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Urges Federal Aid Now In Converting Auto Plants To Peace

By WARD M. CANADAY

President Willys-Overland Motors, Inc.

The automobile industry doubtless will continue to be the nation's largest provider of jobs after the war with its industrial activity becoming greater than in pre-war years.

Ward M. Canaday

But the extent and speed with which it will be able to "move into high gear" will largely depend upon the principles which government lays down for its war production assignment. Because of the time factor involved in production, the industry should know as soon as war production requirements

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Government's Place In Post-War Relations Between Labor And Management Discussed

By H. W. PRENTIS, Jr.*

Business Leader Holds Labor Legislation Should Be Amended To Permit Employees To Deal Directly With Employers, Select Representatives Without Coercion, Join Or Not Join A Union, And Make It Impossible For Those Quitting Work To Prevent Others From Working Or Intimidating Customers Or Their Employers.

Naturally I appreciate the honor of representing industry in this triumvirate tonight. However, as I warned the President of the Board, before accepting his invitation, I do not consider myself in any sense an expert on the subject under discussion. Hence to enter the lists with these two distinguished authorities requires no little temerity on my part. So I ask you all to remember that I am merely a "run-of-the-mine" industrial executive like the rest of you. Preparing addresses for bodies like this is out of my regular line. However, everybody is stimulated by departing from his accustomed role occasionally and, while there is some peril in so doing, the additional danger a business man runs is really not so very great for, like Tennyson's "Immortal Six Hundred," the executive of a

H. W. Prentis, Jr.

*An address delivered at the 257th Meeting of the National Industrial Conference Board, Waldorf-Astoria Hotel, New York City, Jan. 20, 1944, by Mr. Prentis, who is President of the Armstrong Cork Company, Lancaster, Pa., past President, National Association of Manufacturers; member, Governing Body, National Industrial Conference Board.

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By ROBERT J. WATT*

AFL Representative Warns Management Can Play Role Of Resistance Until Government Is Forced To Take Over Or Join With Labor To Develop A Program Of Self-Government For Industry In Which Political Influence Will Be Kept Out—To Do Otherwise May Be To Dispossess Management Of Right To Manage.

Being a conservative, I hesitate to engage in blind predictions. In view of our recent experiences I don't feel comfortable as to what the complexion of the Government will be in the post-war years. So I am going to talk tonight about what the role of government should be in post-war relations between labor and management, rather than attempt to predict what the role will actually be.

I think the place for the Government in post-war labor-management relations should be that of a second spare tire, always available if needed, but actually never needed under normal operating conditions.

Robert J. Watt

The relationships of labor and management in collective bargaining are essentially those of two parties making a simple con-

*An address delivered on Jan. 20 by Mr. Watt of American Federation of Labor, at the 257th Meeting of the National Industrial Conference Board, Inc., held at the Waldorf-Astoria Hotel, New York.

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$28 Billion Outlay By Consumers And Trade At War's End Forecast

National Survey Results Given At AMA Meet

A total of $28,000,000,000 will be spent by U. S. families for major articles, and by retailers, distributors and restaurants for property improvements within six months after the war's end, William J. Moll, executive of Geyer, Cornell & Newell, Inc., said at the marketing conference of the American Management Association in the Waldorf-Astoria Hotel earlier this month.

About 64% of the families intend to spend $20,000,000,000 for one or more major articles, 41.3% of the retailers and distributors plan to spend $6,647,000,000 for property improvements, and from 45.5 to 89% of the restaurants will spend $1,253,000,000 for various kinds of new equipment immediately after the war, Moll predicted, basing the estimates on recent post-war surveys he directed for the Chamber of Commerce of the U. S.

"All this will be transmitted back to factories to employ men to turn out the products to replenish the shelves of local stores, and to supply the local service business," Moll said. "And this one phase of post-war economy will cause expanded plant capacity to be utilized, raw materials to be used, and men and women to be employed."

Moll said the end of the war will mark the country's all-time high in plant capacity, available natural and synthetic raw materials, number of workers, pent-up consumer demand, and accumulated savings.

