpson, formerly a partner in the New York Stock Exchange firm of Sartorius & Smith, died at his home of a heart attack at the age of 63.

certainly also make for bigger expenses.

No, in my opinion the rails don't stand up as buys.

Of the industrials there are a number which I favor, but not with the market acting the way it does.

As this is being typed the news reports are coming in that our forces attacking German troops at Salerno are meeting with stiff opposition. The Berlin radio claims our forces are evacuating. The British say we are doing nothing of the sort; we are increasing our beachheads. Meanwhile the market, which tries to answer all questions affecting its welfare, is doing nothing. A "do-nothing" action in itself would not be pessimistic if it were not in the middle of developments nobody knows the answer to.

Therefore such action at this point cannot be considered as pointing to higher prices. On the contrary, it points to lower prices. So until the market by its own behavior shows in what direction it wants to go I suggest that all buying be postponed until either more definite clues appear or until the indicated reaction materializes.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Hull Favors Organized Internat'l Co-operation To Keep Peace—By Force, If Necessary

(Continued from page 1086)

Secretary Hull pointed out that "the success of an organized system of international cooperation with the maintenance of peace as its paramount objective depends, to an important degree, upon what happens within as well as among nations." He added:

"We know that economic stagnation and distress, cultural backwardness and social unrest within nations, wherever they exist, may undermine all efforts for stable peace.

"The primary responsibility for dealing with these conditions rests on each and every nation concerned. But each nation will be greatly helped in this task by the establishment of sound trade and other economic relations with other nations, based on a comprehensive system of mutually beneficial international cooperation, not alone in these respects, but also in furthering educational advancement and in improving observance of basic human rights."

In asserting that "organized international cooperation can be successful only to the extent to which the nations of the world are willing to accept certain fundamental propositions," he stated that "first each nation should maintain a stable government," and "should be free to decide for itself the forms and details of its governmental organization"; "second, each nation should conduct its economic affairs in such a way as to promote the most effective utilization of its human and material resources and the greatest practicable measures of economic welfare and social security for all of its citizens," and third, each nation "should be willing to submit differences arising between it and other nations to processes of peaceful settlement, and should be prepared to carry out other obligations that may devolve upon it in an effective system of organized peace."

As to certain issues of the country's foreign relations, Secretary Hull stated that these must be seen "in their full perspective" since the foreign policy is expressive of the fundamental national interests. The paramount aim, he added, now is final victory and beyond that "the assuring of our national security and the fostering of the economic and social well-being of our people."

Mr. Hull touched on several examples of the close coordination of military, economic and diplomatic action existing between the United Nations, stressing that it is this country's desire and settled policy that collaboration and cooperation with the Soviet Union "shall steadily increase during and following the war."

Following is the text of Secretary Hull's speech, according to the Associated Press:

I.

In July of last year, in an address over these networks, I outlined, as definitely as was possible at that time, the chief problems and conditions confronting us in the field of foreign relations and sought to indicate some of the policies necessary for meeting these problems. I pointed out that in the present conflict each of the United Nations is fighting for the preservation of its freedom, its homes, its very existence; and that only through united effort to defeat our enemies can freedom or the opportunity for freedom be preserved—for all countries and all peoples. I spoke of the need to chart for the future a course based on enduring spiritual values which would bring our nation and all nations greater hope for enduring peace and greater measure of human welfare. To this end I urged intensive study, hard thinking, broad

vision, and leadership by all those, within each nation, who provide spiritual, moral and intellectual guidance.

At that time the military picture was still dark. The United Nations were still fighting a desperate war of defense against better prepared foes. We had suffered a succession of grim defeats.

Since then the military picture has greatly changed.

We are now winning heartening victories, in the air, at sea, and on land. Our counter-blows are steadily increasing in power and effectiveness. They are stepping stones to our final triumph over the forces of conquest and savagery.

Attainment of complete victory, although now certain, is still a formidable task. Our lesser enemies are fast losing heart and strength. Italy has already surrendered. But our principal enemies, Germany and Japan, though shaken, still possess great resources and enormous strength. They still control vast portions of Europe and of Asia. To defeat them completely the United Nations need to make, on the battle front and at home, efforts even greater than those thus far made.

In making these more intensified efforts, it is more important than ever for all concerned to have a clear understanding of what is at stake, now and in the future.

During recent months public discussion and debate on a high plane have revealed the profound concern of our people with the issues of the country's foreign relations. These issues need to be seen in their full perspective. Unless our people so see them and unless our people are willing to translate their understanding of them into action, the well-being of the nation—and even its very life—may be gravely menaced.

The foreign policy of any country must be expressive of that country's fundamental national interests. No country can keep faith with itself unless that is so.

In determining our foreign policy we must first see clearly what our true national interests are. We must also bear in mind that other countries, with which we deal in the conduct of foreign relations, have their national interests, which, of course, determine their policies.

Obviously there are, even between friendly nations, differences as regards their respective aims and purposes and as regards the means of attaining them. But there are also immense areas of common interest. By co-operating within those areas the nations not only can advance more effectively the aims and purposes which they have in common, but can also find increased opportunity to reconcile, by peaceful means and to mutual advantage, such differences as may exist among them.

II.

At the present time the paramount aim of our foreign policy, and the paramount aim of the foreign policy of each of the other United Nations, is to defeat our enemies as quickly as possible. Here we have a vast area of common interest and a broad basis of co-operative action in the service of that interest.

Every weapon of our military and economic activity and every instrumentality of our diplomacy have been and are directed toward the strengthening of the combined war effort. All these necessarily go together.

The land, air and sea forces of the United States are fighting, with surpassing skill and heroism, in the Mediterranean, over the Nazi-held fortress of Europe, in the far reaches of the Pacific and of Asia. In each of the theatres

of war, they are operating shoulder to shoulder, in a spirit of superb comradeship, with the gallant forces of one or more of our allies.

The resolute will and devoted effort of our people have brought about the greatest miracle of production and delivery in all history. Our war supplies are flowing outward in a constant and ever-increasing stream, not alone to those areas in which our own forces are engaged, but to every point on the globe at which the armed forces of the United Nations are fighting.

We are in continuous consultation with our allies on various phases of military, economic and political activity—as required by the exigencies of a constantly changing situation.

