American Policies of Post-War Readjustment

Professor Somers Traces Course Of Business In Years
Immediately Following Conflicts

And Warns Provision Must Be Made For Keeping Up
Purchasing Power And Spreading It Over Time.

See Rapid Demobilization Of Armed Forces
And Need For Substantial Discharge Payments
To Servicemen And Dismissal Wages To War Workers.

By HAROLD M. SOMERS
University of Buffalo

It is becoming generally accepted that the war economy persists
for some time after peace comes; it is equally true that the post-war
economy emerges long before the war ends. The war and post-war

times, at an unknown number of months or years from the
economies overlap each other for a considerable period of time on
both sides of the date marking the end of hostilities. Even at the
end of the war, we are witnessing the appearance of num¬
erous signs of readjustment in this country.

Contracts are being terminated, plants are being closed, surplus
materials are being sold, disabled soldiers are being discharged,
and previously curtailed civilian items are reappear¬
ing on the market. The magnitudes are still relatively small but
their significance as portents of the future can hardly be ex¬
aggerated. Post-war economic developments are taking place
when predictions of "peak" price movements are being made.

*Editor’s Note—Messrs. A. M. Metz and Edw. A. Kole are members
of the New York Bar and are the authors of numerous articles
which have appeared in the "Chronicle" pertaining to the legal
aspects of "market price" and "mark-up" practices.

(Continued on page 88)

In This Issue

PENNSYLVANIA SECURITIES

section containing information and comments pertinent to dealer ac¬
divities in that State starts on p. 62

For index see page 88

THE CHASE

NATIONAL BANK

OF THE CITY OF NEW YORK

Broaden your customer service with Chase correspondent
facilities

Member Federal Deposit Insurance Corporation

New England

Public Service Co. All issues

Analysis upon Request

IRA HAUPT & CO.

Members of Principal Exchanges

111 Broadway, N. Y. 6

Reader 3-2310

Telephone 1-1628
**We Maintain Active Markets in U. S. FUNDS for**

**CANADIAN INDUSTRIAL**

**BANKS**

**CANADIAN MINES**

**UTILITIES**

**GOODBODY & CO.**

Members New York Stock Exchange and Other Principal Exchanges

115 BROADWAY, NEW YORK, N. Y.

Telephone Biltmore 7-1050

**We Maintain Active Markets in**

**FASHION PARK, Inc.**

*Deb. 5s, 1963*

**FASHION PARK, Inc.**

*Preferred*

*Booth-Sold—Quoted*

Simon's, Linburn & Co., Inc.

*Members New York Stock Exchange*

16 FINE ST., NEW YORK 9, N. Y.

Telephone Biltmore 7-1150

**FASHION PARK, Inc.**

*Deb. 5s, 1963*

**FASHION PARK, Inc.**

*Preferred*

*Booth-Sold—Quoted*

Simon's, Linburn & Co., Inc.

*Members New York Stock Exchange*

16 FINE ST., NEW YORK 9, N. Y.

Telephone Biltmore 7-1150

**TRADING MARKETS**

**Mid-Eastern Airlines**

**American Cyanamid Ptd.**

**Botany Ptd. & Common**

**Remington Arms**

**Warren Bros. Class "B" & "C"**

**Walworth Ptd.**

**McDONNELL & CO.**

Members New York Stock Exchange

120 BROADWAY, NEW YORK

Telephone Eton 3-712

**Prospects For Business in 1944**

Leonard P. Ayres Sees Business Taking Long Step Into Realm Of Economic Reality Following Germaine's Defeat Says 1944 Will Also Be Booming Year For Business

The most important prospect for 1944 will result from the defeat of Germany when business takes "one long step back toward, and partly into, the realm of economic reality," Brig.-Gen. Leonard P. Ayres, vice-president of the Cleveland Trust Co., predicted last month in his annual business forecast before the Cleveland Chamber of Commerce.

Gen. Ayres, quoted that "when the war with Germany is won, the outstanding demand of the Government for munitions will be sharply curtailed, adding that 'the demands for munitions will almost cease, and then we shall take our second long step.'

Pointing out that "for more than three years American industry has been living in an artificial atmosphere, and during the past two years that has been largely true of almost all kinds of business," Gen. Ayres declared that before "we are going to make a partial return to peace-time competition. Post-war planning will bear in mind the lessons learned in the field of munitions and plant." He predicted that "we must assume that we are going to be a great world power for a long time to come" and that "we shall have to make a hard and fast effort to become a world industrial power.

Gov. Bricker Says 1944 Will Decide Individual's Place In Society

Says Full Use Of Nation's Industrial Plant And Higher Than Pre-War Production Vital Need

Declaring that the events of 1944 may well determine the kind of life people will live for centuries to come, Governor John W. Bricker of Ohio has said that "a great new faith in ourselves, in our fellow-men of God and in our country." In a radio address over the Blue Network, Gov. Bricker has proposed a nine-point "declaration of faith" that, he said, "must be kept to the end of war to fight the return to civilian pursuits. He asserted that Government and industry cannot do the job alone but that "everyone engaged in the production, transportation or selling of war goods" should "utilize his money and ability to the fullest extent to employ others.

Mr. Bricker, who has formally announced his candidacy for the 1944 Republican Presidential nomination, further stated that, if high employment was to be maintained and prosperity preserved, the "great industrial plant must be utilized to the fullest extent and production kept even at costs and rates which may have been achieved in the pre-war period."

The full text of Mr. Bricker's address follows: (Continued on page 86)
NASD 5% Rule Contrary To Will Of Congress And Must Go!

Dealers Flatly Reject Contention In Some Quarters That Continued Opposition Is Futile And Are Far From Participate In Any Organized Effort To Kill Measure.

A meeting of the Board of Governors of the NASD is to be held at Hot Springs, W. Va., on the 17th and 18th of this month and the "Chronicle" hopes that the Governors will make up their minds that there is a good reason to rescind the illegally adopted 5% mark-up rule if they have not already been instructed to do so by the SEC.

Aside from the utter lack of wisdom in such a rule, otherwise known as an increment, the NASD has made it obligatory upon the Board to do so and mandatory upon the Commission to compel such action. We say this because the Act, as mentioned in a previous article, that an association may approve a Maloney amendment unless it appears to the Commission that "the rules of the association assure a fair representation of its members in the association or amendment thereto".

If this does not make the intent of Congress clear one only has to read the proceedings of the hearings held by the Senate and House of Representatives Committees on the Maloney Bill to have all doubts in this respect dispelled.

The Honorable George C. Mathews, who was Chairman of the SEC at the time, and Milton Katz, who was then attached to the SEC staff, testified at those hearings. Representative Borek asked Mr. Katz whether under the bill the individual members "will have their rights properly protected in the association or amendment thereof". Without any hesitation Mr. Katz said "yes" and then proceeded to read that part of the bill which we have quoted above in bold face to prove his point.

The additional testimony by Mr. Katz at this stage of the hearing was intended to convince Representative Borek that it was not true that "certain economic advantages might arise as between individuals and the corporate entity (meaning the association)."

In this concluding evidence of the fact that Congress did not mean to countenance the adoption of any 5% mark-up rule that would work to the detriment of the individual member, the SEC must be given all proper credit because it did not authorize the association by any arrangement or arrangement with any schedule of prices or commissions whether in a bond fide attempt to prevent, or under the pretext of preventing, the making of bonds with coupons missing or mutilated.

The rule was never intended to protect the coupon buyer, but only to protect the association from one of the many pitfalls that beset the Treasury or the SEC and that the SEC itself has made it the business of the NASD to prevent through their rules.

(Continued on page 62)
FOR DEALERS AND INSTITUTIONS

An Attractive Short Term Industrial Bond
Selling at a Discount

EMPIRE SHEET & TIN PLATE COMPANY
FIRST MORTGAGE 6% BONDS, DUE 1948

To yield over 8% to maturity.

1. Interest current.
2. Total funded debt now less than $500,000.
3. Net working capital more than 15% of funded debt.
4. Net property (exclusive of net current) equivalent to more than $24 per share.
5. Net income for 1944 exceeded by $10 per share of Common Stock.
6. Debt reduced more than $150,000 in past five years.

Memorandum on Request

Hill, Thompson & Co., Inc.
Markets and Situations for Dealers
120 Broadway, New York 5, N. Y.
Tel. Elcker 2-2080
Teletype NY 1-2664

Text Of Dewey Resolution Providing For
Central Reconstruction Fund For
Rehabilitation & Currency Stabilization

We are giving below the text of the joint resolution introduced in the House on Dec. 16 by Representative Dewey. (Rep., III.) providing for a central reconstruction fund to be used in "joint account" with foreign governments for rehabilitation, stabilization of currencys, and reconstruction.

Mr. Dewey, the House Appropriations Committee, a member of the Joint Committee on Reconstruction, said he was against the bill. Before the House Foreign Affairs Committee on Dec. 17, urging adoption of his new international plan. He proposed it as an amendment to the bill under consideration which provides for U. S. participation in the work of the United Nations Relief and Rehabilitation Administration.

In describing his proposal on the floor of the House on Dec. 21, Representative Dewey said that it is not only germane but indispensable to all matters of rehabilitation and reconstruction, because it will bring all such efforts under a single supervision; hence American people will know at all times the extent of their commitments in the post-war period.

Mr. Dewey explained that the central reconstruction fund provided in his resolution "can do everything proposed by Mr. Morgan's Temporary stabilization fund and reconstruction bank." It added that this is the Reconstruction, it claims. It did not name any of the firms in its statement, but commented:

"Forty of these companies which had war contracts with the Government show over 194% in profits, as compared with 1942 on the net value of these companies as shown by their books. The highest per cent earned by the companies estimated is 95% and there are several companies which have earned in excess of 90%.

"Incidentally, these cases have been solely selected from among cases which are in process of re-negotiation by the War Department. Similar cases are contained in the files of the Navy, Veterans Administration, RFP, the Maritime Commission and the War Shipping Administration.

Declaring "in the long run building itself will pay more dearly for any recurrence of war profits," the members of the committee, after the defeat of five specific amendments, voted for the bill.

The minority said another section which would require renegotiation the profits on products not physically incorporated in a completed contract item "actually cripples profiting on war business."

Another section, which the minority characterized as "an attempt to cut off war profits", retroactively would exempt prices and profits on all articles furnished in obedience to a WPB directive and under an OPA ceiling.

"This mysterious provision may be tantamount to repeal of renegotiation for all war production except combat weapons," they said.

Also criticized was an amendment permitting "the novelty" appeal to the Court of Claims of all renegotiation cases, including those which contractors already have agreed to close, and another which would have required renegotiators to take into account Federal taxes and other probable war-reconversion costs in computing subjective profits.

In our issue of Dec. 30, the majority report on the Senate group on the tax bill was referred to on page 2532. Also in this issue were an article on the Treasury Morgenthau's criticism. (page 2536) and the following: Mr. George's reply (page 2564).

C. E. de Willers Co.
Adds Samuel Weinberg

C. E. de Willers Co., a division of de Willers & Co., Inc., with headquarters in New York, has announced that Samuel Weinberg has been added to the company's executive staff. Weinberg, who is the son of the late Samuel Weinberg, will be responsible for the company's sales efforts in the South and Midwest. He will report directly to the company's executive vice president, E. D. de Willers.

Weinberg joins the company after serving as a sales representative for several well-known manufacturers. He brings with him a wealth of experience in the furniture industry, having worked for companies such as Macy's and Bloomingdale's. Weinberg's appointment is part of a larger effort by the company to expand its market share and increase its sales volume.

Samuel Weinberg has a degree in business administration from New York University and has worked for several years in the furniture industry before joining de Willers. His appointment has been well-received by the company's customers, who look forward to working with him in the future.

The company's executive vice president, E. D. de Willers, commented on the appointment, saying, "We are pleased to welcome Samuel Weinberg to our team. He brings with him a wealth of experience in the furniture industry and we are confident that his expertise will be an asset to our company."
THESE_mockup

The Seizure Of The Roads

The seizure of the railroads by the Government has little in common with the corresponding move by President Wilson in December. It is a recognition of the need for coordination in traffic movement, with other factors, had caused such congestion that inadequate transportation service was the bottleneck of the whole war effort. The Government action was for the purpose of control by a central authority.

No such condition has arisen in this war. On the contrary, the accomplishment of the railroads commands the admiration of the country.

President Roosevelt's move was for the purpose of putting the railroad unions in the position of working for the Government, thereby subjecting them to penalties and strikes, and to put the roads under the protection of the Army both for security and aid to operation if necessary. The President instructed that the ordinary management, operation and financial arrangements of the railroads were not to be disturbed except in such manner as is necessary to secure the purposes of the order. The natural deduction is that a return of the roads to their owners is contemplated as soon as labor relations become stable again, following the parallel to be found in the condition over the coal mines earlier. From the January Monthly Bank Letter of the National City Bank of New York:


120 Broadway, New York 5
Telephone: 410-3008
19 Congress St., Boston 9
"Rock Island" Reorganization Profit Potentials

Circular on request

McLAUGHLIN, BAIRD & REUSS Members New York Stock Exchange ONE WALL STREET NEW YORK 5 TEL. HANOVER 3-1205 "A Reappraisal of Railroad Credit"

A discussion of the present and future position of railroad securities in purely reorganization securities.

By Patrick B. McGinnis

Enron.

Railroad Securities

Despite the impact of increased wages (the full extent of which has not as yet been determined) and the large change in coordination in traffic movement, with a dozen or more factors, had caused such congestion that inadequate transportation service was the bottleneck of the whole war effort. The Government action was for the purpose of control by a central authority.

No such condition has arisen in this war. On the contrary, the accomplishment of the railroads commands the admiration of the country.

President Roosevelt's move was for the purpose of putting the railroad unions in the position of working for the Government, thereby subjecting them to penalties and strikes, and to put the roads under the protection of the Army both for security and aid to operation if necessary. The President instructed that the ordinary management, operation and financial arrangements of the railroads were not to be disturbed except in such manner as is necessary to secure the purposes of the order. The natural deduction is that a return of the roads to their owners is contemplated as soon as labor relations become stable again, following the parallel to be found in the condition over the coal mines earlier. From the January Monthly Bank Letter of the National City Bank of New York:


120 Broadway, New York 5
Telephone: 410-3008
19 Congress St., Boston 9
"Rock Island" Reorganization Profit Potentials

Circular on request

McLAUGHLIN, BAIRD & REUSS Members New York Stock Exchange ONE WALL STREET NEW YORK 5 TEL. HANOVER 3-1205
Clearence Facilities

We offer to Brokers and Security Dealers an experi-
enced department for handling the clearance of security
transactions. Our facilities are of the best and the cost is very
moderate.

Inquiries Invited

The Pennsylvania Company
For Insurances on Lives and Grating Annuities
15th and Chestnut Streets
Philadelphia

Member
Federal Reserve System
Federal Deposit Insurance Corp.

Pennsylvania Breweries

Renewed Activity in U.G.I. Shares

Last week's approval by the SEC of the distribution to
United Gas Light & Power Co. of 1,600,000 shares of Devel-
or & Power Co. common brought renewed interest and interest in U.G.I. shares. A special meeting of U.G.I. stockholders was held for Feb. 29, at which time ratification of the distribution is expected.

Each holder of one share of U.G.I. common outstanding will receive 1/200
of share of Delaware Light & Power.

With the new Delaware stock ac-
tively traded on a "when issued" basis around the market, the gains in price that have indicated value of about 75 cents per share of U.G.I. Physical-
ically, the price of U.G.I. common is not expected before the latter part
of March.

U.G.I. directors also stated that section is made, the approval of the SEC, the offer of U.G.I. common to a stated par of $1.50 per share, and the exchange present share for 1/20 share of Delaware stock, was in belated recognition of demands of stockholders and dealers, who had bought U.G.I. common at or above $3.62,1/4 per share. The exchange agreement was expected is expected the listing will become effective the latter part of this month.