"The reports indicate that not only do families have the intentions to buy, but they are also accumulating the necessary money

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C. I. O.'s Case

President of CIO Demands Stabilized And Mounting Production In Post-War Era So Organized Labor Can Enjoy Benefits of America's New Found Productive Capacity—Says Labor Must Make Views Known At Ballot Box If Administration Is To Recognize Demands.

Declares Labor Under Our Voluntary System Has Achieved Goals of Production Never Even Closely Approached By Any Other Country in the World's History and Condemns Attempt to Destroy Confidence in Organized Labor Movement and Pursuance of Policy by Government Which Seeks the Universal Regimentation of labor.

By PHILIP MURRAY*

This is the crucial year of the war. It is also the crucial year of our democracy when we in this country will decide the shape of our post-war world for many years to come. And by this decision we shall decide many things for people throughout the rest of the world.

These remarks are not intended as partisan. There are forces working within each of the great major parties to carry us toward large-scale unemployment and an economy of scarcity. And there are other forces working to carry us toward full employment and an economy of abundance. Organized labor has long since chosen sides in this fight. The war has demonstrated beyond a doubt that labor is right, that America can produce abundance.

Philip Murray

But the war has not demonstrated that we will do so. Today decisions as to the return to an economy of scarcity are being taken daily in the war production agencies. This spring in the primary elections and next fall in the general elections the American people will have a chance to register their choice at the polls. This is bound; therefore, to be the most momentous election in many years.

We can go further and say that the CIO would not have organized the Political Action Committee if it had not felt that labor's part in the coming elections is of the utmost importance.

*An address delivered by Mr. Murray before the CIO Political Action Luncheon on January 15, 1944.

(Continued on page 401)

Gold For Post-War Token Credit Urged

The use of gold as a post-war token for credits was advocated on Jan. 20 by Rupert Evelyn Beckett, Chairman of the Westminster Bank of London, one of the "big five" in Great Britain. Reporting this special advices from London to the New York "World Telegram" quoted Mr. Beckett as follows:

"Gold is a medium of trading and exchange familiar to all peoples," said Mr. Beckett.

"America holds the preponderating stock in gold, but the British Empire and Russia are the principal producers. To secure America's support and collaboration for any workable scheme, it would be well to try to build on the premise that gold be the token.

"Means must be devised to avoid a pegging to the gold standard as we know it in the past. But America is a large creditor nation, with the responsibility toward securing a trade equilibrium which that status implies.

"A creditor country cannot remain passive as hitherto, allowing gold to enter freely in payment of goods and services, but should so adjust its economy as to permit an easy entrance of foreign goods."

W. A. Anderson With Hickey As Bond Mgr.

CHICAGO, ILL.—Hickey & Co., 135 South La Salle St., announce that William A. Anderson, formerly of Shearson, Hammill & Co. and Winthrop, Mitchell & Co. has become associated with them in charge of the Bond Department.

Muskogee Co. Interesting

The Muskogee Co., which is tax-free in Pennsylvania, offers interesting possibilities for appreciation, according to a circular discussing the situation issued by Buckley Bros., 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of the circular, which also contains interesting yield tables for the preferred and common stocks, may be had upon request from Buckley Bros.

E. Necarsulmer in N. Y.

Edward Necarsulmer, Jr. is now doing business as an individual dealer from offices at 120 Broadway, New York City. Mr. Necarsulmer was previously a partner in Pollard & Co.

Thomas McCord Joins C. J. Devine & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Thomas B. McCord has become associated with C. J. Devine & Co., Russ Building. Mr. McCord was formerly with Dean Witter & Co. in charge of their municipal bond department.

Cochran, Small in U. S. N.

W. B. Cochran, Assistant Vice-President of the Small-Milburn Company and manager of the firm's Oklahoma City office is now with the armed forces of the United States. The Oklahoma City office is now being managed by Mrs. Cochran.

Don M. Small, secretary of the company, is also on military leave of absence. Both Mr. Cochran and Mr. Small are in the U. S.

Rupert Bauer Joins Sutro & Co. Staff

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Rupert F. Bauer has become associated with Sutro & Co., Van Nuys Building. Mr. Bauer was formerly with Dean Witter & Co. and prior thereto was manager of the trading department for the California Bank of Los Angeles.