Our co-operation with our allies has long since reached the state where contingents of the forces of various allies are serving, side by side, under unified command. We have developed this type of co-operation with invincible Britain, with intrepid and resolute Canada, Australia, New Zealand and South Africa, with valiant and determined China, and with the forces of other allies. It is being rapidly extended as the military operations progress.

To the Soviet Union, whose heroic armies and civilian population have earned everlasting renown through their magnificent feats of courage and sacrifice, we have been glad to render all possible aid. It is our desire and our settled policy that collaboration and co-operation between our two countries shall steadily increase during and following the war.

With the re-emerging military power of France we have been and are developing a heartening degree of co-ordinated effort. We look forward to the day when re-born France will again take her rightful place in the family of free nations.

With governments which the Axis powers have driven from their invaded and brutally oppressed but unconquerable countries we have the most friendly relations. These relations reflect our profound and active sympathy for the suffering of their peoples and our determination that the victory of the United Nations shall restore their nations to freedom.

With all but one of the nations of the Western Hemisphere we have today the closest ties of solidarity and association—the fruit of ten years of unremitting labor on the part of all of these nations to build in this hemisphere a fraternity of good neighbors. Each of our American associates is making a magnificent contribution to the war effort. Here we have, in peace and in war a highly successful example of co-operation between sovereign nations.

The victories of the United Nations have been the direct result, not of separate and uncoordinated military, economic and diplomatic action, but of close co-ordination of all three types of action, both within each of the nations and among all of them. It is well to recall some outstanding examples.

Our protracted diplomatic effort to achieve a fair and peaceful solution of difficulties in the Far East afforded our military authorities and those of other countries now in the ranks of the United Nations many months of precious time for strengthening defenses against the combined Axis threats in the Atlantic and in the Pacific, in case Japan should reject a peaceful settlement, as she eventually did.

The drawing together of the American republics to assure their common defense made it possible to establish a line of communications through the Caribbean, Brazil and the South Atlantic. That line proved to be of

(Continued on page 1106)

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Investment Trusts

(Continued from page 1103)

count the favorable results logically to be expected in the post-war era."

From George Putnam Fund's *Portfolio Review*—"Cash holdings of the Fund were reduced last month from 10.2% to a total of 7.9%. As shown in the list of portfolio changes on the back page of this folder, most of the new purchases consisted of common stocks. Included in this list of recent additions are several of the heavy industry stocks such as U. S. Steel and Atchison. We are inclined towards the view that we can get more for our money today by owning some of these currently unpopular issues than we can by buying some of the more popular and higher priced 'peace' stocks.

"This feeling is based upon the belief that on a *Peace time* basis—assuming a satisfactory rate of industrial activity—stocks like Anacanda and U. S. Steel are selling out of line relative to issues such as duPont, General Motors and other well known peace issues. A recent study showed that in order to reach the average high price registered in the five-year period from 1935 through 1939, Kennecott would have to advance 68% in price from current levels, Pullman 67%, U. S. Steel 59%; whereas United Fruit would have to go up only 18% from present prices, General Motors 23%, duPont 18% and General Foods 7%. The past is far from being a faithful guide to the future but these figures are at least worthy of thought."

About Developments in the Field

From Hugh W. Long & Co.'s *New York Letter*—"The investment dealer in the post-war period will have great opportunities, but they will bring with them great responsibilities, and new obligations.

"To the new army of investors the dealer will owe an even greater than usual scrutiny of his offerings. To retain his enviable place in the community he will use more than ordinary caution in making recommendations.

"As to his own problem, the dealer will find it one of securing satisfactory merchandise. Basically, the requirements of sound investing will have seen no change. They will still be security, income, marketability and suitable maturity. Many false prophets will appear, offering too much to dealer and investor alike, but the experienced distributor will readily recognize these financial Lorelei and conduct himself accordingly. He will welcome the opportunities of the new regime, and willingly accept the greater obligations they entail."

From Lord, Abbett's *Abstracts*—"With many years of seasoning and experience in back of them, the leading open-end funds of this country continue to turn in impressive performance records—a fact which is bound to have an increasing cumulative effect upon the financial community and the public at large over a period of time.

"The Dow-Jones Industrial Average on Aug. 31, 1943 was within 4¢ of its level at March 31, 1943. During that period of five months when this recognized market barometer had no net movement, a tabulation of the performance of 40 well-known open-end funds showed that 35 of them were higher on August 31 than on March 31. The median gain was 4.7%. The most extreme gain was 15.7%. Six of the funds rose enough in this short period when the market was a stand-off to make up the initial load. Viewed from the point of view of the standard one-half of 1% management fee, the median gain of 4.7% was equal to the management fee for nine years."

From Calvin Bullock's *Bulletin* commenting on the eleventh anniversary of Dividend Shares—"One of the most constructive develop-

ments of the past decade from the point of view of the holder of shares in investment companies is the special recognition which the Government has given to companies of this type. Special treatment has been accorded these companies in recent Revenue Acts. Under the terms of the Investment Company Act of 1940 investment companies are subject to Federal regulation in certain broad respects. Investors who buy investment company shares today do so with the knowledge that they have the safeguards of such government regulation.

"In form and policies, these companies proved themselves in the hard crucible of the 1930's. They are proving themselves today. Alert and watchful management is constantly weighing the values of possible purchases—of possible eliminations to be made to protect shareholders."

Congress Resumes Following Recess

Following a recess of ten weeks Congress reconvened on Sept. 14; 53 Senators answered the roll call, while about 150 Representatives were on the House floor. It was noted in Associated Press accounts that they gave a standing welcome to Representative Lawrence B. Lewis, Democrat, of Colorado, who was sworn into office after a long illness. It was also stated that a brief service of eulogy for the late Representative Francis D. Cushman, Republican, of New York, opened the session of the House. Speeches in tribute to his memory were made by Representatives John E. Rankin, Democrat, of Mississippi; Joseph W. Martin Jr., Republican, of Massachusetts, House minority leader; John W. McCormack, Democrat, of Massachusetts, majority leader; and Daniel P. Reed, Republican, of New York.

Noting that international and domestic problems of historic import confront the returned Congressmen, the Associated Press said in part:

"Immediate Congressional attention was focused upon the direct problems of war and their impact on the domestic economy—problems of raising revenue, of rationing, of mustering manpower for production and for the military forces.