Pittsburgh Railways In Spotlight

The builders of several 4,000-

The market has sold $1,400,000 in

underlying bonds of the Pittsburgh Railways system, and $1,000,000 in divi-

sional stocks, were represented by a few sales urging." The Pittsburgh and New York who have sold the bonds of the Pennsy

Willy Parry's new $1,000,000, 5% serial bond, to be sold on the 15th, will go to the public in three parts, payable in $1,000,000 installments on March 15, 1944, March 15, 1945 and March 15, 1946, for the purpose of

raising a total of $6,000,000 in visible and intangible facilities in the city's credit.

The outlook for 1945 is for a continuation of the present general trend with a further firming of prices. Little can be expected in the way of public works or municipal improvement issues until after the end of the war. For the first two months of the year, $29,000,000 in bonds were placed with an average of 3.5% per annum, and the cost was 4.5% or more, or about 2.5% higher than the cost of the bonds sold in the first quarter of last year. The outlook for the rest of 1944 is for a continuation of this trend with a further firming of prices. Little can be expected in the way of public works or municipal improvement issues until after the end of the war.
Tomorrow's Markets

Walter Whyte

Says—

Current market action indicates end of hesitation and renewal of upward trend—railroad equipment, airplane and specialty stocks recommended.

By WALTER WHYTE

Up to a few days ago the market had all kinds of symptoms that pointed if not to a decline then certainly to a dull period devoid of speculative interest. Much of this tendency was a reflection of the conditions both here and abroad. But whatever the basic causes they spelled disinterest.

The only group which seemed divorced from the action of the general list was the airplanes. This may have been due to two causes. The war, the end of which seemed to be just around the corner, seemed to be on again, presupposing an increased and sustained demand for airplanes. The other reason was in the market itself.

For months the airplane group had been declining. While other groups were merely playing leap frog on the way up the airplane issues displayed a lackadaisical quality which seemed strange in comparison with the products these issues represented.

But there was one thing the group had accomplished in its slide down the ladder. It had reached a level from which it couldn't advance it at least showed it had reached a base from where values began to poke their heads.

The term "values" is one I don't care to use. It means so many different things to so many people that its definition only leads to arguments. But if I'm not interested in statistical appraisals then I am interested in market action. And based on market action the airplanes, together with other stocks, seemed to have reached a level which pointed to higher levels. I therefore recommended the purchase of two stocks at specific prices, Curtiss Wright "A" and Lockheed.

The favorable action of one group doesn't make for a bull market. So keeping in mind the signals of a decline the averages were beginning to point to I warned that storm clouds were gathering. All this held good until Tuesday, when this same warning was written.

On that day the market was placed in a corner from which one of two things had to happen. Either it would start nibbling at offerings or it would back away to lower levels. A few weeks ago in looking ahead I believed the weight of offerings.

Pennsylvania Brevities

(Continued from page 62)

Net earnings of Girard Trust Co. for the year ended Nov, 30, were $2,176,146, or $4.44 per share, compared with $1,122,925, or $2.31 per share for the preceding year, as reported by James E. Groven in his report to stockholders.

Philadelphia bank stocks closed 1943 at their highest level of the year. In the week ending Dec. 31, the aggregate market value of 10 stocks comprising the H. N. Nash & Co. index was $187,825,886 and yield 4.55%. Increase in market value for the year was 21.5%.

Recapitalization plan that may involve refunding of over $35,000,000 outstanding debt with new obligations bearing lower coupon rate is under consideration by the Scranton-Springbrook Water Service Co. Jones that may come under the plan are $18,000,000 Scranton-Springbrook Water Service "A" and "B" 5s, $11,000,000 Scranton Gas & Water 41/2s, 1965, and $7,900,000 Springbrook Water Supply 5s, 1965.

In annual report to stockholders for the fiscal year ended Oct.

91,577 Shares

Derby Gas & Electric Corporation

A DELAWARE CORPORATION

Common Stock

(Without par value)

Price $18 per share

Copies of the Prospectus may be obtained from the undersigned:

ALLEN & CO.

30 Broad Street New York 4, N. Y.

January 6, 1944

DIRECT PRIVATE WIRE

NEW YORK CITY

PITTSBURGH

Philadelphia Transportation Co.

All Issues

Philadelphia Real Estate

Bonds & Stocks

Samuel K. Phillips & Co.

Members Philadelphia Stock Exchange

Philadelphia Bldg., Philadelphia 2

Telephone: N. Y. Phone 3-610

We have a continuing interest in

Southern Advance

Bag & Paper Co.

Common Stock

BOENNING & CO.

1606 Walnut St., Philadelphia 3

Penneypacker 8300

Private Phone to N. Y. C.

Established 1921

Corinthian 5-299

Philadelphia and New Jersey

Municipal Bonds

Dolphin & Co.

Fidelity Philadelphia Trust Building

PHILADELPHIA 9

Telephone: Philadelphia 6-2488

Dolphin—Penneypacker 4498

Bell System Teletype—PH 239

We maintain primary markets in

the leading New York Bank and

Insurance stocks, and also in spe-

cial Public Utility and Industrial

situations.

HENDRICKS & EASTWOOD

Established 1922

PACKARD BLDG., PHILADELPHIA

Bistrasbourg 1322

New York

Race 1766

"Amerika 7-3500"

Direct private wire to Bowis &

Nerts: N. Y. C.

E. H. Rollins & Sons

Erected

Penneypacker 6398

1526 Walnut St., Philadelphia

New York—1921

Salt Lake City—2-6960

Los Angeles
Ass'n Of S. E. Firms Committee Heads

John L. Clark, President of the American Exchange Firms has announced the appointment of the 14 standing committees for the year 1944. In addition to serving as a member of the Executive Committee, Mr. Clark of Abbott, Proctor & Co. will also head the Public Relations Committee. Mr. Livingston Dafelof of Delaware Bank, who is Treasurer of the organization was appointed as the Chairman of the Executive Committee and Chairman of the Finance Committee and the Investment Advisory Committee. Springett H. Brooks, of First and Fremont, is Chairman of Mr. Paul, who is Second Vice President of the Association, will also head the named of the Taxation and Legislation Committee.

The Chairman of the other standing committees are as follows:

Year Ended March 31, 1943... $1.08
Calendar year 1940... $1.50
Calendar year 1941... $1.80

These figures did not reflect economies in operations or other benefits arising from the merger, and no effect was given to immediate tax savings resulting from special deductions in connection with refunding of the bonds and preferred stock. Also, they were after deducting 14 cents "amortization of bonded debt" on the "common and common plant acquisition adjustments," though this does not represent a "real" outlay. Later interim figures on the new basis are forecast to be forthcoming in a few weeks (the old stock-set-up was released about Nov. 5).

A normal common stock of the merger company is held by United States. As is the case in much of that company's dividends program, the "common" is not paid. It is anticipated that Delaware may pay dividends, or a liberal basis—possibly $1 a share, in view of the earnings of about 81 cents per share before plant amortization, and the fair market value of the stock. A dividend tax is not anticipated as a result of the 1943 financing.

The cash position of the new company should be excellent as the pro forma consolidated balance sheet shows total cash of $4,165,001 and total current assets of $3,804,973, as compared with current liabilities of $4,041,734.

The Delaware Power & Light serves Wilmington, principal city of Delaware and also a large part of the remaining area of that State. The company's water is not normally not merged because their facilities are in other States, serve a substantial part of the Delaware peninsula on the east side of Delaware Bay and four counties in southern Maryland on the other side of the Bay. This territory is principally rural, and the balance of the industrial loads, in Wilmington. However, the three Eastern Shore Public Service Companies (as Delaware Company was merged, while the Maryland and Virginia companies were not) contribute only about 10% of the total revenue base.

Electricity contributes about 81% of revenues and gas 19%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.

At the current price, around $25 a share, it would require 11.6 times the earnings before amortization of plant with a yield of 18%, based on the proportion of the gross and common plant acquisition adjustments, and with the combined utility and gas output, is purchased from the Delaware Electric, which until recently was a U. G. I. subsidiary. The ratio of depreciation and amortization to gross revenues (less purchased power and gas) is 31%.
We take pleasure in announcing the admission of

D. Frederick Barton
and
John F. Power
as General Partners of this firm.

MACKUBIN, LEGG & COMPANY
Baltimore, New York

The Challenge
(Continued from first page)

tooling for post-war methods, involves an expenditure of about $500,000,000 "to help preserve the free competitive enterprise system as the keystone of the American economy." Mr. Sloan said this plan was based upon an expected post-war national income of $100,000,000,000, as against a pre-war income of $72,000,000,000.

Declaring that expanding job opportunities are a social, political and economic "must" in the post-war era, Mr. Sloan said, "First of all, there must be provided by developing new things to produce and by producing existing things at lower prices. At the same time, warning that unless this is done the people "will demand of Government through political action what they cannot obtain through private enterprise." He added that a direct conflict between Government in business along a wider front and private enterprise "would mark the beginning of the end of the American competitive system as we have known it, and the ringing of the socialization of the enterprise." Mr. Sloan predicted an upward spiral of business activity after the process of reconversion is completed but cautioned that in the period of shortages some temporary controls must be maintained "to control them so as to prevent their influences and be kept in force until production develops a better balance and the law of supply and demand can operate freely again."

The full text of Mr. Sloan's address follows:

I appreciate the honor of again appearing before you this evening. Some eight years ago we discussed the then developing demand for the acceptance by our industrial leadership, of a different type of economic responsibility as affecting the security and social progress of our people. It had become clear that American business leadership must super- impose upon its normal functions a broader philosophy of management that must take the form of economic statesmanship. The challenge stands out with dramatic intensity when viewed against the background of the momentous problems that we face today. It is in relation to this economic leadership that I speak to you this evening.

Tonight I offer a definite proposal. It takes the form of a challenge. This challenge is presented least importantly in our own self-interest, but most importantly on behalf of the millions who, in serving our country in off-fields of combat, are prepared to sacrifice their all, and in the interest of the tens of millions who are supporting such efforts by carrying on so effectively their appointed tasks at home. When we look over the past half century, the cry from these millions of the most aggressive and productive elements of our people will be for an opportunity of accomplish- ment. A chance to live and to progress and to avoid, above all, becoming an object of charity.

Here is a challenge to each of us individually. It is also a call to every organization of us here tonight—representing as we do in this group the leadership of American enter- prise. The challenge presents what I believe to be an opportu- nity—an opportunity to capital- ize in the long-term interests of the country as a whole a set of circumstances that in all probabil- ity will develop out of the war. This set of circumstances cannot repeat itself. We accept the chal- lenge—NOW or NEVER! To do so requires courage. And imagination! It demands a new spirit of venture. The challenge cannot be met by a few, however ingenious they may be. It requires a concerted action along the whole economic front. It calls for an all-out effort—an effort as if has taken place along the produc- tion front which will make possible the ultimate winning of the war. If such a challenge is met it will re-establish, in a funda- mental way, free and competitive enterprise as the pattern of the American economy for the long-term position ahead. Failure will involve uncertainty, and lack of confidence in an economy which cannot not difficult to foresee.

Economic statesmanship has become a vital part of business leadership in countries who have arisen, and are rising to, their place in the economic front. It is in such countries that the economic pattern is growing more and more intense. Through evolution it has reached the point where it now important- ly influences the always changing pattern of the economy. It is not an exaggeration to say that under existing circumstances it may well determine the fundamentals of the pattern itself. The greatest involved problems that arise as we pass from a war to a peace economy, the highly volatile forces that will exist during the transition and the great uncer- tainties involving the longer term position to follow—will bring that fact into bold relief as the signs of great adjustment and rapid evolution that the prevailing forces develop the maximum effect. For then all is a state of flux. The dangers are then the greatest, the opportunity for constructive accomplishment. But at the same time reaching: the necessity of intel- ligent cooperation, both economic and social. Leadership under such cir- cumstances demands the guidance of reason and faith. These are the circumstances upon which we look forward to- morrow.

I believe there are three clear- ly defined "musts" of the attainment of which will go a long way toward assuring our winning the peace and making certain that the sacrifices being made in winning the war will not be in vain. They are:

1. Jobs for those who are willing to exchange their time and talents for a proper wage.

2. More competition and fewer at- tacks on our civilization. There must be no "War Economy" in the future. There is no place for a -economic "must" in our peace front.

3. International relationships of the economic sphere on the basis of a free-way street.

I am concerned tonight primarily with the first—the problem of jobs. There is, I believe, much confusion in the thinking on this subject. It should be clarified.

Some think that the number of jobs that have been lost cannot be made up. To those who have been thrown out of work. I say that this is no argument against a constructive effort—an effort to create jobs. It is no result of certain definite forces put into motion. They result from the general development of a new economy, of a new pattern of a new world. The foundation is confidence in the future, which can be obtained only by recognition of how our national economic policy must be very carefully planned. Without these ingredients there can be no jobs in a free economy. Expanding job opportunities are a social, political and economic "must" in the post-war era. They are a "must" of the war economy. We must recognize that demand. And it is doing so we must bear in mind that the sole instrumentality by which it can be met in a free economy is a virile and expanded system of enterprise.

Our productive plant has in- creased actually and potentially as a result of war time expansion. The problem of providing jobs will be greater in the post-war period. And before the war the problem had not been solved. In- creasing technical efficiency means we must produce an increasing number of job opportuni- ties, since it is the Workers. We must develop new things to produce. We must produce existing things at lower prices. If we do not, there are certain to be fewer in stead of more jobs available as the years go by. This must NOT happen.

And, if we do, our people, having in mind our war experi- ence. Marcus K. Manley and govern- mental pay roles and other manifest necessities will demand of Government. (Continued on page 6)
**Bank and Insurance Stocks**

This Week—Insurance Stocks

**BY E. A. VAN DEUSEN**

In a recent issue of the "Business Bulletin" of The Cleveland Trust Company, Mr. George W. Hough, president, said: "There are records in Washington showing the numbers of men required in different plants for the manufactory of ships and weapons, planes and engines. The differences in efficiency are almost incredible, (Bold face ours)." Many plants produce several times as much labor without making the same products.

In the field of insurance it has been found that aircraft manufacturing wide differences in efficiency and economy are demonstrated under the conditions of rapid expansion forced upon industry by the urgency of war needs. Its manufacturing processes being static, the tools have not yet become standardized but, on the contrary, are in a state of constant development and improvement, first in one plant and then in the other. Uniformity of performance is impossible. In a large number of industries however, such extreme differences do not usually exist, if we ignore the marginal producers, since manufacturing and operating procedure have, relatively speaking, become perfected and standardized. Nevertheless, even here there are differences sufficiently great to deserve the notice of the public, if the larger and more discerning investor.

As an example of a mature American insurance company one may take the Phenix Mutual Life Insurance Company of Syracuse. Mr. Frank W. Hubbard, of 0650 Salle Street, New York, is the president of this company, which has been in operation more than a century, and has always been recognized as one of the best operated and most useful companies in the United States. Mr. Hubbard is a man of remarkable business ability, and has repeatedly shown the wonderful results from the use of funds for the benefit of the policyholders. The company has a capital of $5,000,000, and has a surplus of more than $1,000,000. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the insurance business there are two classes of companies: those that have a surplus and those that do not. The former are the better companies, and the latter are the worse. The Phenix is one of the former, and has been so for many years. Its surplus is now more than $1,000,000, and is steadily increasing. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the field of insurance it has been found that aircraft manufacturing wide differences in efficiency and economy are demonstrated under the conditions of rapid expansion forced upon industry by the urgency of war needs. Its manufacturing processes being static, the tools have not yet become standardized but, on the contrary, are in a state of constant development and improvement, first in one plant and then in the other. Uniformity of performance is impossible. In a large number of industries however, such extreme differences do not usually exist, if we ignore the marginal producers, since manufacturing and operating procedure have, relatively speaking, become perfected and standardized. Nevertheless, even here there are differences sufficiently great to deserve the notice of the public, if the larger and more discerning investor.