Attractive Situation

The 5% preferred stock of Wisconsin Public Service Corporation offers an interesting situation at the present time according to a memorandum issued by The Wisconsin Company, 110 East Wisconsin Avenue, Milwaukee, Wis. Copies of this memorandum may be had upon request from The Wisconsin Company.

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Right Is Might!

NASD 5% RULE WILL NOT STAND

As pointed out in the "Chronicle" last week one of the first acts of the new Board of Governors[1] of the National Association of Securities Dealers, Inc., a creature of the Maloney Act[2] passed by Congress in 1938, was to "affirm" the vicious 5% gross mark-up limitation decree which the members were first apprised of in a letter dated October 25, 1943 bearing the signature of Henry G. Riter, 3rd of the New York Stock Exchange firm of Riter & Co., as Chairman of the Board of Governors[3].

It must be remembered that Article VII, Section 1,[4] of the by-laws of the Association and the Maloney Act[5] both call for the submission to the members of any new rules of fair practice or amendments to the existing ones.

But the Governors have taken the attitude that when they decreed that members were not to go in for gross mark-ups of more than 5% they did not adopt a new rule but simply interpreted rule No. 1 of the Rules of Fair Practice of the Association, which reads:

> *"A member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."*

Now, if this line of reasoning is valid why were twenty-five more rules of fair practice adopted after this initial one? The answer is that those who were responsible for all those extra twenty-five rules realized that that line of reasoning just would not be tolerated.

And last week when the Governors affirmed the 5% decree it really meant that Wallace Fulton, Executive Director, and others in control of the Association, are still saying they are going to run its affairs in as autocratic a manner as they see fit whether the rank and file of the members like it or not and they defy Congress to do anything about it.

If the SEC does not abrogate this rule, as it is called upon to do under the Maloney Act, you may be sure Congress will take up the challenge.

We believe, too, Congress will also be interested in the economics of the rule. We feel certain no member of the House or Senate is going to see a rule like this stand which will not only force the small dealer in securities out of business but will in time kill the market for the securities of the smaller corporations of the country. We hope to say more on this phase of the subject next week.

Meanwhile, it is to be noted that specific dealer opposition to the rule is now developing. In the latter part of last week, for example, a group of dealers engaged legal counsel with a view to taking steps to bring about the rescission of the rule. Moreover, as we go to press, we learn that the

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Cooperation Of All Groups Necessary To Assure Full Employment

Chairman Of CIO Political Action Committee Disputes Alfred Sloan's Peace Time Income Of $100 Billion And NAM'S Program

In opening on Jan. 14, a two-day conference of political and labor leaders and research economists on the problems of reconversion and full employment during the transition and post-war periods, Sidney Hillman, Chairman of the CIO Political Action Committee, indicated that "we have limited the scope of this conference to a consideration of the domestic policies needed to assure full employment for the American people." Anything less than full employment, said Mr. Hillman, "will spell a stagnating economy of idle men and idle machines, farm surpluses and hunger, insecurity and desperation." "This," he added, "is the very breeding ground of Fascism which our sons and brothers are today shedding their blood to exterminate." Essaying that "full employment is not something automatic," Mr. Hillman declared that "hard thinking, bold planning and the unselfish cooperation of all groups is essential to its achievement." According to Mr. Hillman "our present national income of $140,000,000,000 still falls far short of providing the American people with purchasing power to satisfy their demand for goods and services, though it is the highest national income in our history." Mr. Hillman criticized the proposal (appeared in the "Chronicle" of Jan. 6, 1944—Editor) by Alfred P. Sloan, Jr., Chairman of the Board of the General Motors Corp., who, at the recent annual dinner in New York of the National Association of Manufacturers, indicated he looked toward


Sidney Hillman

(Continued on page 402)

Business And Withholding Taxes

L. J. BENNINGER*

The Current Tax Payments Act of 1943 brought to the public's attention a significant development in taxation, that of further imposing upon the employer duties and responsibilities hitherto considered as primary functions of the Internal Revenue Department of the national government, and the departments of taxation of the several states. The purpose of this article is (1) to point out this trend in delegating to business a greater and greater share of the burden of tax collection through the medium of withholding taxes on wages; (2) to describe the effect of such a policy on business; and (3) to evaluate this development in the light of possible alternatives.