"Pending before the House is a simply worded resolution, sponsored by Rep. Fulbright (D. Ark.), which would put the House and Senate on record in favor of world cooperation to preserve peace. Leaders are reported to have agreed to make it the first order of business.

"The move to draft fathers after October 1 vies with this for primary interest. With less than three weeks in which to act, plans have been made for a swift test on Senator Wheeler's (D. Mont.) bill to ban induction of fathers at least until January 1 and thus give Congress time to inquire into the whole manpower problem.

"Meanwhile, the House Ways and Means Committee has begun the spade work on a new tax bill.

"Here are some of the other major issues on the Congressional calendar:

1. Benefits for the returning veterans.
2. Prevention of post-war unemployment.
3. Limitation on the size of the Army.
4. National service legislation.
5. Compulsory military training after the war.
6. Extension of the Commodity Credit Corporation and its use of subsidies to hold down consumer prices.
7. Economies in Government.
8. Repeal of the renegotiation law authorizing the Government to recapture "excessive" profits on war contracts.
9. Reconversion allowances for industrial war plants."

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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

Examination of the semi-annual figures filed by stock fire-insurance companies for the first six months of 1943, reveals operating results, in view of increased Federal taxes, to be better than many expected.

Alfred M. Best Company states that an analysis of 78 companies, which collectively write about 40% of the total fire and marine business, shows a drop of nearly

8% in premium volume for the first six months of 1943 compared with the first half of 1942. Fire premiums show an increase, but this increase was more than offset by the decline in ocean marine and automobile lines. With the decline in marine premiums there has occurred a very sharp drop in over-all loss experience, despite a rise in the fire loss ratio resulting from an increase of 11.7% in total fire losses.

In the tabulations which follow figures of 17 companies, whose stocks are rather actively traded, are shown. Table I compares Net Premiums Written during the first six months of 1942 and 1953, also Unearned Premium Reserves and Surplus as of June 30, 1943 compared with June 30, 1942.

It will be noted that only four companies in the group, viz American Alliance, Continental, Firemen's and New Hampshire, wrote more business in the 1943 period than in the 1942 period, and their gain is only fractional. The 17 companies as a whole wrote \$7,608,000 less business, a drop of 6.7%.

Unearned Premium Reserves, on the other hand are higher for the group by approximately \$3,000,000 or 1.7%. Five companies, however, show a slight decline, as follows: Agricultural, Bankers & Shippers, Hanover, Jersey and Pacific. Total reported surplus for the 17 companies as of June 30, 1943 is \$115,815,000 above that of June 30, 1942, an expansion of

52.1%. Two factors account for this substantial increase, viz: the higher market values of securities held in the companies' portfolios and the large volume of undistributed earnings in 1942 which were credited to surplus. The combination of higher unearned premium reserves and increased surplus indicates that the collective liquidation values of the group as of June 30, 1943 were approximately 40% above their June 30, 1942 values.

Table II shows statutory underwriting profits and net investment income of each company for the first half of 1943 compared with the first half of 1942. It will be noted that all companies but Camden and Pacific showed underwriting losses in the 1942 period, while this year all companies except American Alliance, Great American, National Union, New Hampshire and Security, report statutory underwriting profits. With regard to net investment income, there is little change indicated, though most of the companies report it fractionally below last year's first half.

Table II also shows loss and expense ratios for the two periods. The high loss ratios reported for the first six months of 1942 reflect the severe marine losses from enemy action for which the companies were liable prior to such risks being assumed by the Government. The average loss ratio of the 17 companies for the 1942 period was 64.9% and for

TABLE I

	Net Prem. Written (First Six Months) 1942	1943	Unearned Premium Reserves 6-30-42	6-30-43	Surplus 6-30-42	6-30-43
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Agricultural	\$4,504	\$3,751	\$7,109	\$6,895	\$2,510	\$4,918
Am. Alliance	1,278	1,363	2,433	2,568	2,348	3,947
Bankers & Shippers	1,903	1,702	3,620	3,289	1,282	2,484
Camden	3,461	3,334	6,329	6,363	3,640	5,036
Continental	13,943	14,019	24,216	24,273	56,195	80,866
Fidelity-Phenix	11,394	11,242	18,190	18,597	43,273	65,478
Firemen's	9,285	9,339	16,247	17,310	4,113	10,089
Great American	9,939	9,784	16,940	17,390	18,427	27,802
Hanover	4,760	4,376	6,973	6,788	3,263	7,051
Ins. Co. of No. Amer.	24,302	19,860	27,905	28,215	49,083	78,872
Jersey	1,149	1,057	2,265	2,109	687	1,387
National Union	5,670	5,479	9,982	10,153	5,674	7,077
New Hampshire	2,744	2,768	5,674	5,798	8,025	9,305
Pacific	2,090	1,907	4,147	3,796	2,127	3,512
Prov. Washington	4,788	4,351	5,728	5,954	4,555	6,969
Security	3,598	3,228	5,398	5,782	4,006	6,992
Springfield F. & M.	8,855	8,495	15,579	16,450	13,220	16,458
Total	\$113,663	\$106,055	\$178,735	\$181,730	\$222,428	\$338,243

(Continued on page 1107)

Australia and New Zealand

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Time To Weigh Post-War Economic Events

Whether the stock market is a good barometer of coming economic events is disputable, but since the market is considered by many to reflect the aggregate of the Nation's hopes and anxieties in material affairs, it sometimes is good policy to stop and observe what the market seems to be saying. R. W. Pressprich & Co. declares in an interesting bulletin discussing the effects of the war and possible future trends. Copies of this bulletin analyzing the situation in some detail and summarizing the outlook may be had upon request from R. W. Pressprich & Co., 68 William Street, New York City, members of the New York Stock Exchange.

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Hull Favors Organized Internat'l Co-operation To Keep Peace—By Force, If Necessary

(Continued from page 1104)

invaluable importance alike in transporting equipment to the British forces at El Alamein; in supplying our own expedition to North Africa; and, at a desperate hour, in putting our war planes into the air over the Pacific islands and in China.