As an example of a mature American insurance company one may take the Phenix Mutual Life Insurance Company of Syracuse. Mr. Frank W. Hubbard, of 0650 Salle Street, New York, is the president of this company, which has been in operation more than a century, and has always been recognized as one of the best operated and most useful companies in the United States. Mr. Hubbard is a man of remarkable business ability, and has repeatedly shown the wonderful results from the use of funds for the benefit of the policyholders. The company has a capital of $5,000,000, and has a surplus of more than $1,000,000. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the insurance business there are two classes of companies: those that have a surplus and those that do not. The former are the better companies, and the latter are the worse. The Phenix is one of the former, and has been so for many years. Its surplus is now more than $1,000,000, and is steadily increasing. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the field of insurance it has been found that aircraft manufacturing wide differences in efficiency and economy are demonstrated under the conditions of rapid expansion forced upon industry by the urgency of war needs. Its manufacturing processes being static, the tools have not yet become standardized but, on the contrary, are in a state of constant development and improvement, first in one plant and then in the other. Uniformity of performance is impossible. In a large number of industries however, such extreme differences do not usually exist, if we ignore the marginal producers, since manufacturing and operating procedure have, relatively speaking, become perfected and standardized. Nevertheless, even here there are differences sufficiently great to deserve the notice of the public, if the larger and more discerning investor.

As an example of a mature American insurance company one may take the Phenix Mutual Life Insurance Company of Syracuse. Mr. Frank W. Hubbard, of 0650 Salle Street, New York, is the president of this company, which has been in operation more than a century, and has always been recognized as one of the best operated and most useful companies in the United States. Mr. Hubbard is a man of remarkable business ability, and has repeatedly shown the wonderful results from the use of funds for the benefit of the policyholders. The company has a capital of $5,000,000, and has a surplus of more than $1,000,000. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the insurance business there are two classes of companies: those that have a surplus and those that do not. The former are the better companies, and the latter are the worse. The Phenix is one of the former, and has been so for many years. Its surplus is now more than $1,000,000, and is steadily increasing. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the field of insurance it has been found that aircraft manufacturing wide differences in efficiency and economy are demonstrated under the conditions of rapid expansion forced upon industry by the urgency of war needs. Its manufacturing processes being static, the tools have not yet become standardized but, on the contrary, are in a state of constant development and improvement, first in one plant and then in the other. Uniformity of performance is impossible. In a large number of industries however, such extreme differences do not usually exist, if we ignore the marginal producers, since manufacturing and operating procedure have, relatively speaking, become perfected and standardized. Nevertheless, even here there are differences sufficiently great to deserve the notice of the public, if the larger and more discerning investor.

As an example of a mature American insurance company one may take the Phenix Mutual Life Insurance Company of Syracuse. Mr. Frank W. Hubbard, of 0650 Salle Street, New York, is the president of this company, which has been in operation more than a century, and has always been recognized as one of the best operated and most useful companies in the United States. Mr. Hubbard is a man of remarkable business ability, and has repeatedly shown the wonderful results from the use of funds for the benefit of the policyholders. The company has a capital of $5,000,000, and has a surplus of more than $1,000,000. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.

In the insurance business there are two classes of companies: those that have a surplus and those that do not. The former are the better companies, and the latter are the worse. The Phenix is one of the former, and has been so for many years. Its surplus is now more than $1,000,000, and is steadily increasing. It is one of the best managed companies in the country, and its policies are quite readily convertible to cash at any time.
The Challenge

(Continued from page 65)

ment through political action, what they cannot obtain through peaceful means is perfectly clear. It is equally clear that if we were to depend upon continuous spending, continuous deficit spending, to maintain the economy, we would be faced with an increase in the national income of proportions not to be had except if we were to operate on a far broader way than ever before. It would mean an ultimate appeal to the private enterprise, if any substantial support were to be given. Here arises a direct conflict between Government in business along a widened front and private enterprise. It is inherent in such an approach. It cannot be done. And, no matter how efficiently private business might be conducted, it could not continue to exist. Such governmental policies would mark the beginning of the end—the end of the American competitive system. It is the very essence of the meaning of the socialization of enterprise.

The period before us, from an economic standpoint, will bring three main areas of time: the duration, the period of shortages, and the period of plenty beyond. Each carries its individual characteristics. I should like to re-emphasize here that this first phase must come first. We must first win the war, if it is to be won, on the basis of means.

The period of shortages begins with the reconversion of industries for peace. The rapid expansion in the law of supply and demand again becomes operative, with purchasing power in balance with current production. The problem of post-reconversion, generally speaking, is non-recurring. They are of vital importance to themselves. But they are, I submit, vastly more important to their implications. It seems to me that the economic revolution that will result will be the result of a very delicate balance, importantly influenced by the psychology of the immediate post-war period. Let us identify a fact that constitutes this balance.

The basic essential economic forces for a rapidly expanding economy are operative. While by pre-war levels will be present, but they will be synthetic in character. A peak of aggregate prosperity will not be based on a settlement and clear expectations. History records the fact that after such a battle the level of business activity will be the result of a very delicate balance, importantly influenced by the psychology of the immediate post-war period. Only in duration and intensity does the pattern vary. All the circumstances point to a repetition of the period of reconversion on the present conflict, but on a greatly intensified scale. The end result of pre-war productivity has enormously expanded, not only in aggregate value of output but in the actual volume of goods. Moreover, in the 25 years that have elapsed since the War I America's industrial plant has increased so greatly that war production at the time of the maximum quantity of production reopens it almost completely converted. The former war involved an output that was exceeded in the present war. The maximum level of output of durable goods such as motorcycles or electric refrigerators will have been produced for several years. It is clear that an enormous potential demand for all kinds of goods and services is developing. It will not be reached until the end of 1944, it is estimated, that wartime savings of

This advertisement is being taken as an offer to sell or a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.

380,000 Shares
Rochester Telephone Corporation

Common Stock

($10 par value)

Price $15% per share

Copies of the Prospectus may be obtained from any of the undersigned.

The First Boston Corporation

December 1, 1944
The Commercial & Financial Chronicle
Thursday, January 6, 1944

business, which embraces in the aggregate a major part of the

whole. Moreover, because of its broad geographical activities, it

acts as a stimulant spreading its influence everywhere. Each busi-

ness must make and maintain the contribution it

in its own self-interest. Each problem is necessarily differ-

ent. That is the fundamental concept of free enterprise, accen-

tuated by the General Motors approach:

We start with the conviction that the prewar standards of na-

tional income passed with the pre-war period itself. Our

reduced productive capacity as a nation, our broader distribution

of know-how, our improved tech-

niques, the acceleration of our technical knowledge resulting

from the stimulation of the war

— all justly a renewable demand

on the part of the people for an advanced order of things. Our

enormous public debt, the con-

stantly increasing costs of Gov-

ernment, legislative and other-

wise, demand a greater vol-

ume of production and a high-

er national income base. Other-

wise, the burden of Government

on enterprise, and on the individu-

ual, will seriously prejudice the

possibility of an expanding econ-

omy.

Corn Exchange Bank
Trust Company

ESTABLISHED 1853

A Bank Statement that any Man or Woman can Understand

Condensed Statement as of close of business December 31, 1943

Our Deposits and Other Liabilities are ...........................................

$608,117,757.32

(includes $163,368,450.60 U. S. deposits)

To meet this indebtedness we have:

Cash and Agreeable Advances .......................................................

$158,394,563.32

U. S. Government Securities ........................................................

413,976,173.71

($60,166,896.05 pledged to secure deposits

and for other purposes as required by law)

Other Securities ...........................................................................

14,906,618.51

Loans and Discounts ........................................................................

34,440,361.60

First Mortgages .............................................................................

9,600,955.17

Customers' Liability on Acceptances .............................................

7,386,508.03

Banking Houses ................................................................................

10,673,399.63

Other Real Estate ...........................................................................

412,962.88

Accrued Interest Receivable ...............................................................

1,613,421.75

Other Accounts ..............................................................................

289,975.42

Total to Meet Indebtedness ..............................................................

$645,127,143.02

This Leaves .....................................................................................

$ 37,009,367.70

Capital, $15,000,000.00; Surplus and Undivided Profits, $22,009,367.70

BOARD OF DIRECTORS

ROBERT A. DRYSDALE
Droydale & Company
Chairman

WILLIAM N. PILLS
Droydale & Company

GEORGE DOUGLASS
Ingersoll-Rand Company

EMERITUS DE LA RUE
Chairman, Belle Vue Life Ins.

Member Federal Deposit Insurance Corporation.

The Corn Exchange Safe Deposit Company operates vaults in 56 of the

74 branches conveniently located throughout the City of New York.

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

Guaranty Trust Company of New York

Fifth Ave. at 44th St. 140 Broadway
Madison Ave. at 60th St., New York, N. Y.

Condensed Statement of Condition, December 31, 1943

RESOURCES

Cash on Hand, in Federal Reserve Bank, and

Deduct: Federal Reserve Notes

Deduct: National Bank Notes

Deduct: Federal Reserve Bank Notes

Deduct: National Bank Notes

Deduct: Currency

Deduct: Bank Notes

Deduct: Corporate Securities

Deduct: Corporation Loans

Deduct: Mortgages

Deduct: Commercial Paper

Net Resources

LIABILITIES

Capital

Surplus Funds

Undivided Profits

Total Capital Funds

Deposit Accounts

Treasurers' Cheques Outstanding

Total Deposits

Federal Reserve Funds

Acceptances

Overdrafts

Lessa Capital

Held for Investment

Liability as Endorser on Accept-

ances and Foreign Bills

Foreign Bills Borrowed

Dividend and Premium, January 2, 1944

Items in Transit with Foreign Branches

Balance between Various Of-

fices, due to Difference in Dates of Foreign Branches

Liabilities held for Investments

Other Liabilities, Taxes, etc.

Total Liabilities

$ 563,992,253.23

$ 1,920,475,664.02

$ 2,661,610,121.95

$ 2,814,821,996.54

$ 1,367,111.78

$ 8,481,069.12

$ 1,654,111.52

$ 97,689,699.13

$ 16,390,189.19

$ 931,342.13

$ 3,243,371,511.86

$ 291,591,833.73

$ 2,920,754,036.79

$ 84,080,395.14

$ 2,149,561.21

$ 1,367,111.78

$ 96,906,000.00

$ 2,700,000.00

$ 2,356,657.55

14,872,728.31

21,485,621.69

$3,243,371,511.86

Sensations earned at 5857,497,563.65 in the above Statement are pledged in quality for information and help public knowledge. This statement includes the resources and liabilities of the English Branches as of December 26, 1943, Federal Reserve Bank of New York, and Branches in London on October 31, 1943, and Brussels Branch on October 31, 1943.

Member Federal Deposit Insurance Corporation.
The Challenge
(Continued from page 68)
was promptly for plant and equipment and expansion of working assets to include the new and expanded business as established by the possibilities of the post-war era. Engineering development should be prosecuted aggressively as material becomes available, to the end that new products, new methods, and new processes bring about the fullest savings of money and materials.

The responsibility of management is to discover the standpoint of its longer policy stance involved in its most fundamental concept, technological progress. That is the great instrumentality that enables real gains to be made throughout the system as a whole. That point can never be overemphasized. Therefore, research and engineering development must be encouraged. There is no limit. Research should not be confined to the physical sciences. It must be applied, and aggressively, to all the functional activities of enterprise.

The wage rate must be recognized and dealt with, not as the predominating issue between two groups, but as one of the most important economic problems involved in the whole economy because of its dominating influence on costs and selling prices. It must be dealt with from the point of view of a proper economic balance between all groups.

An incentive should apply not only to capital in the form of a profit, but likewise to management and worker as well. There should be an opportunity to progress directly according to their individual ability and their willingness to contribute.

The economic formula that production is equal to consumption plus savings should be respected. This is a vital consequence. Savings must not be permitted to become static.

The price policy of enterprise is one of its most vital responsibilities. Costs should be established on the basis of a practical rate of utilization over the long term of all the economic resources of each particular business as measured by a realistic estimate of its actual productive capacity. Every effort should be made to reduce business fluctuations and eliminate their harmful effects.

Cost savings, from whatever source or method, are the effective result in promoting job opportunities and expansion of enterprises, which will express themselves in the form of lower prices to the consumer.

There are some of the factors upon which the achievement of our post-war goals depends. Widening job opportunities, a dynamic and expanding economy, with higher standards of living—these are objectives which may well challenge the imagination of every individual in the country. Through these means lies the opportunity to help cement the victory of war into the lasting victory of peace.

McConnaughey, New SEC Member, Sworn In
Robert K. McConnaughey, of New York, New York, was sworn in as a member of the Securities and Exchange Commission. The brief ceremony was witnessed by the other members of the SEC—Chairman Benjamin Strong, Secretary, H. O’Brien; Robert E. Healy and William J. Pike.

Mr. McConnaughey, formerly associated with various agricultural agencies of Government, was nominated by President Roosevelt on Oct. 18 to succeed Edmund Burke, Jr., resigned. The Senate approved the nomination on Nov. 18.

Nomination of Mr. McConnaughey was referred to our House of Oct. 21, page 1685.

NAM Sees Full Reconversion Job Taking Six To Eighteen Months "After Last Shot Is Fired"

The postwar report of the National Association of Manufacturers reveals that in the judgment of the Association conversion of war industry back to civilian service, already starting, can not be completed until six to eighteen months after the last shot is fired in all major war zones. This period, after the Japs as well as the Germans are defeated, is identified by the NAM as the "major transition from war to peace." The report advises from the Association that the reversion has been prepared for by hostilities and policies for dealing with such problems. The determination of some $50,000,000,000 of war contracts by quick-settlement instead of equipment, as well as some $500,000,000,000 of stock piles of supplies. The report says: "The effect of lenening the possibility of peace time production and employment far more than offsets any immediate financial gain obtained by the voluntary removal from dumping any postwar excess of consumer supplies." The report finds it possible that the wartime controls of prices, wages, jobs, materials, rationing, may have to be continued a while after the last shot is fired; and that different controls may be lifted at different times; but that "all war controls should expire by legislation twelve months after hostilities end, and at such earlier date as economic situations specify by statute exist."

Davies, Auerbach Admit Three To Firm

Davies, Auerbach, Cornell & Hardy, 1 Wall Street, New York City, attorneys, have admitted Harris F. Durand, Kenneth W. Greenswell and John W. Burke, Jr., to the firm as of Jan. 1. 