Although in the past government has called upon business for assistance in collecting revenue, such activity has been of relatively minor importance in affecting the accounting routines and operating expenses of each particular business involved. Excise taxes, in general, have been easy to collect and account for in that they have been based specifically on the individual unit or number of units sold or produced or on an **ad valorem** basis measured by a percentage of the selling price. However, with the passage of income tax laws in which payroll deductions are used as the primary method of individual income tax collection, business universally has faced increased expenses through the expansion of the activities of the payroll department and new and diverse


L. J. Benninger

*Mr. Benninger is a member of the faculty of the School of Business Administration of Miami University, Oxford, Ohio.

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Full Employment in U. S. Most Effective Guarantee Of Post-War Recovery Of International Trade

The United States could make no more effective contribution to the revival of international trade after the war than to adopt a domestic program which would guarantee substantially full employment, according to Dr. Calvin B. Hoover, Dean of the Graduate School of Duke University and a member of the research staff of the Committee for Economic Development. Speaking before the New York University Institute on Post-War Reconstruction, on Jan. 19, Dean Hoover minimized the effects on world trade of tariff revisions, although stating that he favored tariff reductions on the basis of reciprocal trade agreements.

Calvin B. Hoover

In the view of Dean Hoover, "our chief contribution to the revival of international trade should be, first, a successful domestic program of substantially full employment in the United States; second, our participation in international agreements like those for an International Clearing Union and an International Bank of Reconstruction for long-term loans which, if successful, would facilitate alike the creation and maintenance of national full employment programs and the elimination of trade barriers, and, finally, the reduction of our own tariffs upon the basis of careful study and negotiation on the basis of the Reciprocal Trade Agreements."

It was pointed out by Dean Hoover that "changes in our national income on account of alternating between periods of depression and prosperity are much larger than almost any conceivable changes in our national income which are likely to result from changes in our tariff or in other similar factors directly affecting our volume of trade." "On the other hand," he added, "our volume of imports and exports is itself more affected by changes in depression and prosperity in the United States than it is apparently affected by changes in our tariffs. Putting the matter crudely, if we ask, 'What would increase our exports and imports more than anything else' we would have to answer, 'Anything which would insure a high level of employment in the United States.'"

The speaker said that although the removal of trade barriers and restrictions is of less direct importance to the United States than it is to most European and South American countries, this country should cooperate with other countries in taking steps to revive international trade as soon as peace is declared.

"If this country appears to be the chief stumbling block to world trade," he said, "we can expect great resentment coupled with the possibility of joint retaliatory measures against us."

Dean Hoover stated it as his belief that the United States will have to make more foreign loans and invest more capital abroad if it expects to continue to enjoy a favorable balance of trade but he warned against a policy which would make it impossible for foreign countries to repay these loans by exporting goods to the United States. He went on to say:

"Since our international trade has shown a tendency towards an export surplus of goods and services, it is essential that we should continue to lend and invest abroad so long as we desire that export surplus to continue to exist. Otherwise an insupportable pressure upon the exchange value of the currencies of other countries would occur and they would be driven to exchange depreciation or exchange control and associated trade restrictions. Some means would have to be found, however, to prevent the situation which arose in the early thirties when the pressure for repayment of foreign loans and investments and the interest and dividends due on them was a powerful factor in intensifying the world-wide depression.

"Unless there is a prospect that we should sometime desire an import surplus the continuance of an export surplus is the equivalent of an international WPA in which we give away part of the production of the country to citizens or subjects of other countries."

Crouse, Bennett To Admit Harold Chapel

DETROIT, MICH.—Harold R. Chapel will become a partner in Crouse, Bennett, Smith & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges, on Feb. 15. Mr. Chapel is manager of the municipal bond department for the firm.