Diplomatic foresight and patient and vigorous activity by the agencies of our foreign policy played an indispensable part in preparing the way by which the huge strategic North African area was brought without heavy losses into the sphere of the United Nations, and the French fleet was kept out of German hands. Had Vichy felt it feasible to ignore our diplomatic pressure directed toward preventing the surrender of the North and West African areas to the Nazis and the delivery of the French fleet to Hitler, as Laval had planned, or had Spain entered the war on the side of the Axis, as Hitler had hoped, control of the Mediterranean would have early fallen into the hands of our enemies. Instead, the Allied forces converged, with a skill and precision unequalled in military annals, upon this gateway through which we are now invading the European continent.

The Mediterranean operations weakened the German air force available on the Soviet front; just as the Russian resistance, by holding the German armies on the eastern battle line, prevented Hitler from parrying our thrusts toward his southern flank. Meanwhile, our constant military pressure against Japan had its inevitable effect in deterring Japan from aggression against the Soviet Union.

Our diplomatic agreements with fearless Danish officials on free soil and with the government of Iceland made it possible to guard the great North Atlantic passage as a precious route for our supplies and troops and as defense against attack from the north.

The perseverance of China, the first victim of the movement of aggression, in resistance to Japan has been aided in no small measure by the faith of her leaders in us, based on their knowledge of our history and policy and on their observation, as time went on, of our efforts to achieve a fair and peaceful settlement in the Far East, our economic support, and, more recently, our military assistance. China's resistance has held enmeshed on her front substantial Japanese forces which might otherwise have been loosed against us and other of the United Nations in the Pacific; and China is playing an important part in the United Nations' program for the winning of the war and achievement of a stable peace.

The agencies of our foreign policy are at all times at work as instruments of national defense. Since the attack upon us, they have been intensively at work in assisting our armed forces to achieve the victories which are now fast increasing in numbers and significance.

III

Beyond final victory, our fundamental national interests are—as they always have been—the assuring of our national security and the fostering of the economic and social well-being of our people. To maintain these interests, our foreign policy must necessarily deal with current conditions and must plan for the future in the light of the concepts and beliefs which we, as a nation, accept for ourselves as the guiding lines of our international behavior.

Throughout our national history, our basic policy in dealing with foreign nations has rested upon certain beliefs which are widely and deeply rooted in the

minds of our people. Outstanding among these are:

1. All peoples who, with a "decent respect to the opinions of mankind," have qualified themselves to assume and to discharge the responsibilities of liberty are entitled to its enjoyment.

2. Each sovereign nation, large or small, is in law and under law the equal of every other nation.

3. All nations, large and small, which respect the rights of others, are entitled to freedom from outside interference in their internal affairs.

4. Willingness to settle international disputes by peaceful means, acceptance of international law and observance of its principles are the bases of order among nations and of mankind's continuing search of enduring peace.

5. Non-discrimination in economic opportunity and treatment is essential to the maintenance and promotion of sound international relations.

6. Co-operation between nations in the spirit of good neighbors, founded on the principles of liberty, equality, justice, morality and law, is the most effective method of safeguarding and promoting the political, the economic, the social and the cultural well-being of our nation and of all nations.

These beliefs are among the most important tenets of our national faith. They are capable of universal application as rules of national and international conduct. In their application by other nations and in willingness and preparedness on the part of all peacefully inclined nations to join together to make them effective lies the greatest hope of security, happiness and progress for this country and for all countries.

Vigorous participation in efforts to establish a system of international relations based on these rules of conduct, and thus to create conditions in which war may be effectively banished, is and must be a fundamental feature of our foreign policy—second only to our present overriding preoccupation with the winning of complete military victory. Here, too, our nation and other peacefully inclined nations have a vast and crucial area of common interest.

In the Atlantic Charter and in the declaration by United Nations the nations now associated in this war for self-preservation have clearly expressed their recognition of the existence of this area of common interest. Our task and that of our associates is to utilize this common interest to create an effective system of international co-operation for the maintenance of peace.

As I read our history and the temper of our people today our nation intends to do its part, jointly with the other peace-seeking nations, in helping the war-torn world to heal its wounds. I am sure also that our nation and each of the nations associated today in the greatest co-operative enterprise in history—the winning of this war—intends to do its part, after the victory of the United Nations, in meeting the immense needs of the post-war period. Those needs will embrace the task of taking practical steps to create conditions in which there will be security for every nation; in which each nation will have enhanced opportunities to develop and progress in ways of its own choosing; in which there will be, for each nation, improved facilities to attain, by its own effort and in co-operation with others, an increasing measure of political stability and of economic, social and cultural welfare.

If our nation and like-minded nations fail in this task the way will be open for a new rise of in-

ternational anarchy, for new and even more destructive wars, for an unprecedented material and spiritual impoverishment of mankind. Many times in the course of history nations have drifted into catastrophe through failure, until too late, to recognize the dangers which confronted them and to take the measures necessary to ward off those dangers. Post-war co-operation to maintain the peace is for each peace-seeking nation scarcely less essential for its self-preservation than is the present co-operative effort to win the war.

IV

If there is anything on which all right-thinking people are agreed, it is the proposition that the monstrous specter of a world war shall not again show its head. The people of this and other lands voice this demand insistently. There is danger in complacency and wishful thinking. The nations that stand for peace and security must now make up their minds and act together—or there will be neither peace nor security.

It is abundantly clear that a system of organized international co-operation for the maintenance of peace must be based upon the willingness of the co-operating nations to use force, if necessary, to keep the peace. There must be certainty that adequate and appropriate means are available and will be used for this purpose. Readiness to use force, if necessary, for the maintenance of peace is indispensable if effective substitutes for war are to be found.

Differences between nations which lead toward armed conflict may be those of a non-legal character, commonly referred to as political, and those capable of being resolved by applying rules of law, commonly referred to as justiciable. Another cause of armed conflict is aggression by nations whose only motive is conquest and self-aggrandizement. We must, therefore, provide for differences of a political character, for those of a legal nature and for cases where there is plain and unadulterated aggression.

Political differences which present a threat to the peace of the world should be submitted to agencies which would use the remedies of discussion, negotiation, conciliation and good offices.

Disputes of a legal character which present a threat to the peace of the world should be adjudicated by an international court of justice whose decisions would be based upon application of principles of law.

But to assure peace there must also be means for restraining aggressors and nations that seek to resort to force for the accomplishment of purposes of their own. The peacefully inclined nations must, in the interest of general peace and security, be willing to accept responsibility for this task in accordance with their respective capacities.