United States Trust Company of New York

Statement of Condition December 31, 1943

<table>
<thead>
<tr>
<th>TRUSTEES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>JOHN J. PHELPS</td>
<td>Vice-President</td>
</tr>
<tr>
<td>JOHN SLOANE</td>
<td>Vice-President</td>
</tr>
<tr>
<td>WILLIAMSON PELL</td>
<td>President</td>
</tr>
<tr>
<td>JOHN P. WILSON</td>
<td>Vice-President</td>
</tr>
<tr>
<td>BARKLEI HENRY</td>
<td>Vice-President</td>
</tr>
<tr>
<td>GEORGE DE FOREST LORD</td>
<td>Vice-President</td>
</tr>
<tr>
<td>ROLAND L. REDMOND</td>
<td>Vice-President</td>
</tr>
<tr>
<td>HAMILTON HADLEY</td>
<td>Vice-President</td>
</tr>
<tr>
<td>FRANCIS T. P. PILMION</td>
<td>Vice-President</td>
</tr>
<tr>
<td>BENJAMIN STRONG</td>
<td>Vice-President</td>
</tr>
<tr>
<td>JOHN H. WHITNEY</td>
<td>Vice-President</td>
</tr>
<tr>
<td>JAMES H. BREWSTER, JR.</td>
<td>Vice-President</td>
</tr>
<tr>
<td>EDWIN S. SUNDERLAND</td>
<td>Vice-President</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Banks</td>
<td>$26,106,160.24</td>
</tr>
<tr>
<td>Loans and Bills Purchased</td>
<td>30,279,347.84</td>
</tr>
<tr>
<td>United States Government Obligations</td>
<td>74,702,667.37</td>
</tr>
<tr>
<td>State and Municipal Obligations</td>
<td>4,373,084.90</td>
</tr>
<tr>
<td>Other Bonds</td>
<td>4,240,000.00</td>
</tr>
<tr>
<td>Federal Reserve Bank Stock</td>
<td>840,000.00</td>
</tr>
<tr>
<td>Real Estate Mortgages</td>
<td>4,339,025.03</td>
</tr>
<tr>
<td>Banking House</td>
<td>1,700,000.00</td>
</tr>
<tr>
<td>Accrued Interest Receivable</td>
<td>468,470.95</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,474,127,756.33</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock</td>
<td><strong>$2,000,000.00</strong></td>
</tr>
<tr>
<td>Surplus</td>
<td>26,000,000.00</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>2,349,980.94</td>
</tr>
<tr>
<td>General Reserve</td>
<td>700,744.62</td>
</tr>
<tr>
<td>Deposits</td>
<td>114,707,133.13</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,151,361.45</td>
</tr>
<tr>
<td>Unearned Discount</td>
<td>3,556.19</td>
</tr>
<tr>
<td>Dividend Payable January 3, 1944</td>
<td>500,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,474,127,756.33</strong></td>
</tr>
</tbody>
</table>

$13,903,000,000,000 value of United States Government and other securities are held in private public deposits and for other payments received by law.

<table>
<thead>
<tr>
<th>OFFICERS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>WILLIAMSON PELL, President</td>
<td></td>
</tr>
<tr>
<td>BENJAMIN STRONG, First Vice-President</td>
<td></td>
</tr>
<tr>
<td>JAMES M. TRENARY, Vice-President and Secretary</td>
<td></td>
</tr>
<tr>
<td>ALTON S. KEELER, Vice-President</td>
<td></td>
</tr>
<tr>
<td>HENRY K. HENZE</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>CARL O. MAYWARD</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>THOMAS J. MABDEN</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>STELLING VAN DE WATER</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>HENRY L. SMITHERS</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>ERNEST R. KNOLLE</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>GEORGE M. LEWIS</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>HENRY S. KOEPPE</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>LLOYD A. WAUGH</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>HENRY G. DEFFENBAUGH</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>LEWIS C. COVY</td>
<td>Assistant Vice-President</td>
</tr>
<tr>
<td>ARTHUR H. EBB</td>
<td>Assistant Secretary</td>
</tr>
<tr>
<td>AUGUSTUS J. MARTIN</td>
<td>Assistant Secretary</td>
</tr>
<tr>
<td>LAWRENCE S. WILLIAM</td>
<td>Assistant Secretary</td>
</tr>
<tr>
<td>ELMO P. BROWN</td>
<td>Assistant Secretary</td>
</tr>
<tr>
<td>FREDERICK M. KUEHLER</td>
<td>Assistant Secretary</td>
</tr>
</tbody>
</table>

*Members Federal Deposit Insurance Corporation*

*Continued from page 8*
American Policies Of Post-War Readjustment

(Continued from first page)

policies are now being put into effect, with or without benefit of post-war readjustment.

Although it is perhaps already too late to institute a comprehensive post-war plan there will be a considerable opportunity for avoiding the mistakes of the past. True, this is a bigger war than ever. What was valid before, may no longer be relevant. But a bigger war means that bigger mistakes can be made. Can we afford to leave any stone unturned, leaving out what these mistakes may be and what policies may prevent them? A study of past readjustment policies may suggest the type of problem to be faced and may indicate possible solutions of it.

The post-war policies adopted in this country are generally familiar. The trend of business activity is likewise familiar. The policy and practice often are the same, but a study of the relation between the two, to examine the nature of the policies and evaluate them, using as a criterion of the evaluation the magnitude of a high level of employment and business activity, would be informative. This policy was adopted the first few years following the war, the policy of "laisser-faire" which will determine whether the longer-term problems will have to deal with factors of position of prosperity or one of depression.

The Civil War

Turning first to the Civil War, we may glance briefly at the background and at the conditions at the close of hostilities and trace the course of business activity during the years.

The shaded strip at the bottom of Figure 1 may be used as a guide. All aspects of the war's Effects on Domestic Business

The South was left with over expanded manufacturing and agricultural industries but was not seriously disorganized while the South had suffered physical destruction of productive property of all sorts. So complete had been the devastation that it was said of some of the land: "A crow could not fly by without carrying its raillons with him." Many plantations on returning home found that their orchards had planted cotton land to corn. The first crop of the United States fell from 4,903,000,000 bushels in 1861 to only 200,000 bushels in 1863. The reorganization of the country provided an investment opportunity without equal.

The resulting demand for goods, including goods to satisfy post-consumed demand, led to a short boom. David A. Wells, a keen and contemporary observer, tells us: "Various agencies contributed to a current of sentiment that stagnation and derangement of the business order in the South were mists. At first thought, would seem to have been almost inevitable. A stock on hand of agricultural products had been reduced to a minimum, the maximum consumption of the men and animals, to a partial failure of the crops in the year 1864, and to an uncertain exportation market. In every way, the South was as bad off as the North in the latter years of the war. The result, however, shows that a period of prosperity could be had without benefit of readjustment policies. It was almost a matter of coincidence, and many were those who accused the Government of providing the opportunity, instead of causing it to be provided.

Demobilization, Military, and Industrial

At the conclusion of the war the tremendous government demands for war supplies and services of every kind were terminated. The Government began to purchase and to order back the reserves of the army. The demobilization of the millions of men called into service and the army of the North began April 29, 1865, before Lincoln had been laid to rest. In a little more than three months, by Aug. 7, 60% of them were reduced to the militia at the close of the war and

was necessarily even more abrupt and the vast numbers of demobilized soldiers and penless officers abounded. The army nevertheless assimilated itself rapidly and in a short time back to its old station.

The land policies helped somewhat in absorbing the surplus labor force, both civilian and military, released by the war. Under the well-known Homestead Act, passed in 1862, settlers could acquire farms of 160 acres free of all charges, except for a small fee paid when the claim was filed. Before title to the land passed to the settler he must live on the homestead for five years. The war ended without any land bounty or any special privileges being provided for the soldier. Not until 1870 was a consistent policy made towards him. Under the Homestead Act, a homestead within the limits of either quarter of a township section which sold at double the regular price of $2.50 an acre, was sold at 80 acres instead of 160. In 1870 the soldier was allowed the full 160 acres in such circumstances. Since land in these regions usually has a ready resale value the concession was of some significance.

In 1872 soldiers' privileges were further extended, time served in the army being credited towards residence required to gain title to a homestead. A minimum of a year was still required, however. A great many soldiers, took advantage of these provisions and hastened the settlement of the public-lands.

The soldiers were also aided by pension payments. The development of a surplus in the Treasury permitted the granting of pensions to disabled veterans. The provisions were progressively liberalized. In 1868 the disbursements on this account were nearly $15,000,000 and in 1870, over $29,000,000.

Financial Policies

The fiscal policies as a whole were most closely associated with the post-war pattern of business activity. The policies of the first year of peace reached a peak of $1,500,000,000 for fiscal 1866, falling to $500,000,000 in 1868 and to less than $400,000,000 in 1867 and 1868. Revenues lagged, attaining their annual peak in 1866 and exceeding expenditures in that year by some $20,000,000. From there on the deficit was nearly a $1,000,000,000 in 1865 there developed a surplus in 1869. A Federal debt of $2,700,000,000 was gradually reduced in the ensuing period.

The writer feels that the fall in expenditures the level of disbursements was nevertheless much higher than before the war. The expenditures for armies of pay, bounties, pensions, and the settlement of contracts, constituted, according to a contemporary account, "a very great stimulus to consumption, and were therefore equivalent to the creation of new domestic markets, or to the continuation or extension of those previously existing." The contemporaries of the writer go on to say that a great part of the money spent by the Federal Government was immediately used in the purchase of goods and services of all kinds, in the movement of men and military equipment, and in the construction of railroad facilities and the remainder was invested in the disbandment of the army and in the re-establishment of the arts of peace.

In monetary terms, however, the expenditures were more than the revenues, at a moment's aye the government dollar issued in 1865 was wiped off the books and a surplus developed. This does not necessarily mean that fiscal policies of the government had no net expansive or restrictive effects on the economy. An examination of the tax structure and the break-down of government expenditures is required for an adequate knowledge of the impact of fiscal policy in the post-war period.

At the beginning of the war all direct or internal taxation had been suspended because taxes were needed to finance the war and the Central Pacific Railroad, and the Canadian National Railway.1

1. The economic basis for this analysis of the impact of fiscal policy was explained in "The Impact of Fiscal Policy on the Economy", by Judge Clay, an address at the American Historical Association, 1915, and the Canadian National Railway.1

The National City Bank of New York

Head Office: Fifty-five Wall Street

Branches Throughout Greater New York

Condensed Statement of Condition as of December 31, 1943

(Dollars in thousands; annual rate)

DOMESTIC AND FOREIGN BRANCHES

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>LIABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>Deposits</td>
</tr>
<tr>
<td>United States Government Obligations (Direct or Fully Guaranteed)</td>
<td>(includes United States War Loan)</td>
</tr>
<tr>
<td>Agencies</td>
<td>Loan Depo (2%1/46)</td>
</tr>
<tr>
<td>State and Municipal Securities</td>
<td>Loans and Bills</td>
</tr>
<tr>
<td>Other Securities</td>
<td>Less: Own Acceptances</td>
</tr>
<tr>
<td>Loans, Discounts</td>
<td>in Portfolio</td>
</tr>
<tr>
<td>Acceptances</td>
<td></td>
</tr>
<tr>
<td>Real Estate Loans and Securities</td>
<td>2,791,548</td>
</tr>
<tr>
<td>Customer's Liability</td>
<td>5,418,059</td>
</tr>
<tr>
<td>Stock in Federal Reserve Bank</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Ownership of International Banking Corporation</td>
<td>16,024,785</td>
</tr>
<tr>
<td>Branches</td>
<td>Interest, Taxes, Other Accrued</td>
</tr>
<tr>
<td>Items in Transit with Branches</td>
<td>Expenses, etc.</td>
</tr>
<tr>
<td>Other Assets</td>
<td>Dividend</td>
</tr>
<tr>
<td></td>
<td>13,012,239</td>
</tr>
<tr>
<td></td>
<td>3,577,800</td>
</tr>
<tr>
<td></td>
<td>70,500,000</td>
</tr>
<tr>
<td></td>
<td>Surplus</td>
</tr>
<tr>
<td></td>
<td>110,000,000</td>
</tr>
<tr>
<td></td>
<td>undivided Profits</td>
</tr>
<tr>
<td></td>
<td>24,033,356</td>
</tr>
<tr>
<td></td>
<td>212,353,296</td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>3,976,819,349</td>
</tr>
</tbody>
</table>

1. Figures of foreign branches are Included as of December 31, 1943, except those of London and Paris, which are as of August 31, 1943. In addition the following branch offices: Federal Reserve Bank of St. Louis, shares of $772,945.63, of United States Government Obligations and $2,598,194 of other assets are deposited with the Federal Reserve Bank for New York for the protection of their depositors by the Federal Reserve Bank of St. Louis, deposits at 3% per annum. (Under Federal Deposit Insurance Corporation)
was afraid that any attempt to limit the production of salt might arouse such opposition as to force Congress to give the tax a more liberal interpretation than the President's instructions would justify.

In the first year of the war, fiscal 1861, the total revenue of over $800,000,000 was distributed roughly in the following proportions by components: cash, customs, internal revenue, $10,000,000, or 4%. (In 1862 there had been no internal rev¬
ue receipts at all.) In the internal revenue receipts, excise and similar taxes were raised over twice as important as income and profits taxes.

This analysis of the tax structure is decisive evidence, and is a useful guide for gauging the effects of tax policy in the first post-war year, i.e., before the restoration of the war time level of taxation. There seems to be no reason to doubt that the tax structure was highly regressive since a wide va¬

riety of commodities provided the major portion of tax revenues and the income taxes were only moderately levied in the upper segments. In 1865, a tax of 3% on the lowest taxable incomes of over $10,000. It is likely, therefore, that a large part of the tax revenue had a restri¬
tive effect on commerce, and business activity. Moreover, the money diverted to the Treasury in the first year would probably have been spent. Hence in the first year, fiscal 1866, when a small surplus developed and was distributed, the total tax as described above was less than $1 billion dollars it seems likely that the tax had a substantial effect on goods and services.

The expenditures of that year, quarter, week, and day, increased in proportion to the rise in taxation and the debt. The most important part of the interest on the debt increased. The whole rise of the prices of the government bonds implies that current sales of the bonds were not significantly curtailed. A sudden stoppage in the increase of the amount of the currency outstanding in 1863 had been important but it had been preceded by a long period of years before the war was still going on. In the fiscal year 1868, the discriminatory tax of 10% on notes of state banks, which had been in effect from the close of the war, became effective in August, 1866, and the transfer from state to national charters. Consi¬

dering the requirement of the deposit of United States Govern¬
ment bonds, the measure may be regarded as deflationary in its influence even though the volume of Gaston's national bank notes increased from $170,000,000 in 1865 to $220,000,000 in 1870. A stabilizing and, under the circum¬
stances, favorable development was the establishment of national banks in the South. By October 1866, there were 35 of them in eight Southern States. Although the net increase of the banking de¬
velopments, however, was probably restric¬
tive, no more than to the loss of monopoly against the government.

The Tariff Policy

The popular discontent with the high taxes and the increase in prices did carry over to the tariff. The per¬
cussion continued to fall on all industries. Commercial depression continued the proportionate importance of various types of taxes in the total revenue to become a serious matter at the same time as in the previous year. Non-interest expenditures fell more than total revenue, however, and it is like¬

ly that the restrictive effects of the war and the depression still further, and the revenue was reduced from $65,000,000. Non-

interest expenditures increased in the same period thus reducing and possibly re¬
flecting the liberality of fiscal policy.

The data on the occurrence of fiscal policy then shows the following: tremendous expansive effect in 1865, some re¬
duction in 1866 and 1867, and a slight expansive effect in 1867 and 1868. The business activity in the corre¬
sponding years is shown in Figure 1; was: prosperity in 1868, depression in 1869 and 1870, and a depression early in 1871. Allowing for a not unre¬
asonable lag of a year or two in the specification of the present, it seems clear that to the fiscal policies for 1865 were well placed to blame for the depression following 1868. A private spending did not take up the slack.

Monetary Policy

The monetary policy adopted after the Civil War was largely a reflection of the fiscal policies. The sharp drop in expenditures and the consumption of a bulk surplus removed the need for any further issues of paper money. An Act authorizing the contrac¬
tion of the currency as a prelude to the resumption of specie pay¬
ments was passed in April, 1868. The bonds were to be issued in¬
fvision of the retirement of the notes issued under the Act. A note that the payment was set at $10,000,000 in the first six months and $4,000,000 in the period thereafter. The provisions of this Act were sus¬
pected, however, in February, 1868, after only $4,000,000 worth of greenbacks was issued, leaving $350,000,000 still outstanding. Some of the retired notes were subsequently reused. These poli¬
cies can be said to have had virtu¬
ally no economic effects since the tax was not significantly curtailed. A sudden stoppage in the increase of the amount of the currency outstanding in 1863 had been important but it had been preceded by a long period of years before the war was still going on. In the fiscal year 1868, the discriminatory tax of 10% on notes of state banks, which had been in effect from the close of the war, became effective in August, 1866, and the transfer from state to national charters. Consi¬

dering the requirement of the deposit of United States Govern¬
ment bonds, the measure may be regarded as deflationary in its influence even though the volume of Gaston's national bank notes increased from $170,000,000 in 1865 to $220,000,000 in 1870. A stabilizing and, under the circum¬
sstances, favorable development was the establishment of national banks in the South. By October 1866, there were 35 of them in eight Southern States. Although the net increase of the banking de¬
velopments, however, was probably restric¬
tive, no more than to the loss of monopoly against the government.