The success of an organized system of international co-operation with the maintenance of peace as its paramount objective depends, to an important degree, upon what happens within as well as among nations. We know that political controversies and economic strife among nations are fruitful causes of hostility and conflict. But we also know that economic stagnation and distress, cultural backwardness, and social unrest within nations, wherever they exist, undermine all efforts for stable peace.

The primary responsibility for dealing with these conditions rests on each and every nation concerned. But each nation will be greatly helped in this task by the establishment of sound trade and other economic relations with other nations, based on a comprehensive system of mutually beneficial international co-operation not alone in these respects, but also in furthering educational advancement and in promoting observance of basic human rights.

There rests upon the independent nations a responsibility in relation to dependent peoples who aspire to liberty. It should be the duty of nations having political ties with such peoples, of mandatories, of trustees, or of other agencies, as the case may be, to help the aspiring peoples to develop materially and educationally, to prepare themselves for the duties and responsibilities of self-government, and to attain liberty. An excellent example of what can be achieved is afforded in the record of our relationship with the Philippines.

Organized international co-operation can be successful only to the extent to which the nations of the world are willing to accept certain fundamental propositions.

First, each nation should maintain a stable government. Each nation should be free to decide for itself the forms and details of its governmental organization—so long as it conducts its affairs in such a way as not to menace the peace and security of other nations.

Second, each nation should conduct its economic affairs in such a way as to promote the most effective utilization of its human and material resources and the greatest practicable measure of economic welfare and social security for all of its citizens. Each nation should be free to decide for itself the forms of its internal economic and social organization—but it should conduct its affairs in such a way as to respect the rights of others and to play its necessary part in a system of sound international economic relations.

Third, each nation should be willing to submit differences arising between it and other nations to processes of peaceful settlement, and should be prepared to carry out other obligations that may devolve upon it in an effective system of organized peace.

All of this calls for the creation of a system of international relations based on rules of morality, law and justice as distinguished from the anarchy of unbridled and discordant nationalisms, economic and political. The outstanding characteristic of such a system is liberty under law for nations as well as individuals. Its method is peaceful co-operation.

The form and functions of the international agencies of the future, the extent to which the existing Court of International Justice may or may not need to be remodeled, the scope and character of the means for making international action effective in the maintenance of peace, the nature of international economic institutions and arrangements that may be desired and feasible—all these are among the problems which are receiving attention and which will need to be determined by agreement among governments, subject, of course, to approval by their respective peoples. They are being studied intensively by this government and by other governments. They are gradually being made subjects of consultation between and among governments. They are being studied and discussed by the people of this country and the peoples of other countries. In the final analysis, it is the will of the peoples of the world that decides the all-embracing issues of peace and of human welfare.

V

The outbreak of war made it clear that problems of crucial importance in the field of foreign relations would confront this country as well as other countries upon the termination of hostilities. It became the obvious duty of the Department of State to give special attention to the study of conditions and developments relating to such problems. As the war spread over the earth, the scope of these studies was extended and work upon them was steadily increased, in so far as was compatible with the fullest

possible prosecution of the war.

By direction of the President and with his active interest in the work, the Department of State undertook, through special groups organized for the purpose, to examine the various matters affecting the conclusion of the war, the making of the peace and preparation for dealing with post-war problems. In doing this work we had collaboration of representatives of other interested agencies of the government and of many national leaders, without regard to their political affiliation, and the assistance of a specially constituted and highly qualified research staff. We have been aided greatly by public discussion of the problems involved on the part of responsible private individuals and groups, and by the numerous suggestions and expressions of opinion which we received from all parts of the country. In proceeding with this work we envisage the fullest co-operation between the executive and the legislative branches of the government.

We have now reached a stage at which it becomes possible to discuss in greater detail some of the basic problems outlined in this address and in my previous statements. I hope to be able to undertake this from time to time in the early future.

The supreme importance of these problems should lift them far above the realm of partisan considerations of party politics. It is gratifying that both in the Congress and elsewhere great numbers of thoughtful men have so approached them. A heavy responsibility rests upon all of us to consider these all-important post-war problems and to contribute to their solution in a wholly non-partisan spirit.

Lowell Niebuhr Adds A. R. Sawers To Staff

CHICAGO, ILL.—Lowell Niebuhr & Co., Inc., 120 South La Salle St., announce the association with them of Arthur R. Sawers.

Mr. Sawers, who originally started in the business a number of years ago with Ames, Emerich & Co., has also been in the mortgage and investment department of the Massachusetts Mutual Life Insurance Co.

He will specialize in making markets in industrial, utility, real estate and investment trust securities exclusively for dealers and banks along the lines followed by Lowell Niebuhr & Co., Inc., for many years.

Jos. W. Hirsch With Lehman Bros., Chicago

CHICAGO, ILL.—Lehman Brothers, 231 South La Salle Street, announce the association with them of Joseph W. Hirsch. Mr. Hirsch previously was with Keibon, McCormick & Co., and its predecessor, Stern, Wampler & Co., and Lawrence Stern & Co. He is a member of the Chicago Stock Exchange and has been identified with La Salle Street investment and banking firms since 1918.

Empire District Electric Situation Interesting

The 6% cumulative preferred stock of Empire District Electric Company offers an interesting situation, which has been improving in several directions, according to a discussion appearing in the "Preferred Stock Guide" issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the "Guide," which also contains quotations on preferred and common public utility stocks, may be had upon request from G. A. Saxton & Co.

Calendar Of New Security Quotations

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

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b). Offerings will rarely be made before the day following.

THURSDAY, SEPT. 16

POPE & TALBOT, INC.
Pope & Talbot, Inc. has filed a registration statement covering 200,000 shares of capital stock, par \$10 per share.
Address—San Francisco, Calif.
Business—Company is manufacturer of lumber and lumber products, etc.
Proceeds—The shares are owned by certain stockholders who will receive all of the proceeds.
Underwriters—Blyth & Co., Inc., and Dean Witter & Co.
Registration Statement No. 2-5210. Form A-2 (8-28-43).

SUNDAY, SEPT. 19

ATLANTA GAS LIGHT CO.
Atlanta Gas Light Co., a subsidiary of Consolidated Electric & Gas Co., filed a registration statement with the SEC, for \$7,500,000 of first mortgage bonds, series due 1963, and 20,000 shares of 5% cumulative preferred stock, par value \$100 a share, on which sealed bids will be asked.
Address—243 Peachtree St., Atlanta, Ga.
Business—Company is an operating utility company engaged primarily in the business of purchasing, distributing and selling natural gas in 20 municipalities in Georgia, and manufacturing, distributing and selling artificial gas in five municipalities in Georgia and two in South Carolina. Incidental to the promotion of its business, the company also engages in the merchandising of gas appliances. It has been engaged in the sale of gas continuously since 1856, except when its plant was damaged during the Civil War.
Proceeds—Net proceeds, exclusive of accrued interest and dividends, will be applied to the extent that funds are available to the redemption of \$5,875,000 principal amount of general mortgage bonds, series due 1955, 4½%, at 104, and \$2,150,000 principal amount of general mortgage bonds, 3½%, series due 1961, at 104½, and to the redemption of 13,000 shares of 5% cumulative preferred stock at \$110 a share.
Underwriting—To be filed by amendment.
Registration Statement No. 2-5211. Form S-1. (8-31-43).

WEDNESDAY, SEPT. 22

STOKELY BROS. & CO., INC.
Stokely Bros. & Co., Inc., has registered with the SEC 106,050 shares of common stock, \$1 par value, and 42,925 shares of 5% cumulative prior preference stock, \$20 par value, which are being offered under an exchange plan to the holders of common and preferred stocks of its subsidiary, Stokely Foods, Inc.
Address—941 N. Meridian St., Indianapolis, Ind.
Business—Selling fruits, fruit juices and vegetables which are processed and packed for it by its subsidiaries.
Underwriting—None.
Offering—The company offers to holders of common stock of Stokely Foods, Inc., 50-cent par value a share, one share of its \$1 par value common stock in exchange. Holders of the \$1.50 cumulative dividend preferred stock of Stokely Foods, Inc., are given the right to exchange four of such shares for each five shares of the company's 5% cumulative prior preference stock, \$20 par value. The Sept. 1, 1943, dividend on the preferred stock of Stokely Foods, Inc., has not been declared. Any shares of such preferred stock of that company exchanged after the close of business Sept. 30, 1943, will not be entitled to receive the dividend on the 5% cumulative prior preference stock of Stokely Brothers & Co., Inc., which has been declared payable Oct. 1, 1943, to holders of record at the close of business Sept. 30, 1943.
Registration Statement No. 2-5212. Form S-1. (9-3-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN EXPORT AIRLINES, INC.
American Export Airlines, Inc., has filed a registration statement for 43,888 shares of capital stock, par value \$2 per share.
Address—25 Broadway, New York.
Business—Is now engaged in air transport operations between the United States and Europe, and conducts operations between the United States and certain military bases in the Caribbean and South America under contract with the Navy.
Underwriting—No underwriters.
Offering—The shares are issuable upon the exercise of capital stock purchase warrants of the airlines company attached to 7,900 shares of 5% cumulative preferred stock of its parent, American Export Lines, Inc., a steamship company. The warrants are exercisable by the transfer

Municipal News And Notes

(Continued from page 1103)
be frankly recognized and authorized by the Constitution so as to prevent writing into the State's fundamental law material which is of only temporary interest. If, on the other hand, it is believed that the State should generally follow a pay-as-you-go plan and issue bonds only in such extraordinary circumstances as would yield an extraordinary vote, such as a two-thirds majority, the Constitution should be revised to make effective the requirement of an extraordinary majority. This could be done in several ways. For instance, the amending provisions of the Constitution could be reworded so as to provide that bond issues could not be authorized under the guise of constitutional amendments but must be presented to the electorate under the provisions requiring an extraordinary majority.

"In this connection it should be pointed out that the Constitution now requires a two-thirds majority vote to authorize large amounts of debt for units of local government. Section 12 of Article 10 reads 'No county, city, town, township, school district or other political corporation or subdivision of the State shall be allowed to become indebted in any manner or for any purpose to an amount exceeding in any year the income and revenue provided for such year, without the consent of two-thirds of the voters thereof voting on such proposition.'

The Research Institute's survey contains a summary of the methods employed by the various States to create debt and a tabulation showing the per capita net debt of the States at June 30, 1942.

N. Y. Analysts To Meet

The New York Society of Security Analysts, Inc. announces that the Railroad group will meet on Friday, Sept. 17, the subject to be announced.

On Monday, Sept. 20, M. D. Popovic of the Blue Ridge Corporation will speak on "Over-Priced Growth Situations," and on Sept. 22, S. C. Allyn, President of the National Cash Register Company, will be speaker.
All meetings are held at 56 Broad Street, New York City, at 12:30 p.m.

Trend Of Deposits Of Reserve Member Banks

M. A. Schapiro & Co., 1 Wall Street, New York City, have prepared a most interesting table of the trend of deposits of the member banks of the Federal Reserve System since Dec. 31, 1941 with data on 30 selected member banks. Copies of the table, with a discussion of the possible future changes in the situation, may be had from M. A. Schapiro & Co. upon written request.

Frank Ginberg To Visit Strauss Correspondents

Frank Ginberg, statistician of Strauss Bros., 32 Broadway, New York City, will visit the correspondent firms of Strauss Bros. in the Middle West next week. He will make his headquarters at Baum, Bernheimer Co. in Kansas City on Sept. 22 and 23, and at White & Co. in St. Louis on Sept. 27 and 28, where local investment dealers are invited to consult with him.

Russia Reported Making Bid For Separate Peace In Broadcast Beamed To Germany

The Moscow radio declared on Sept. 9, in a broadcast beamed to Germany, that the Nazi Government of Adolf Hitler alone stands in the way of a "just peace" between Soviet Russia and the German people.

The broadcast was directed to Germany in the name of the Soviet-controlled "Free Germany National Committee," according to a dispatch reported in the New York "Journal-American" of Sept. 9 by David Camelot of its Washington bureau. This report also stated in part:

"The entire spirit of the Russian propaganda offensive, it was said in Washington, was geared to minimize any Anglo-American actions, and to convince Germans their sole safety lay in a close rapprochement with Russia—in effect, a merger of two Soviet powers.