The popular discontent with the high taxes and the increase in prices did carry over to the tariff. The per¬
cussion continued to fall on all industries. Commercial depression continued the proportionate importance of various types of taxes in the total revenue to become a serious matter at the same time as in the previous year. Non-interest expenditures fell more than total revenue, however, and it is like¬
American Policies Of Post-War Readjustment

(Continued from page 72)

The nature were made permanent. This is demonstrated in the maintenance of the protective tariff and, to a lesser extent, in the intention of the greenhouse issue as a permanent part of the monetary circulation. The structural policies contemplated the effects of the short-term polices since the immediate consequences of a withdrawal of the greenhouse and a removal of tariffs would have been deflationary and would have led to a fundamental result of sudden termination of spending and rapid demobilization of the armed forces. The consequences of these two sets of policies were, respectively, a post-war depression and a perpetuation of the wartime changes in the structure of production.

The First World War

The readjustment policies which were adopted after the First World War seemed to have the same underlying characteristics but business activity behaved in a rather different way. The latter is shown in the graph at the bottom of Figure 72.

There was a slight recession with the considerable reduction from the armistice. The expansion of foreign trade came to an end and government prices decreased. The recession was soon halted and in 1919 there was a recovery and then prosperity. Uncertainty was over and unusually active business took place, building revived, foreign trade expanded and stocks boomed. The prosperity phase extended well into 1920 and then stagnation and severe unemployment hit the country late in the year. Business orders were canceled in heavy volume. The depression lasted through 1921 and then there was a gradual but steady recovery in 1922 centering around booms in the building and automobile industries. Except for a mild depression in 1924 prosperous conditions prevailed during the next few years.

Prices had risen over 100% from July, 1914, to November, 1918. They then rose to a peak in May, 1920, with the increasing more than 170% over the July, 1914, level. In the following year prices were cut almost in half as a result of a very sharp contraction. After going down only slightly further in 1922 there was a rise in 1923 of 10% by a few years at a fairly stable level.

Demobilization of the Armed Forces

The demobilization of the remnant of the armed forces took place rapidly and without economic inhibitions. Men on this side were discharged first and the principles followed were mainly those of administrative expediency. The two million men in France were kept busy by par-chance in the summer of 1918 and by going to school. Within a year the process of demobilization was virtually complete, with 3% million men released from all branches of the service. In the later stages of demobilization some recognition was given to economic considerations. Any soldier who faced unemployment might be held in the service for a reasonable time while trying to locate a job for himself. Similarly an immediate discharge might be obtained by a soldier who could show that a job was waiting for him. In general, however, the characteristic of the post-war period was to be rather than by trade or by economic needs of various segments of the economy. The United States Employment Service was valuable in finding work but it was rather difficult to look after four million men on a very limited staff of 5,000. It was assisted in its work by the semi-governmental Council of National Defense. Representatives of the U. S. E. S. with the necessary application blanks had even been sent to France. By the end of 1919 over 1,600 million discharged service men had applied to the U. S. E. S. and more than 800,000 had been placed.

A discharge payment of $80 was paid to all ex-service men. The disbursements on this account exceeded $200,000,000. Later, in 1920, veterans’ bonus bill provided for adjusted service certificates which made possible a loan of 20-year endorsement policies against which the veterans could borrow money from the government. Each soldier received $125 per day credit for oversasa service and $1 per day credit for home service. Some years later, in 1920, the veterans’ certificates were paid for in nine and one-half per cent non-transferable bonds which could be redeemed by the veterans on demand. Other aid to the veterans were the Bureau of War Risk Insurance which sold low-priced policies to ex-servicemen and paid monthly allowances to disabled veterans, the Public Health Service, which took over disabled cases after discharge and the Federal Board for Vocational Guidance, which aided in the vocational rehabilitation of disabled veterans. The government privileges accorded veterans under the Homestead Law remained.

The demobilization policy clearly assisted in clearing the market of the discharging of soldiers with the leave of Norway and, on the financial side, had a negligible effect in keeping up the demand for the home market which, boom nevertheless owes some low?price goods to the demand resulting from three or four years of selling on the market, buying on the civilian market, their demand being partly made up by the increased savings. The subsequent depression of 1920 and 1921 was due to higher discharge payments spread over a longer period.
of soda was disposed of as follows: half was retained as a war reserve, part was taken over by the Department of Agriculture for use as a fertilizer and the rest was sold for the War Department by nitrate importers at market prices. The War Department turned its surplus cartridge cloth into clothing for soldiers before sale. The average cost had been 72¢ a yard. At first the War Department offered it for 12¢ a yard, but after negotiation it received more than 35¢ a yard. Some railroad equipment was sold to European governments. Much property in the form of canteen mugs and shipping cases remained in government hands.

The government kept away from the retail markets for fear of disrupting trade. But seeing that prices remained high and actually rose, Congress, after the middle of 1919, authorized the War Department to sell food, clothing and household supplies at retail. At first the supplies offered served as agents' sales and sales were made by mail order. But this was not very successful and in September 1919 army retail stores were set up. Selling prices were fixed at 4% of the prevalent retail market prices. Taking the disposition of plant and materials as a whole, the percentage of recovery was difficult to estimate but 65-75% seems to be of the right order of magnitude.

The existence of large supplies must have had a retarding influence on prices but the orderly marketing of the items avoided the sharply disruptive effects from an economic point of view the principles underlying the disposition of plant and materials seem to have been satisfactory. The defects lay not in the policies themselves but in the uncertainties surrounding them. A good government policy surrounded by uncertainties can be as bad in its effects as a bad government policy.

Fiscal Policies

The fiscal policies followed in this period were to a large extent the result of the various other policies in so far as the latter were expressed in monetary terms. The pattern of the aggregates is shown in Figure 2. Government expenditures reached $13 billion in the fiscal year 1918 and then rose in the following year to a peak of nearly $18 billion. In the succeeding two years expenditures fell to about a third of this level, $7 billion and then $6 billion. Thereafter it remained at the $4 billion level for several years. Revenues increased steadily to $7.4 billion in 1919 and a peak of over $7 billion in fiscal 1920, a year after the high point in expenditures, creating a surplus of $300 million. In fiscal 1921 revenues dropped with expenditures but a surplus of nearly $90 million remained. Surpluses ranging from $200 to $500 million prevailed in the following few years. In order to appreciate fully the nature of the effects which might be expected from these policies it is necessary to examine the break-down of revenues and expenditures. Congress had imposed many new taxes and increased rates on old taxes during the war. For example, the normal tax on individual incomes was raised from 2% in 1916 to 4% in 1917. Under the Revenue Act of 1918 which was passed near the end of February, 1919, the rate became 6%, with 12% on net income exceeding $4,000. Surplus rates were also increased more. Income under $20,000 was exempt from income tax in 1918 while in 1917 and 1918 the exemption was lowered to $2,000 under $5,000. The $10,000-$50,000 bracket was taxed at 15% in 1916, 2% in 1917 and 2% in 1918. The same trend was evident in corporation income and excess profits taxes. There were numerous changes in definitions, exemptions and exceptions but upward trend in taxation of income was unmistakable. Many new excise and miscellaneous taxes were imposed and rates on old taxes were raised. Most of the taxes in this class were on luxury items, for instance, the 10% per cent tax on picture frames over $10, trunks over $40, values over $25, bellas over $4, men's neckties over $2, and many others. Increases in the more stable sources of revenue were exemplified by the increase in the tax of $1.25 per thousand cigarettes in the lowest price range in 1918, to $3.00 in 1917 and $3.00 in 1918.

Taxes revenues for the war pe-
American Policies of Post-War Readjustment

(Continued from page 73)

... the public debt which reached nearly $32 billion in 1919 was gradually reduced in the following years.

Fiscal policy seems to have had little effect in the immediate post-war boom and a major part in the subsequent depression. The maintenance of a high level of expenditures, combined with the rapid relaxation of controls, helped to keep prices in 1919 and 1920. The subsequent sharp fall and moderation of prices may have helped to clear the scene for a depression in the post-war boom and inflation. The maintenance of high prices, in fact, has been quite as important in the post-war period as in the pre-war period. The maintenance of high prices, in fact, has been quite as important in the post-war period as in the pre-war period.

Monetary Policy

Money policy immediately following the war can readily be described as easy money. Even after the army had been reduced, the capital market, which had been liquid due to a short-term war, was still heavily dependent on government in 1920 and 1921, and cannot have had anything but an unfavorable effect. Sharp changes in fiscal policy were associated with a debt

... money could be borrowed more cheaply, and at a lower rate of interest than before, the minister of finance was able to make an important reduction in the interest expense of the government. The reduction in the interest expense was accompanied by a decrease in the amount of money that had to be borrowed. The amount of money that had to be borrowed was reduced by about $2 billion in 1920 and 1921.

TARIFF POLICY

There is little to be said on tariff policy, as a factor in readjustment immediately after the war. A large part of the tariff of 1913 prevailed until 1921. During the war years the Civil War tariff was raised, reaching 7% in 1920. Subsequently, the major tax rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching 7% in 1920. Subsequently, the measure was to be continued, the major rate was raised, reaching

FEDERAL RESERVE BANK OF ST. LOUIS

Digitized for FRASER

THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, January 6, 1944
FIC Banks Place Debits. A successful offering of debentures for the Federal Intermediate Credit Banks was concluded during December by Charles R. Dunn, New York, fiscal agent for the banks, who announced the total of $31,725,000, 0.95% Consolidated debentures dated Jan. 3, 1944 and due Oct. 2, 1944. In addition the bank received for place and payment an issue of $17,000,000 0.75% Consolidated debentures, dated Dec. 30, 1949 and maturing May 1, 1954. Both issues were placed at par. Of the proceeds $0,070,000 was used to retire a like amount of debentures outstanding in excess of $1,000,000, and $9,650,000 was for new money purposes.

Lehman Bros. Admit Manheim As Partner. Lehman Brothers, 1 William St., New York City, members of the New York Stock Exchange, announce that Paul E. Manheim has been admitted as a general partner in the firm.


David A. Wells: "The Recent Financial, Industrial, and Commercial Experience of the United States," in "CORDELL CLUB RE-

Prospects For Business In 1944. (Continued from page 58) That shortages of manpower will no longer be major problems. Regarding wages, he said this rate situation is likely to prevail when there will almost surely come a sharp decrease in overtime payments, and probably not at all, a levelling off in the rate of base payments. Saying that in a business sense 1943 has been our biggest boom year, with employment, production and national income greater than ever before in history, Gen. Ayres stated that the coming year also will be a boom year for business.

Lehman Bros. Admit Manheim As Partner. Lehman Brothers, 1 William St., New York City, members of the New York Stock Exchange, announce that Paul E. Manheim has been admitted as a general partner in the firm.


David A. Wells: "The Recent Financial, Industrial, and Commercial Experience of the United States," in "CORDELL CLUB RE-

No reproduction rights are granted for this page. To obtain reprints or permission to quote, please contact the Copyright Clearance Center, Inc. For information, please visit our website at www.copyright.com.
Prospects for Business in 1944

...
As cities which volume of replacements and difficulties are encountered. Our forces are wearing out.

There is where our most immediate which is the time when the railroad cars are necessary. Those long hauls will tie up large amounts of railroad equipment. Consequently, if there is a peak transportation demand of the entire force, it will require an additional force to be there at a time when the other demands or all on other fronts may appear to be at their highest levels. They may interfere with the development of many kinds of business activity, if we are prepared they may diminish the interferences.

In a business sense this has been our greatest boom year. Employment, production, and national income are far greater than ever before in our history. The coming year will be a boom year for business. Production is up, or near its peak. It is likely to hold up or even increase a little until Italy begins to deliver. As in World War II there is likely to be some dearth of labor, and labor is probably, and continued by the increased demand for the war with Japan. Even after the defeat of Germany the output of naval vessels and other equipment will be well sustained.

It does not seem likely to resemble this one in that it will probably be much shorter. Bankers' Acceptances and Call Loans are still under the control of the government, and it is likely that there has been a minimum of corporate profiteering in this period.

Price controls, wage and salary controls, and controls over the allocation of materials, will probably continue. However, there are likely to be a much the same way as they are now. The most important thing is that the allocation of materials are likely to continue throughout the year. The differences that the authorities in Washington will have to face. Since the entire force will probably continue to operate at near capacity production for a long time.

Among the civilian predictions for what steel will be allocated is that it will be allocated out far after the fall of Germany are trucks, farm implements, railroad equipment, and household appliances. When the allocations of steel for such products get under way, we shall learn whether the government can handle its problem of deciding which firms shall be given permission to start reorganization programs for their peace-time plants. A number of such heads start up early in the third quarter, and the steel companies are likely to be called in and to have their problems set.

The central purpose and unified direction disappear, and we have the beginning of a series of civilian seeking to rebuild themselves to fit into the new conditions, and conditions of men and women back from the war trying to reenter civilian life. Each month of the coming year will see a smaller number of people engaged in war work, and increasingly larger numbers making civilian preparations.

Even the beginnings of the reorganization process will result in many injustices as some individuals and business firms are permitted to return to civilian tasks and peace-time production while others are left to continue in war work. We must expect them, and be as philosophical as we can about them. They are in an inescapable part of war which is it is not to reason why, and the greatest of all injustices.

Definite post-war planning that consists of getting ready to work the peace-time production is the best safeguard against the hazards and injustices of the transition period. For some firms the remaining time is shorter than they think, and for others it is longer than they hope. A policy of preparation is the best insurance policy.

Our greatest business assets as we go into the transition period will be our accumulated shortages. This country for great numbers of automobiles, dwellings, household goods, and the like, is likely to demand in this country many millions of dollars worth of civilian goods. We shall have great accumulated money in the end, and we shall have large amounts of goods that can be bought. More than that, the whole world has been accumulating shortages during the years of our great war.

We have already built up a larger capital stock than India, China, or South America in the history of the world. These are likely to be a large part of the capital stock used in the transition period.

The nearest prospect is to try the best of these shortages is that there will be a large shortage of steel. It will take many years to make up this shortage, but it is likely that the shortage will be very large. This is the time when the steel companies are likely to have their problems set. The steel companies are likely to have their problems set.

Among the civilian predictions for what steel will be allocated is that it will be allocated out far after the fall of Germany are trucks, farm implements, railroad equipment, and household appliances. When the allocations of steel for such products get under way, we shall learn whether the government can handle its problem of deciding which firms shall be given permission to start reorganization programs for their peace-time plants. A number of such heads start up early in the third quarter, and the steel companies are likely to be called in and to have their problems set.

The central purpose and unified direction disappear, and we have the beginning of a series of civilian seeking to rebuild themselves to fit into the new conditions, and conditions of men and women back from the war trying to reenter civilian life. Each month of the coming year will see a smaller number of people engaged in war work, and increasingly larger numbers making civilian preparations.

Even the beginnings of the reorganization process will result in many injustices as some individuals and business firms are permitted to return to civilian tasks and peace-time production while others are left to continue in war work. We must expect them, and be as philosophical as we can about them. They are in an inescapable part of war which is it is not to reason why, and the greatest of all injustices.

Definite post-war planning that consists of getting ready to work the peace-time production is the best safeguard against the hazards and injustices of the transition period. For some firms the remaining time is shorter than they think, and for others it is longer than they hope. A policy of preparation is the best insurance policy.