"In its broadcast to Germany today, reported by the FCC, the 'Free Germany Committee' told the German people that the Wehrmacht, 'from private to general, is the principal force capable of cleansing the German house of this pest, thus removing the obstacle which stands in the way of a just peace, would not curtail the vital rights of our German nation, just as Pope Pius demanded it.

"The broadcast said that an 'overwhelming majority' of the German people wanted a just peace 'today' but knew it was impossible under the Nazi Government."

"The committee," using the words of Pope Pius XII for its own purposes, declared that only by such a housecleaning could the peace that the Pope asked in his recent address be brought about.

"The broadcast indicated that 'no one' would be willing to negotiate or conclude a peace with the Nazi Government of Hitler.
"By indirection, therefore, it indicated Russia was willing to sit down and negotiate peace with a Government which would replace Hitler's—a Soviet Government, the broadcast continued:
"Hitler and his accomplices are

not the sort of people to whom one can address appeals in the name of reason and charity. He who wishes to help justice and human solidarity to regain the upper hand must speak only in the language that Hitler and Himmler understand.

"They have governed violently and will cede only to violence.

"The Wehrmacht, from private to general, is the principal force capable of cleansing the German house of this pest, thus removing the obstacle which stands in the way of a just peace, would not curtail the vital rights of our German nation, just as Pope Pius demanded it.

"The broadcast said that an 'overwhelming majority' of the German people wanted a just peace 'today' but knew it was impossible under the Nazi Government."

Rail Situation Interesting

The current situation in Denver & Rio Grande Cons. 4s, of 1936 offer interesting possibilities, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from the firm.

Bank & Insurance Stocks

(Continued from page 1105)
the 1943 period 51.9%. Expense ratios vary a great deal among the 17 companies, it will be observed. Their average for the 1942 period was 41.9%, while for the 1943 period it is slightly higher, being 43.3%. This increase reflects somewhat the effect of higher

Federal taxes. The combined loss and expense ratios, calculated from these averages, were 106.8% for the first six months of 1942 and 95.2% for the first six months of 1943. Indications, therefore, point to reasonable underwriting profits this year, as well as net investment income substantially approximating that of 1942.

Figures in the tabulations were compiled from Alfred M. Best Company's reports.

TABLE II

	Stat. Und. Profit (First 6 Months)		Net Inv. Income (First 6 Months)		Loss Ratio (First 6 Months)		Expense Ratio (First 6 Months)	
	1942	1943	1942	1943	1942	1943	1942	1943
Agricultural	-\$5.94	\$1.52	\$2.25	\$2.07	74.1%	51.8%	39.5%	44.0%
Am. Alliance	-0.36	-0.31	0.68	0.67	51.9	55.2	47.0	45.1
Bankers & Shippers	-0.07	2.13	2.77	2.02	60.4	51.3	44.8	46.2
Camden	0.10	0.20	0.64	0.62	53.4	52.6	45.0	44.2
Continental	-0.47	0.89	1.10	1.08	65.1	46.9	39.0	38.6
Fidelity-Phenix	-1.04	1.16	1.21	1.22	72.1	45.9	38.5	37.6
Firemen's	-0.27	0.28	0.08	0.11	57.4	48.2	45.0	44.1
Great American	-1.40	-0.22	0.63	0.61	76.4	55.6	42.5	43.5
Hanover	-1.09	1.35	0.70	0.70	67.7	48.6	39.6	41.1
Ins. Co. of No. Amer.	-7.16	0.01	1.33	1.27	104.0	59.0	30.6	37.3
Jersey	-0.18	0.60	1.16	1.02	58.7	51.7	45.8	46.9
National Union	-1.61	-0.53	4.20	4.80	53.1	55.6	44.1	43.1
New Hampshire	-0.26	-0.20	1.11	1.10	51.3	49.0	49.2	48.2
Pacific	0.05	1.60	3.22	2.55	58.8	51.5	45.4	47.1
Prov. Washington	-1.66	0.62	0.77	0.71	72.6	49.8	36.4	43.5
Security	-2.83	-0.29	0.75	0.67	75.5	53.5	36.5	42.3
Springfield F. & M.	-0.30	0.25	2.54	2.55	50.8	53.3	44.1	43.3
Average					64.9%	51.9%	41.9%	43.3%

*Exclusive of other companies in Loyalty Group.

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Chase Of New England Council Offers Program To Congress To Restore Confidence, Unity

Offers Program For Financial Policy Suited To New England

Prompt Congressional action on a program designed to restore confidence and unity, and to stimulate intelligent planning and constructive leadership was outlined on Sept. 10 by Edward E. Chase, President of the New England Council, at a meeting with a group of New England Senators and Representatives in Boston.

Mr. Chase, who is also President of the Maine Securities Co., Portland, Me., called for action along the following lines:

"A foreign policy frankly based upon realism and national interest, implemented by adequate force committed to maintain peace, instituted and ratified by constitutional procedure, depending for support upon the general approval of the enlightened and the complete silence of the ignorant."



Edward E. Chase

"A definition of the functions and fields of free enterprise, and of the scope and purpose of business expansion; a restriction upon the expansion of Government into the field of business without clear showing of necessity and without express legal authority; a declaration of intention regarding the responsibility of industry for post-war re-employment, and an indication of the measure of Government support of post-war construction and production; with legislation designed to make possible the accomplishment by the business organism of the tasks assigned."

"A thorough overhauling of the system of Federal taxation, to simplify procedure and computation, and promote the established policy for free enterprise by substituting incentives for handicaps, using the elimination of waste motion and complexities to reconcile the beneficiaries of simplification to increased tax collections."

"A declaration of the right of individual security expressly conditioned by the obligation to work to the extent of capacity, fixing the responsibility for providing the opportunity, and stimulating the production to a level where a guarantee of security can be

made good by stressing the obligation to work, rather than by providing the population with spending money.

"Legislation fixing the maximum amount of currency to be outstanding and drastic measures to bring back into circulation the hoarded currency."

Mr. Chase also presented to the meeting, with the approval of the Council's Executive Committee, a general outline of a program which he said "is designed to develop over the requisite period of time a financial policy suited to New England." In part, Mr. Chase said:

"Development of such a policy will require continuity in consideration, by discussion in full meetings and by special research studies by selected groups. The presentation today is in the nature of an introductory exploratory conversation."

"We must start from the assumption that we know what we want for New England. By way of introduction, I venture to state such a preliminary assumption. We want to maintain in New England a sound and stable economy based primarily upon a strong industrial organization, diversified as to products and adapted in unit sizes to the community of location."

"Since this assumed aim requires the preservation of a system of free enterprise, and since the essence of free enterprise is the taking of risks, free enterprise and risk-taking are incidental general assumption within which we must work, and which afford an approach to the regional problem."

"Starting then from the States' assumption of our objective, we must proceed to find out what we must do, collectively and individually, in order to get what we want. We must try to bring action into time with aspiration. We must discard all Santa Claus theories based upon expectation of assistance from outside. We must view money only as an implement which men can use to get what they want—as a servant and not

For Dealers . . .

A \$4 common stock with growing distribution

Majestic Radio & Television Corp.

Stockholders — { May, 1943, about 700
September, 1943, about 1,800
Increase (4 months) 1,100

Earnings June, 1943 (before taxes) \$159,000

Trading market and further information on request

Kobbé, Gearhart & Company

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Our Reporter On "Governments"

(Continued from page 1103)

people from coast to coast are being pushed into buying billions. . . . And at the same time, the outstanding 2s of 1955/51 hold up at a 3/8 point premium and institutions are in buying those. . . . And the 2s of 1952/50 are up to the 1/2 and 5/8 point premium mark with investors pushing them up from day to day. . . . And the 1951/49 maturities of 2s are acting similarly around the 101 level. . . .

It's really worth considerable study for this action tells us the popularity of the 2s in the 10-year range. . . . You can't get away from it—this is a perfect maturity and apparently a satisfactory interest rate for thousands of institutions and major investors. . . . Which means they'll go in and buy 2s due in 10 years at a premium even while more 2s due in 10 years are available at 100. . . .

Surely, there are technical factors involved and commercial banks are prime buyers and we wouldn't expect institutions to sell outstanding 2s in order to get in on new ones. . . . But the strength in this issue is unusual. . . . This observer, for one, would have been content to see the 2s slip off a bit and probably would have characterized this movement as entirely logical in the face of a huge borrowing. . . . But no. . . . The logic isn't there. . . . The advance is. . . .

Incidentally, it may be the new 2% loan will total up to \$8,000,000,000 or maybe even \$10,000,000,000. . . . As compared with a high mark as of today of \$4,939,000,000 for the 2s of September, 1952/50.

INSIDE THE MARKET

The First Boston Corporation comments on the possible size of the bank deal to follow this drive and estimates \$3,000,000,000 as a minimum figure and adds "the total offerings to be made to commercial banks would not be more than \$3,500,000,000 to \$4,500,000,000, this total to be divided between a 7/8% certificate and a 2% bond. . . . Which coincides exactly with the forecast here a fortnight ago."

First Boston says too that the above conclusion is based on the assumption that the drive will raise only \$15,000,000,000. . . . "There are some indications that the \$15,000,000,000 goal may be exceeded by a substantial sum."

Purchases by savings banks, insurance companies and corporations other than commercial banks are expected to beat April return. . . . \$11,000,000,000 may be minimum anticipated from these sources as against \$10,200,000,000 in April. . . .

Savings banks in New York State alone are in for \$600,000,000. . . . Banks of this type may have 50% of their deposits in Governments by the end of this drive. . . .

Excess reserves position of Federal Reserve member banks to be eased as depositors draw out funds to purchase war bonds. . . .

Treasury has been preparing its own funds for this drive by selling Governments out of their portfolios during recent months, freezing profits thereby and getting cash ready for new buying. . . . For instance, net sales by Treasury totaled \$67,757,000 in July and \$145,768,000 in June. . . .

a master. We must study forces, social and economic, some of which we can control and some of which we can steer only a little, seeking how to inject a new force of organized influence so as to produce a new component of force which aims at what we want.

"We must focus attention upon the great inconsistency between what is being said about free enterprise, and what is being done by owners of the capital which is essential to free enterprise. This inconsistency is not peculiar to New England. Everywhere we find conviction that risk-taking is essential to free enterprise, and everywhere we encounter a reluctance to take risks. Everywhere we find a strong belief in private ownership, and everywhere we see a scarcity of persons willing to become owners when risk is apparent. The demand for security is not confined to the disinherited, by any means.

"There is a disposition to blame the Government for this condition. It is true that Federal leg-

islation and regulation is responsible in part. But there are other reasons which arise from conditions which lie within the range of a regional influence. If we in New England could only attain to a clear understanding of the difficulty, we would gain a great advantage for ourselves while performing a service for the nation. . . .

"In order to maintain a stable industrial economy under free enterprise in New England, we must solve two problems. One is the problem of promotion of new enterprises, and the other is the problem of ownership of established industries. These are the tasks which demand risk-takers.

"Who are the risk-takers of the future? Advocates of free enterprise should be able to answer that question. In order to show whether willing risk-takers are plenty, I have addressed this question, adapted to the special interest, to representatives of financial institutions and other aggregations or sources of capital."

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W. A. Schuberth Is With Slayton Co., Inc.

(Special to The Financial Chronicle)
CHICAGO, ILL. — William A. Schuberth has become associated with Slayton & Company, Inc. Mr. Schuberth has been with Joseph F. Dixon & Co. for a number of years. In the past, a member of the Chicago Stock Exchange, he was a partner in W. A. Schuberth & Co.

Sidney Sanders Joins Foster And Marshall

(Special to The Financial Chronicle)
SEATTLE, WASH. — Sidney J. Sanders has become associated with Foster & Marshall, 1411 Fourth Avenue Building, members of the New York Stock Exchange. Mr. Sanders was previously Manager of the Trading Department of the Seattle office of Conrad, Bruce & Co., with which he had been connected for a number of years.

Empire Sheet & Tin Plate Co.

1st Mortgage 6s
Common Stock

Memorandum in preparation, available on request Friday.

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INDEX

	Page
Bank and Insurance Stocks	1105
Calendar of New Security Flotations	1107
Canadian Securities	1095
Investment Trusts	1103
Municipal News and Notes	1103
Our Reporter's Report	1088
Our Reporter on Governments	1103
Public Utility Securities	1101
Railroad Securities	1089
Real Estate Securities	1088
Securities Salesman's Corner	1092
Tomorrow's Markets—Walter Whyte Says	1087

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