Our greatest business assets as we go into the transition period will be our accumulated shortages. This country for great numbers of automobiles, dwellings, household goods, and the like, is likely to demand in this country many millions of dollars worth of civilian goods. We shall have great accumulated money in the end, and we shall have large amounts of goods that can be bought. More than that, the whole world has been accumulating shortages during the years of our great war.

We have already built up a larger capital stock than India, China, or South America in the history of the world. These are likely to be a large part of the capital stock used in the transition period.

The nearest prospect is to try the best of these shortages is that there will be a large shortage of steel. It will take many years to make up this shortage, but it is likely that the shortage will be very large. This is the time when the steel companies are likely to have their problems set. The steel companies are likely to have their problems set.

Among the civilian predictions for what steel will be allocated is that it will be allocated out far after the fall of Germany are trucks, farm implements, railroad equipment, and household appliances. When the allocations of steel for such products get under way, we shall learn whether the government can handle its problem of deciding which firms shall be given permission to start reorganization programs for their peace-time plants. A number of such heads start up early in the third quarter, and the steel companies are likely to be called in and to have their problems set.
Our Reporter On Governments

BY S. F. PORTER

We're now into the month of reinvestment demand, of repurchasing by institutions which have held back on the market until now because of tax factors, of "drawing" by the fiscal authorities preparatory to the new financing. And of the Fourth War Loan drive for $14,000,000,000 minimum. There's no reason why we shouldn't see a runway market on the upside even if there were no new loan issue. The market is sensitive scene under the circumstances and wouldn't be desirable from either the investor's or the Treasury's point of view. But a creeping advance is to be anticipated as the days pass. During the next few weeks you should see higher prices on such issues as the 3s of 1953-5, the 2s of 1952, the 3s of 1945, etc. And certainly, this is no month to look for any important price reaction. No matter how advisable a quiet market may be to the Treasury, a sluggish market is not a sound atmosphere for a major borrowing.

So the time has arrived for a cautious optimist to lift his voice and look around for good intermediate investments. The action of the market since November has proved beyond the shadow of a doubt the wisdom of buying bonds selling close to par and protected by an official "bottom level" for the interest carry between financing. Those investors who followed the urging of this observer to purchase the 2s or 23s for "carry" to mid-January now have an excellent profit behind them. Those who didn't may examine the lists now for special securities they wish to hold during the early 1944 months. Of course, institutions which are eligible to enter the Fourth War Loan have one of the best bonds in years coming up, the 21/4s. They're little to worry about until Feb. 1, when all signs point to large-scale buying of the 21/4s by non-banking investors.

QUIET "ON PURPOSE"

One of the intriguing reports going the rounds in Wall Street circles is the fact that the Federal Reserve Bank has combined to "hold back" and "keep quiet" the market in recent weeks. The objective being, to quote one dealer, "to discourage speculation and to carry to market the 2s during the Third War Loan." In short, to keep these in-and-out speculative buyers from dumping the 2s at a time when they are opened to trading, the feeling on these that they will be worth 3 3/4 again. The 3s are being firm, perhaps on the basis of today's prices, that a rally plus a perfect setup. And this date is too early for predictions about the market in the first place. The word is traded until after books close on the Fourth War Loan, which will be after February 15.

With the above evidence of a tentative speculative report is that the 21/4s will be treated in the same way as the first issue of 21/4s. The bonds due in 1957-58, which are selling at 100.11 bid, 100.14 asked, against a year's high of 101.2 and a year's low of 100.3. The 2s may turn out to be a "lap" issue, says this source. With the Treasury's speculation on the books for the next war loan drive. And continuing to increase this issue until the total outstanding runs into the many, many billions.

If this happens—and the report is one of judgment of the market rather than on official information, it is said—the 21/4s will be depressed after their initial advance by the building of rumors of new issues. The same pattern which was drawn by the 23s and 21/4s in opposition to these bonds. Again, the pattern is followed, they are then a reaction to the par level as the books are opened, then a slight advance. And when the borrowing is renewed. Then a market movement in accordance with the Treasury's plans for the issue and with the action of the general price list at that time. In the bond market, a repeat, on a report circulating among dealers now. It is not official, but it will help you determine the basic technical factors in play.

The market needed to rock bottom during the last few days of December. "Rock bottom," that is, in light of the forthcoming loan. For the 21/4s of 1969-94 dropped to the 100 to 100 1/2 level, while the 2s of 1953-5 held at 98.17. The newspapers generally held to an initial advance of this price trend, with its past performance. With news of the books coming out and with the 2s assured of a par-plus price, the general list couldn't hold back the selling. But in technical reasons for these bonds, at a market with this stage, technical factors are in control.

(Continued on page 79)

BANK OF THE MANHATTAN COMPANY

Condensed Statement of Condition as of December 31, 1943

ASSETS
Cash and Due from Banks and Bankers $ 266,327,502.34
U.S. Government Obligations, Due 1945-46 453,353,338.48
Other Public Securities 10,045,180.36
Other Securities 16,734,781.19
Loans and Discounts 311,047,816.42
Real Estate Mortgages 6,116,568.85
Banking Houses Owned 13,383,449.44
Other Assets 3,991,977.86
Customers' Liability for Acceptance (Less Amounts) 2,366,372.33
Other Assets 3,402,567.65

$1,004,108,385.75

LIABILITIES
Capital $ 20,000,000.00
Surplus 900,000.00
Undivided Profits 10,071,867.49 $ 50,071,867.49
Reserve for Contingencies 2,031,376.09
Dividend Payable January 3, 1944 400,000.00
Special Reserve (For War Loan) 915,263.96
Deposits 215,061,241.35
Certified and Cashier's Checks 915,263.96
Acceptance Outstanding 2,035,855.34
Other Liabilities, Reserves, Etc. 1,004,108,385.75

$1,004,108,385.75

MELLON NATIONAL BANK

PITTSBURGH

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS
DECEMBER 31, NINETEEN HUNDRED FORTY-THREE

RESOURCES
Cash and Due from Banks $ 122,014,955.70 Capital $ 7,500,000.00
U.S. Government Securities 370,115,709.34 SUPPLIES 32,500,000.00
Loans and Discounts 311,047,816.42 LIABILITIES 328,200,000.00
BANKING PREMISES 2,978,703.57 DEPOSITS 490,628,294.39
PROFITS AND INVESTMENTS 11,153,042.56 $546,427,478.11
BANKING ACCOUNTS 40,165,066.61 $546,427,478.11
RESERVES 11,318,018.03
BANKING PREMISES 2,978,703.57

LIABILITIES
Deposits 490,628,294.39
BANKING ACCOUNTS 40,165,066.61
RESERVES 11,318,018.03
PROFITS AND INVESTMENTS 11,153,042.56
BANKING PREMISES 2,978,703.57

$546,427,478.11

DIRECTORS
GEORGE A. BLACKMORE BENJAMIN P. JONES III LUTHER E. BLACK
ARTHUR W. LOHRKART G. E. BLACK
MICHAEL S. SCHEFFER WILLIAM L. WILCOX
HARRY N. WHERRY
ROBERT L. LOCKHART

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Securities Group Aids Beekman Hospital Fund

A securities group, consisting of members of the New York Stock Exchange, investment bankers and the New York Stock Exchange, was formed by Edwin S. Webster, Jr., a partner of Kidder, Peabody & Co., to assist Beekman Hospital in its campaign to raise $16,000,000. Beekman Hospital, chairman of the hospital's 1944 Maintenance Fund Campaign.

The appointment of five other Chairmen to head various business groups in the downtown community was also announced by Mr. Eberstadt. Perry E. Hall, a partner of Morgan, Stanley & Co., will head the committee for the accountants profession; Walter H. Sammis, Vice-President of Commonwealth & Southern Corporation, the Public Utility Committee; Douglas M. Cruikshank, of Cruikshank-Morrison, Inc., the Real Estate Committee; C. J. Wood, Executive Vice-President of Thomas J. Lipton, Inc., the Tea Group; and Emil Pangelin, proprietor of Ye Old Dutch Tavern, Commissary Committee.

It was stated at the Beekman Maintenance Fund headquarters that numerous subscriptions had been received in the past week, although the campaign will not be started officially until Thursdays. Among these subscriptions was one from the firm of Handy & Harmon, dealers in gold, silver and platinum.

Lazard Freres & Co. Admit Four Partners

Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, announce that Pierre David Welt, Andre Meyer, Wm. Howard Schubert and Albert J. Hettinger, Jr., have been admitted as partners in the firm, and that Mr. Frank Altschul has retired from the firm.

Three admissions to partnership in Lazard Freres & Co. were previously reported in the "Financial Chronicle" of Dec. 16.
Our Reporter's Report

(Continued from page 61)

The offering should come within 48 hours of the award, and the division of the Securities and Exchange Commission in releasing the securities.

Why Only Two Bidders?

Queried on why bidding in the offering should be limited to only two bidders, a banker explained the situation as follows.

It is not, he said, due to any lack of capital, but rather stems from the inability of the writing industry, like many others, in surviving from a severe manpower shortage.

"That's the bottleneck," he averred, pointing out for the present only a handful of firms boast the syndicate and buying departments needed to handle this type of financing.

Of the vast amount of work involved, not a large number of such firms would rather go along as middlemen instead of heading it up, under present circumstances.

Puerto Rico Revenue Bond

With approximately half of the total expected to be placed primary, the Puerto Rican States is slated to bring out, on Wednesday, its $25,000,000 5% Puerto Rico Water Resources Authority revenue bonds.

The bond issue is now indicated, will get an opportunity to take up this amount of notes, 5% of the total. The bonds are being sold to refinance outstanding notes, and to add the foregoing amount, and to pay for the acquisition of the Puerto Rico Railroad, 144 P. & R. tracks.

Rail Financing Dormant

Aside from an occasional sale of equipment trust certificates the railroad field has provided lean pickings for the banking fraternity and agents destined to remain dormant for some little while.

As near as can be gauged now, no potential railroad issuer is of the opinion that the financial situation in the way of refinancing will improve soon.

The consensus seems to be that the status quo is in a weak disposition of the matter of competitive bidding now before it for smaller consideration is the immediate result of the insufficiency of Midwestern banks to back such procedure followed.

Hearings have been held at both sides pro and con, have presented their cases. As yet the Commission has given no hint of when its ruling may be expected.

Calvin Balloch Firm Celebrates 50 Years

The firm of Calvin Balloch, 1 Wall Street, New York City, estabished in 1893, is this year celebrating its fiftieth anniversary. During this period the firm has witnessed tremendous changes in investing habits, five separate depressions or panics; intervening periods of prosperity; boom years, and, as a consequence.

A pioneer in the development of the investment company in this country, the firm has never wavered in its policy of a self-confident, with pride to the fact that no investment company under its management has ever omitted a quarterly coupon payment. For the past 50 years, the companies have paid dividends of over $50,000,000.

Split Between Treasury And Internal Revenue

Bureaus Urged By Rep. Knutson

Separation of the Bureau of Internal Revenue from the Treasury Department making it an independent agency was proposed on Jan. 4 by Representative Knutson (Rep., Minn.).

Mr. Knutson said that he plans to ask the House Ways and Means Committee, of which he is ranking minority member, to sponsor legislation dealing with the matter.

In a statement Mr. Knutson said he believed "the time has come to completely eliminate the political dictates of the operation and enforcement of our tax laws, prevent the Administration from using the threat of unwarranted investigation of income tax returns as an instrument of political punishment and thus prevent the bureau to the service of Congress in advising on the mechanism of collecting taxes."

"So far as the Treasury is concerned, a great many members of Congress, and of the party affiliation, are at the end of their reference in the ability to attempt of Secretary Morgenthau to usurp the constitutional control of the legislative branch over the policy."

The Secretary and his staff have revealed time and again that their approach to tax problems is one that has been brought about by desire to bring about changes in our economic conditions which are contrary to American principles and to which Congress is opposed.

Our Reporter On "Governments"

(Continued from page 78)

Looking back over the record of 1943, it is apparent that the Treasury and Federal Reserve handled the bond and money markets in superb fashion.

Despite the largest volume of new financing in the history of the world, the average price level today is substantially above the price level at this time a year ago. . . . On a yield basis, yields have declined to 7.5 from 7.8 percent on the marks in 1932. ... The market is down from the prices established in the summer, but the decline has been surprisingly small considering the various domestic and foreign problems.

The second outstanding achievement has been the excellent handling of the money markets, in the face of tremendous gains in currency circulation. One of the outstanding gains was $3,000,000,000, declining excess reserves and an intense effort to distribute bonds among non-banking investors. The Federal Reserve, with the assistance of $6,000,000,000 of Governments during the year, but that still was far below what had been expected.

One major point stands out above all, of significance to the present and the future. . . . Last year's record shows beyond doubt that our fiscal authorities have learned the lessons of central bank and money management. . . . And they have shown their ability to place the market where they desire.

Manufacturers Trust Company

Condensed Statements of Condition as at close of business December 31, 1943

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>$810,955,512.59</td>
<td></td>
</tr>
<tr>
<td>U. S. Government Securities</td>
<td>91,243,138.75</td>
<td></td>
</tr>
<tr>
<td>U. S. Government Jwared</td>
<td>8,027,541.56</td>
<td></td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>21,430,865.56</td>
<td></td>
</tr>
<tr>
<td>State and Municipal Bonds</td>
<td>2,229,260.00</td>
<td></td>
</tr>
<tr>
<td>Other Securities</td>
<td>2,229,260.00</td>
<td></td>
</tr>
<tr>
<td>Loans, Bills &quot;arouled&quot; and Bankers' Acceptances</td>
<td>250,950,311.04</td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td>11,897,295.28</td>
<td></td>
</tr>
<tr>
<td>Bank Loans</td>
<td>21,090,000.00</td>
<td></td>
</tr>
<tr>
<td>Other Real Estate Loans</td>
<td>2,669,376.45</td>
<td></td>
</tr>
<tr>
<td>Customers' Liability for Acceptances</td>
<td>3,068,227.14</td>
<td></td>
</tr>
<tr>
<td>Accrued Interest and Other Resources</td>
<td>3,691,276.76</td>
<td></td>
</tr>
</tbody>
</table>

| TOTAL | $1,662,536,985.92 | |

LIABILITIES

| Preferred Stock | $3,947,640.00 | |
| Common Stock | 3,099,464.00 | |
| Surplus and Undivided Profits | 8,950,325.37 | |
| TOTAL | 8,897,431.37 | |

LIABILITIES

| Preferred Stock | $4,249,509.53 | |
| Dividend on preferred Stock | 2,057,501.00 | |
| Dividend on Preferred Stock | 4,208,354.76 | |
| Liability as Ender on Acceptances and Foreign Bills | 31,000,000.00 | |
| TOTAL | 5,850,954.26 | |

TOTAL | $1,662,536,985.92 | |

DIRECTORS

| EDWARD M. ALLENS, | CHARLES J. FRISIE, | C. E. PALMER, |
| President, Mainers | Chairman, Investors | President, Continental |
| Alfred, Inc. | Securities | Bank, N.Y. |
| EDDWIN B. HENSCHEL, | CHARLES J. JONES, | GEORGE J. PATTERSON, |
| President, A. & J. | President, Investors | President, Savery, & |
| HERBERT H. GLAZER, | | BARCLAY E. CHANDLER, |
| Vice President, Atlantic Gulf | President, Special | President, Cushman |
| & Western Railroad Establishment | Bond Co. | Co. |
| ROBERT R. CRANDALL, | ERNEST S. WALSH, | GUY W. VANNUSCH, |
| President, Empire City | President, Special | President, State |
| CHARLES E. HENDON, | | EDWIN D. THOMPSON, |
| President, Santa Fe | President, Investors | President, Rones |
| | | Company, N.Y. |
| SAMUEL B. ROBERTSON, | | EDWIN STARRFISH, |
| President, Securities | President, Special | President, Corner |
| | | Bond Co. |
| JOSEPH F. JOHNSTON, | | CONRAD W. WYATT, |
| President, J. & K. | Vice Mayor, N.Y. | President, Corner |
| City Bank | | |
| CHARLES M. HALL, | | EDWARD C. MILLER, |
| President, Spencer & | President, Special | President, Corner |
| Co. | Bond Co. | Co. |
| HENRY C. VON ELM, | | CHARLES W. MURPHY, |
| President, St. John's | President, Special | President, Corner |
| Bank | | |

United States Government and other securities owned or held as Collateral for certain deposits of $213,271,507 and other public funds and their deposits, and for use of depositors or provisional time.

| EDWARD S. BALLOCH, | | |
| Member, Federal Reserve | | |
| Board | | |

68 BANKING OFFICES IN GREATER NEW YORK.

Regional Representative Office: 1, Cornwall, London, E.C. 3

Member Federal Reserve System

Member New York Clearing House Association

Member Federal Deposit Insurance Corporation

Bank Comments and Preferred shown have a par value of $100 each. The Preferred is convertible into stock and has a preference over the Common in the event of a $100 dividend and accrued dividends.

PICTURIZED by FRASER

http://fraser.stlouisfed.org/
Post-War Foreign Exchange Stabilization Further Considered

(Continued from page 56)

study the various points that Dr. Alexander has been making.

It must be obvious that no one single plan can adequately meet the requirements of the various nations that will need assistance. This was definitely pointed out after the last World War, and it was also found that some success had been achieved by taking different stabilization efforts to fit the requirements of the country to be asisted and, further, that this method cost less in the end.

It just happens that on Dec. 16, 1943, a resolution of the Foreign Affairs Committee of the House, which enables the United States to participate in the work of the United Nations Relief and Rehabilitation Organization.

I think that we all familiar with what relief means; namely, food, medicine, and clothing for the millions of people who have been in need of assistance. Just how much we can give to those in need and how much must we give to those people in need in order to keep our own people supplied with necessary articles, the United Nations Relief and Rehabilitation Council endorses to limit that to which will be required to make sure that the rehabilitation will be a success. Experience has shown that such projects may be difficult to control and may develop into commitments for the future.

Take, for instance, the case of the displaced people. The UNRRA would normally take care of their relief, and probably arrange for their return and rehabilitation, but once restored to their own countries, rehabilitation would be done through the development of opportunities to work and produce wealth is not a relief measure, but definitely an economic undertaking in time of need that would be so needed.

I have been opposed to the so-called White and Keynes Plan, and the long term credit plan as recently proposed by the Treasury. Future cooperative developments of the United States and the countries of the world may automatically work in this direction as the government and the national banks must work in these matters. The UNRRA will probably not be equipped if it continues in its role as purely a relief institution.

I am and have been opposed to the so-called White and Keynes Plan, and the long term credit plan as recently proposed by the Treasury. Future cooperative developments of the United States and the countries of the world may automatically work in this direction as the government and the national banks must work in these matters. The UNRRA will probably not be equipped if it continues in its role as purely a relief institution.

The three different proposals have been undoubtedy met with difficulties, if not complete failure, but the plan of the UNRRA is to be improved by in all countries that are eager to study each problem, and to gather every possible fact that will lead to the establishment of that kind of machinery for the control of the international currency and credit operations of the member nations.

As I pointed out to you in my letter of September 2, 1943 (published in the "Chronicle," Sept. 26, 1943) there must be sufficient control of the issuance of domestic currency if such currency is to be a fixed ratio of value to the international unit set up by the International Stabilization fund. I proposed that this could be done by (1) the adherence to a universal gold (or other metallic standard) accompanied by a free and uninterupted market for such metal; and (2) the establishment of restrictions on international exchange operations, or (2) an international bank of rediscout having the exclusive right to create and control the currency of the member countries.

Of course I realize that these restrictions are an invasion of national sovereignty, and will be opposed or evaded by the countries on which they are imposed. But when one looks back at the international monetary situations in the belligerent nations following the last World War, one can hardly be surprised that there will be anything different following the present conflict. Each country, whether large or small, will be faced with the necessity of building up its own bank, business, and political unity. It will be done at the expense of the other, and will have diminished, amount to a vanishing point. Their only recourse, therefore, will be the resort to the out-and-out printing of money, since their impaired credit and the duration of the loan. This is the situation, and the only cure will be the reissue of hyper-inflation. It may be used by international banks and lending banks, as Professor Anderson might suggest, or by the United States, or by the Bank of International Settlements, or by a system of highly restrictive controls by a body of nations that might be organized.

The whole situation would be greatly aided, but it could be done, by a revival of the American capital market, and a revival of the international capital market by the Security and Exchange Commission and the International Bank of Rediscout.

On the whole Professor Anderson's description of the international exchange stabilization plan that he has outlined, while many of the others, he has not yet outlined clearly a practical substitute. He brings down, but he rebuilds only to fill up a gap here and there in the structure. Certainly, if the economic relations of the world are to be restored, and chaos avoided, some positive action, such as are contemplated in the plan of the UNRRA, must be undertaken. As time goes on, the present financial and economic machinery set up will bring some help to a war-torn world.

Prospects For Business In 1944

(Continued from page 77)

commodity prices so general that it will be considerably necessary to constitute inflation. Next year promises to be our toughest transportation year with restricted production, steel, coal, grain, buses, street cars, and railroads.

The volume of industrial production in 1943 probably continue in a slowly rising trend until the end of the war in Europe. The war in the Pacific is likely to be a very long one, but steel production will probably be well sustained in 1944, and in several other industries. The production in 1944 is likely to be slightly less than that of this year.

The volume of production of coal will probably be higher in 1944 than in 1943, but not by more than 7%, or by less than 2%. The production of steel power will probably be greater in 1943. The increase is not likely to be more than 10% or more than 20%.

It now seems that national inflation, that term of the 1930's, will not be the same, and that inflation of 1930's. Probably the increase or decrease will not be more than 9%.
Municipal News & Notes

A syndicate headed by Halsey, Stuart & Co., Inc., Lehman Brothers, and Edward Stotesbury, has made public offering of a $25,000,000 bond issue of the State of Minnesota, Rural Credit Deficiency Fund, which is backed by the credit of the State of Minnesota, Rural Credit Deficiency Fund. The bond issue is the first bond issue by the State of Minnesota, Rural Credit Deficiency Fund, which has been established to raise revenue for the improvement of rural areas in the state. The bond issue consists of $25,000,000 principal amount of bonds, which are to be sold on the open market at a price of $100 per $1,000 bond. The proceeds of the bond issue will be used to finance the improvement and development of rural areas in the state.

Railroad Securities

(Continued from page 61) more rapid reduction in charges than could be accomplished through using a similar bond, as it would have encumbered the revenue bonds. The more rapid reduction in charges would have turned into a higher salutary effect of the bond, if a better bond credit, thus further simplifying the problem of retaining the mortgage. The surplus in 1942, which would have resulted in a more favorable situation in 1943, was $300,000.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

- Proposed transfer of the Exchange membership from J. E. St. John to Harry E. Collin will be considered on Jan. 18. Both are partners in Morgan & Co., New York and Toronto.
- W. A. T. Franklin, associate partner in Foster & Marshall, Seattle, Wash., and Robinson & Co., New York City, has been transferred from the firm effective Jan. 1.
- Transfer of the late Walter W. Price, limited partner in Proctor & Patine, New York City, to the firm of Price, Proctor & Patine effective Jan. 1.
- Interest of the late Albert S. Colburn, a partner in Beck, Mabon, & Co., St. Louis, Ohio, ceased as of Dec. 31.
- Interest of the late W. H. Simmons, retired from the firm of Bell, Ely & Co., New York City, ceased as of Dec. 31.
- Interest of the late E. B. Ferguson, retired from the firm of Fitzgerald, Cole & Co., New York City, ceased as of Dec. 31.
- Interest of the late W. H. Fillmore, retired from the firm of National Bank Bldg. on Dec. 31.

New Officer

CINCINNATI, OHIO—John M. Gallagher, has been named controller of the New York Stock Exchange, by William H. Fillmore, Jr., director of the Exchange. Mr. Gallagher had been a member of the firm of Fillmore, Fillmore & Co., since 1955, and has served as a vice-president of the Exchange since 1947.

$9,450,000 State of Minnesota 1.40% Rural Credit Deficiency Fund Certificates of Indebtedness

Due $9,450,000 semi-annually August 1, 1956 to February 1, 1962, inclusive

These Certificates are denominate and are non-negotiable and will be paid at the principal office of the firm on payment on February 1, 1962, or any interest payment date therefor.

Legal Investment, in our opinion, for Savings Banks in New York, Massachusetts and Connecticut

These Certificates, to be issued for refunding purposes, in the opinion of counsel, will be a valid obligation of the State of Minnesota, are paid off by the interest and principal of the Certificates of Indebtedness of the Rural Credit Deficiency Fund.

Interest exempt, in the opinion of counsel, from all present Federal Income Taxation and tax exempt in the State of Minnesota.

HALSEY, STUART & CO. INC. LEHMAN BROTHERS
PHILADELPHIA, PA. NEW YORK, N.Y.

Equity Capital

The Bankers Trust Co., Inc., 100 Broadway, New York City, is distributing this letter written by Judge Healey of the Securities and Exchange Commission to the New England Stock Exchange, in which he states his recommendations for the future of the stock exchange industry.

Thos. R. C. Thomas, chairman of the Investment department of the Bankers Trust Co., declares that a letter accompanying the report, "What is the Future of the Stock Exchange Industry?" is a "clear and concise" statement of the problems and possibilities of the stock exchange industry.

"What is the Future of the Stock Exchange Industry?" is a report prepared by the Securities and Exchange Commission, which is distributed by the Bankers Trust Co., to all stock exchange members.

Halsey, Stuart & Co., Inc., New York City, has been appointed by the Securities and Exchange Commission to act as a broker in the sale of the aforementioned securities.
NASD 5% Rule Contrary To Will of Congress And Must Go!

(Continued from page 59)

unreasonable profits just to insure being there no such thing as a 3%, 5% or 10% limit on mark-ups.

And time and again Commissioner Mathews during the hearings has made it abundantly clear that the SEC Commissioners understand that they should work on the presumption that the SEC would interpret the Maloney Act in the light of the reports of these legislative committees and the views which they have publicly expressed.

And so we say again that it is obligatory upon the Board of Governors to rescind the 5% rule and mandatory upon the SEC to see that this is done.

A few of the high and mighty in the Association are trying to make the rule stick. The most persuasive argument in favor of it they seem to muster is that "most" (what) dealers can live on a 5% mark-up basis, though they may not make as much money as before, and that the SEC wants it. And, since the SEC is here to stay, we are all agreeable right down the line by their wishes. This, it seems to us, is like condescending to have a leg chopped off on the theory that you can live with one.

The SEC is here to stay, so it is now up to the SEC to begin manifesting itself. Dealer associations all over the country should write or telephone to Ganson Purcell, Chairman of the SEC, and Henry Riker, 3rd, of the Board of Governors to the effect that the rule be abrogated when the Governors meet this month. Where no organization exists, groups of dealers should have their lawyers follow the same procedure as above. If losing a dealer does not wish his identity revealed, the "Chronicle" would appreciate receiving copies of such protests.

This rule should not, we repeat, and will not stay. Dealers should cooperate in any organized effort to bring about its rescission.

Those interested in this subject will not want to miss reading NASD and attempting to do anything about it.

More Dealer Comments On NASD Rule

DEALER NO. 107

The Secretary of the Maine Investment Dealers Association was instructed to send the "Chronicle" a copy of the following letter which is in its entirety.

Chairman and Board of Governors,

The Maine Investment Dealers Association, Inc., 1616 Walnut Street,
Philadelphia 3, Pa.

Gentlemen:

At a meeting of the Directors of the Maine Investment Dealers Association held at Portland, Maine, Dec. 17, 1943, those present including Directors, Maurice A. Bowers, Walter T. Burns, A. Clinton Edgcomb, Harold D. Jones, Cian, W. Leonard, Stanley E. Patterson, Colonel K. Pierce and Secretary Ted Treasuer, Nathan N. Pay, expressing the will of our membership as ascertained by poll, voted to oppose the proposed rule by the National Association of Securities Dealers, Inc. an expression of its disapproval of the so-called NASD 5% Rule.

We submit this expression of disapproval in the spirit of cult¬
ing a dissenting vote so that it may become a part of the record. Our request for the following statement the following:

We believe that this limitation rule should have been sub¬mit¬ted to the Congress for approval or disapproval by secret ballot.

We believe that it may be the forerunner of other arbitrary and pernicious regulation.

We believe that it is not practicable or advisable to formu¬late such a rule in legislation or regulation.

We challenge that such a yardstick should be applied to either good or bad dealers. We submit the following statement for our considered comments on the rule and the proposed regulation.

The Secretary was instructed to forward this communication to the Chairman and Board of Governors of the National Association of Securities Dealers, Inc.

Faithfully yours,
Maine Investment Dealers Association (Signed) NATHAN C. PAY, Secretary
Dec. 23, 1943.

DEALER NO. 188

It is our opinion that membership in the NASD is a deterrent to the small retail dealer instead of a help. We feel that the NASD is now controlled by the members of the NYSE and large underlying.

We have sent our resignation to NASD and assume same will be accepted. We believe that the arrangement whereby certain non-share members are to be controlled by NASD is illegal. We do not believe that the SEC is controlled by the NYSE.

Looking the facts straight in the face—exchange members and retail houses—is it not right in any discussion or their interets are of a direct opposite and conflicting nature.

DEALER NO. 109

What happened to the proposed division of Stock Exchange and Over-the-counter business? What is fair to Stock Exchange firms having no provision for profit for non-members who are controlled under the proposed rule by the National Association of Securities dealers or member firms? Charging a service commission is, in my opinion, risking that the customer will take the advice and order directly from the customer and hereafter be an independent customer of the stock exchange firm. It seems more than possible that stock exchange firms will not be making excellent business by over¬the-counter in addition to having had a good rate in com¬petition because of the ability that they also have both a listening voice in the NASD affairs and that their best interests do not lie in the same direction as the small dealers but rather at the expense of the NASD.

DEALER NO. 110

This is a strictly a house rule written on a Saturday after¬noon after reading a few of the comments on the 5% profit clause. So if this letter doesn't look as though it was written by a professional, well you've only got yourself half-right, I hope.

Personally, I would be satisfied with 5% and like it, but what right have I to turn around and just dump the customer as if he wants. It if's too high he'll lose his customers (to me I hope).

Respectability, what crimes are committed in this name! What would be the result if it were two or three small boy clubs getting together in Washington and putting all these ideas into other peoples' heads. It isn't a question of 5% or 10% limitation. That's not the majority of the country, or even the minority of the people, or evidently by the majority of the industry, to regu¬late the employees of the business. It's a question of the individual dealer in the industry. The average thinker is apt to hear "the call" and hit the trail for 1% limitation.

We are all alone, the business men who are not stock exchange dealers pay every investor 10% of all securities he has sold them. Only in this case there will be no government subsidy.

Respect in the sense that both in the SEC and the NASD, pull them out in the open and hear what they have to say. Or maybe they have to say they are right. But I bet you they should be very glad if they were to hear it.

Let them hear the results personally for their ideas. Every other line is a lie is what we are to do it.

But let them have a good time while it lasts, boys. It won't be long now. In the meantime I expect any of your customers because you have overcharged them—don't get near anyone, you'll be out of business. I am sure it is valid as a MAN SEC and NASD. If it weren't you would be a tough spot.

And anyway, why don't you resign from the NASD as I did the SEC. The NASD is a monopoly with me and if enough of us quit the NASD ergo, there will be no NASD, but maybe I'm getting childish in my simplicity. (Signed) Number 195

DEALER NO. 111

The NASD 5% rule does not affect us directly but we are opposed to it in principle and would have so voted if the opportunity were presented. We have been advised of the proposed rule and, it is our opinion that if the NASD does not begin to show indications that few of its members will subscribe, the whole organization will form another association that will do so.

The following were nominated to serve two years as members of the Board of Governors of the Exchange: Mr. H. W. Faw/tos, Chairman; W. C. Mitchell, J. R. Cross, L. A. Nash, F. E. Dadmun, L. J. Mosher, and S. C. Nix. The nominations were in writing, and Mr. F. E. Darman was nominated to serve as Vice-President and re¬nominated John C. Gardner, Vice-President of Lowry & Co., to again serve.

The annual election will be held on Jan. 26.

F. Hawes With Bradford

KNOXVILLE, TENN.—Fisher Hawes, Jr., of F. Hawes & Co., Hamilton National Bank, and a member of the board of directors of the firm, has been elected to membership in the Chi¬cago Board of Stock Exchange by the membership of Cumberland Securities Corporation.

New York Stock Exchange

Advisory on Payments Of Shares of Capital

Of Stock Held for Exchange

The New York Stock Exchange issued on Dec. 30 the following letter to members, announcing their share of profits or overriding commissions, to branch managers, heads of departments and others.

"With regard to the payment of a share of profits or overriding commissions to branch managers, heads of departments and others, it is evident from discussions had with members that the Office of Economic Stabilization in Washington on Dec. 29, that the only possible approval of such payments other than in conform¬mance with the spirit of a forthcoming plan made by the SEC must be on an individual application basis. Members are advised before closing out their books as of the end of the year to make provision for re¬serves for this purpose, and un¬less it is shown by the SEC that it makes specific applications im¬mediately feasible, members may have to reserve up front to which applications member firms will receive said shares of profit.

The Exchange was instructed to forward this communication to the Chairman and Board of Governors of the National Association of Securities Dealers, Inc.

DEALER NO. 112

Lamborn Named To Head NY Coffee-Sugar Exchange

Oly. H. L. Lamborn, 33-year veteran of Lamborn & Co., Inc., has been nominated to succeed W. R. White as President of the New York Coffee and Sugar Exchange. Lamborn has served as Vice-President of the Exchange since August when he succeeded W. H. W. Wehrmann, who resigned. The Nominating Committee of the Exchange has also selected Charles Slaughter of Slaughter, Horn & Co. to serve as Vice-President and re¬nominated John C. Gardiner, Vice¬President of Lowry & Co., to again serve.

Interesting Situation

C. E. Unterberg & Company, 61 Broadway, New York City, are distributing an interesting memor¬andum to the Public National Bank and Trust Company of New York, shares of which the firm believes offer an intrinsically sound investment. Copies of this memorandum will be sent to C. E. Unterberg & Company on request.

New Cgo. Exch. Members

CHICAGO, ILL—Pierre Bira, President, Dieckman, Hallagan & Co., and Lewis H. White, President, National Association of Securities Dealers, Inc., have been elected to membership in the Chica¬go Board of Stock Exchange. An exec¬utive Committee, it is an¬nounced.
Greatest Possible War Effort And Preparations For Reconversion Stressed by National City Bank

(Continued from page 59)

also available. But questions arise as to whether a competitive field is to be al-

\[...

expected.

generally ventured

ferred
terests relatively whether standing, to or for

gin

mistic the period

down lines of product;

urgent

will become

policies of the

price capacity to

New York Chicago Jersey City Los Angeles

Investment Trusts

"Outlook For 1944"

We have no crystal ball... but our Investment Research Department is of the considered opinion that:

1. We are in a broad, long-term bull market, the first leg of which has been completed.
2. Certain groups of stocks are drastically undervalued at current market levels and thus afford substantially greater-than-average profit possibilities.

"As long as we believe are most drastically undervalued at present...they are STEEL SHARES, RAILROAD EQUIPMENT SHARES and LOW PRICED SHAPES-

nance; RAILROAD SHAPES (dividend, sinking f

equipment; RAILROAD SHAPES (dividend, sinking

enforcement of the creditors. During the past

month the freezing of pig iron from the

ism, which the currently favorable outlook for these two industries was

AClass of Security Group, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED 51 WALL STREET—NEW YORK

Railroad Equipment Shares

A Class of Group Securities, Inc.

Prospectus on Request

Denver Bond Club

Hold Cocktail Party

DENVER, COLO.—The annual cocktail party of the Rocky Moun-

tain Group of Investment Bankers and the Bond Club of Denver was held at the Ambassador Hotel Thursday, Dec. 23.

The distinguished group of help and

liquor refreshment, the officers of the

Club made a plentiful supply of both, and a good time was had by all (judg-

by the number of smiles which existed in all invest-

ers, "oohs", and "ahhs", etc.—in the morning).
United States of Mexico

NOTICE OF Second Interest Payment on External Public Debt

Payment of the January 1, 1944 interest coupon will be made at the office of the undersigned at 70 Wall Street, New York, N. Y., to all holders of any of the External Public Debt of the United States of Mexico who have surrendered for cancellation under an agreement dated November 5, 1942 between United Mexican States and the bank of one hundred thousand dollars in 1943, and who surrender their coupons for payment.

Holders of securities of the External Public Debt of the United States of Mexico who have not heretofore applied for and received the offer of the Mexico Government for the reorganization of service of the said debt as heretofore applied for in the said agreement, and who desire to accept said offer, may deposit their securities at any of the principal agents of the Government in Mexico and elsewhere, including payment of the July 1, 1943, coupon, may be obtained from the Fiscal Agent, Messrs. Hardin, Hoss & Edes, 74 Trinity Place, New York, N. Y.

PAN AMERICAN TRUST COMPANY

3 January, 1944

Fiscal Agent
Investment Trusts

(Continued from page 81)

We conclude that the fund, so far as stock limits are concerned, is the best investment among low priced stocks. The average 10-year record of the complete list is 81% as compared with 83% of the high of 83. In other words, if the perpetual securities were all to return 25%, the results of the average appreciation would be still better.

"Now How Is A Cash Position?" the current issue of Key¬
stone Corp.'s Keynotes raises the question. "Money in the bank
states the bulletin, has always seemed to be an available position.
Yet, an unemployed cash position, according to it, is not a
state of affairs. The fact is, in the war in 1918 has lost 25% in
volume because of "rising prices." The bulletin goes on to dis¬
cuss the various types of securities and commodities whose price
for common stocks, the most volatile of all classes of listed securities, provide a maximum of "inflation insurance" per dollar of invest¬
ment. In addition, those groups of securities which have re¬
duced price, have an average price above their year high, but smaller investment is required to gain the same "inflation insur¬
ance." National Securities & Research Corp. has published a revised list of the 1st 100 Low-Priced Common Stock Market Valua¬
tions Series. The investment is described as "a group of 100
traded lower priced common stocks with a high "inflation re¬
telegy."" The folder points out that in the beginning of the high, National's Low-Priced Stock Market Series covered about 100
shares.

Calvin Büllow has issued a new folder on Dividend Shares, listing 100 shares of the total dividend from 1935 to 1943, inclusive.
The total amount distributed extended from so as to 80 when the offering price at the beginning of each year the per cent. return on Dividend Shares over the 11-year period averaged 9.56%, 1.9% from net security profits. The December issue of Calvin Büllow and Company is a scholarly discussion of the "banking
sector of the world." A number of charts are used to illustrate its various monetary factors. One particularly striking illustration shows how "things" have been progressing by what may be described as "gold stock.
"Whereas the ratio of money in circulation shows no in¬
dication of topping off, the sharply upward curve of money in circulation shows no in¬
dication of topping off, the sharply upward curve of money in circulation shows no in¬
dication of topping off, the sharply upward curve of money in circulation shows no in¬
dication of topping off, the sharply upward curve of money in circulation shows no in¬
dication of topping off, the sharply upward curve of money in circulation shows no in¬
Governor Bricker Says 1944 Will Decide Individual's Place in Society

(Continued from page 58)

Today we enter a new phase of the war, an era in which all problems will be in the forefront of our thinking. In 1944 the United States may well decide the kind of world that will prevail for centuries to come. As we enter 1944, a host of problems will be at our doorstep, problems that if left unattended could endanger our hard-won prosperity and our industrial freedom. In this country, freedom on the world.
The Securities Handler's Corner

A Campaign For New Accounts

Did you ever stop to wonder why anyone pays security services from a broker? What happens if you do hold out to your potential customers that lift you and your organization out of the average run of security firms, all more or less the same in the facilities they offer, and the services they render? The answer is simple: most of those salesmen of securities and investment firms alike, go about soliciting business in the same cut and dried way, day in and day out.

"Well," you might say, "what if we do—we are offering our services at a lower cost than our competitors (and) without a bag full of fancy tricks that may or may not work, with a sales staff that is totally dedicated in their work, but there is one thing no firm can afford to do if it intends to go out of business is to let its name be GET IN A HUT. The best thing about a new and progressive sales program is not only that it can pay you dividends in dollars and cents but (also) in increased enthusiasm and interest in your work and this is one area of growth that we are not neglecting."

Here is a plan: Select a hundred, or as many names of investors in the near neighborhood that you can get hold of, and send them a letter about your firm, explaining briefly what you do, and send yourself a name of their letter to a thoroughly qualified investor, someone who has made a thorough job. After you have carefully picked your prospective clients and have made sure that they are substantial investors, begin a mailing campaign with a mailed letter.

In this mail campaign lift your firm out of the crowd by sending out a series of letters that ring true to the interests of articles that appear weekly in the Commercial & Financial Chronicle. Send them reprints of some of these articles, with a suitably entitled POST-WAR FOREIGN EXCHANGE STABILIZATION FURTHER CONSIDERED, which recently covered this vital subject in an article that was published in the Chronicle. The result: if at all. Every week (other) exceptional articles by world-famed authorities in the field are available for this purpose. Ask your firm's representative, Dr. E. C. Brown, entitled FULL FREE ENTERPRISE, in our opinion, is another outstanding expression of current opinion that your prospective investor clients should gratefully receive. Other articles in the same vein are full of information and since they are written by authorities in their field they will make ideal mail pieces BECAUSE THEY CARRY PRESTIGE AND DELIVER THE PRODUCTS THAT ARE FAVORABLE UPON THE SENDER. Articles such as the one by Dr. Anderson are available in reprint form free of charge. In this connection request a reply, firm's representative may in the interest of good will, send each of the reprints to your mailing list a SHORT COVERING LETTER. Make certain your stationery is of the highest order of excellence.

Send out a series of these letters and reprints. Keep it up for a whole year, and when you get some of the recipients to open up a little correspondence with you. You will be surprised how many will do so if you make your mail letter a little bit different from the usual and get some to whom you are sending these letters. Let them see you are a real authority in your field and renowned in the world of politics, economics, and finance. Let these people get to know you and your firm BEFORE YOU TRY AND DO BUSINESS WITH THEM.

After you have kept this up for a few months DIVIDE THESE NAMES INTO TWO GROUPS, send one group a reproduction of the TRANSACTION AND THEN LET THEM MAKE THEIR CALLS AND GO TO WORK. Of the other group send them a reproduction of "DISTRIBUTION AMONG YOUR MEN BASED UPON THE GREATEST NUMBER OF ACCOUNTS SECURED.

This sort of a campaign is guaranteed to keep sales organization on its toes. If you plan it well, select good names and circulate, write short, impressive covering letters, success will be assured.
SEC And NASD Attempting To Establish Custom And Usage In Securities Business By Fiat (Continued from first page)

legislative authority passes a statute establishing a principle, that is the law which overrides any contravening custom. In the absence of such a statute, the custom or unwritten law would have prevailed.

It is our theme that the recent hand and glove activities of the Securities and Exchange Commission and the National Association of Securities Dealers is resulting in a designed attempt to give rise to "recognized customs and practices of brokers and dealers in securities," which in effect are nonexistent.

In the now notorious Hughes case, the SEC cited Article 23, paragraph 4 of the NASD rules as follows:

"In 'over-the-counter' transactions, whether in 'listed' or 'unlisted' securities, if a member buys for his own account from his customer, or sells for his own account to his customer, he shall buy or sell at a price which is fair, taking into consideration all relevant circumstances, including market conditions with respect to such security at the time of the transaction, the expense involved, and the fact that he is entitled to a profit. . . .

The Commission then added the following footnote to the order of the court:

"It should be noted that the confirmation forms used by broker contain a specific statement on their face that 'all transactions shall be subject to the regulations and usages of the New York Stock Exchange or other Exchange or market where executed and/or subject to the recognized customs and practices of brokers and dealers in securities.' The quoted rule of the NASD clearly sets forth one of the recognized practices of dealers in securities.

"A recent study of the mark-ups over the current . . .

H. F. Schroeder Is Now With Blair Co. Blair & Co., Inc., 44 Wall Street, New York City, announces that Herbert F. Schroeder, formerly of Clark, Dodge & Co., is now associated with them in their corporate institutional trading department.

American Cyanamid Co. 5% Preference Bought—Sold—Quoted

Bought—Sold—Quoted

Bristol & Willett

Established 1833

Members New York Security Dealers Assoc.

115 Broadway

New York 6

Telephone Elkley 7-0700

Belt System Telephone NY 1-1403

American Cyanamid Co.

5% Preference

$1.00

Send your order to NOW

NOTICE!

To Brokers and Dealers Only

A New Booklet on

THE BROKER-DEALER CUSTOMER PROBLEM

We have prepared a study of the problem of disclosure of markets or profits containing an analysis of recent cases.

Bell Opens Boston Branch Under Cannel


INDEX

PAGE

Banks and Insurance Stocks ... 66

Charter of New Security Exchanges 67

Common Stocks of Investment Trusts ... 68

Municipal and State Bonds ... 69

Our Reporter on Governments ... 19

Our Reporter on Municipal Bonds ... 20

Public Utility Securities ... 69...

Real Estate Securities ... 70

Security Dealers' Corner ... 87

Stockbrokers' Corner ... 87

Tobacco's Market ... 87

Bucks ... 87

88 THE COMMERCIAL & FINANCIAL CHRONICLE

Thursday, January 6, 1944

P. R. Mallory & Co.

61-52 Commodore Pl.

Rockefeller Telephone

Central Vermont Pub. Co.

Merrimack Mfr. Co.

M. S. W. & CO.

Members N. Y. Security Dealers Ass'n

European & London Base 0-6770

Teletype N. Y. 1-1298

Indiana Limestone

6s, 1952

Bought—Sold—Quoted

L. D. SHERMAN & CO.

30 Pine Street, New York 5

Tel. Wallis 4-7790 Tel. NY 8-1381

Chas. E. Weigold Co.

Formed in New York

Roosevelt & Weigold, Inc., announces the resignation of Leuc. Col. Archibald B. Roosevelt as President, and the change in name to Chas. E. Weigold & Co., Inc. The company will continue its dealings in State and Municipal Bonds, specializing in Bonds of munificences in New York State. Chas. E. Weigold is the new President, and Edwin J. Cross, Vice-President and Secretary. The address remains the same, 49 Wall Street, New York.

Mackubin Legg Admit Morgan And Pohluus

BALTIMORE, MD.—Mackubin, Legg & Company, 22 Light Street, is a new associate of the firm of Morgan and Pohluus, members of the New York and Baltimore Stock Exchanges, according to that Arthur Morgan, Jr., and Walter C. Pohluus, who have been associated with the firm for many years, have broken all partnership of January as of January 1, 1944.

Allen & Co. Offer Derby Gas Issue

Offering of 91,377 shares of common stock of Derby Gas & Electric Corporation, which was made today by Allen & Co. New York. The stock is priced to the public at $18 per share.

Interesting Situation

Allen & Co., 30 Broad Street, New York City, have prepared an analysis of Magazine Reprinting Razor Company. Copies of this interesting analysis may be had from Allen & Co. upon request.