New Service On U. S. Government Securities

There will be a Fifth War Loan for approximately $14,000,000,000, the same amount as is now being borrowed by the United States Treasury, in late spring, it was disclosed Jan. 24 in "Reporting On Governments," a new weekly service on U. S. Government securities, edited by S. F. Porter, New York.

The editor, a recognized authority on Government finance and author of "How to Make Money in Government Bonds," outlines the probable pattern of war financing during 1944 and further predicts that following the Fifth War Loan, there will be a commercial bank borrowing in mid-summer and a Sixth War Loan in the fall. This will mark the final financing of the year, it is said.

"Reporting On Governments," according to its editor, is being published as a source of information and guidance to banks, insurance companies, corporation treasurers and investment house officials on trends in Government bond prices and interest rates. It is published weekly and contains such information as behind-the-scenes activities in Washington and Wall Street, terms of new financings, profitable switches in securities and reports from dealers.

In commenting on the service, which is the only one of its kind in the country, and is being published from One University Place, New York City, S. F. Porter said: "Government bonds today are the major investment of banks, insurance companies and many large corporations. The objective of this news letter is to aid these institutions in investing their funds in the most conservative and profitable manner."

For the past ten years, S. F. Porter has written a column on Government securities for leading financial periodicals.

Cecil With Fla. Securities

ST. PETERSBURG, FLA.—John Cecil, who was with the trading department of H. M. Byllesby & Co. of Philadelphia for 17 years, is now associated with the Florida Securities Co., Florida National Bank Building.

AFL Rejects Reentry Of Miners' Union

The American Federation of Labor's executive council on Jan. 24 rejected John L. Lewis' terms for readmission of his United Mine Workers into the Federation, and offered to take the miners back only on the same status under which they were members until 1936.

In Associated Press advices from Miami, Fla., from which we quote, it was also reported:

Although the Council's proposal would limit Lewis' jurisdiction to the coal mining industry, it did not necessarily close the door to further negotiations on the question of the UMW's District 50, which includes miscellaneous crafts.

An AFL committee was instructed to meet again with the miners if Lewis was willing.

Lewis' terms had been "take us as we are."

Mr. Green said his recollection of UMW's jurisdiction at the time of its separation from the AFL in 1936 covered mine and coke oven employees only.

Mr. Lewis paid per capita tax to the AFL on 400,000 members that year when he was suspended for organizing the CIO. He formed District 50 later. UMW now claims about 600,000 members.

Railroad Securities

The senior liens of Baltimore & Ohio have finally been coming into their own in the past week or so. Students of railroad securities have long contended that on the basis of actual underlying investment worth, these liens were among, if not actually, the best value to be found in the rail list. In particular it has been pointed out repeatedly that the bonds would presumably be assured of undisturbed treatment in the event that the Baltimore & Ohio eventually had to undergo judicial reorganization. Therefore it was difficult to reconcile their low price with the prevailing when issued prices for railroads now undergoing reorganization or with prices for liens remaining undisturbed in such pending reorganizations.

It would be gratifying to report that this reasoning had finally been recognized by the general investing public and had been the cause for the recent sharp spurt in prices. Apparently the question of basic values has had at best a minor role in this recent price strengthening, however. It has taken a flood of rumors as to Baltimore & Ohio's plans for taking care of its 1944 maturities to stimulate interest in even its senior bonds. One interesting feature of the recent market trends has been that the rise in the senior liens has been accompanied by some fairly heavy liquidation of the 4s, 1944.

The feeling has been growing that no matter how the 1944 maturity problem is handled the 1st 4s and 5s, 1948 represent better value at their lower prices. Even if the 4s, 1944 are paid off in full in cash it is expected that greater percentage price appreciation will be experienced by the 1st Mortgage bonds merely in reflection of relief that the crisis has been passed successfully. On the other hand, if the 4s, 1944 are not paid off and should by some remote possibility result in bankruptcy of Baltimore & Ohio the relatively better value of the security behind the 1st 4s, and 5s, 1948 would immediately assert itself. Anything between these two extremes such as part payment of the maturity in cash and extension of the balance (the step which appears the most likely) would also react to the relative benefit of the 1st Mortgage bonds as against the 4s, 1944.

So far rumors of a plan to handle the 1944 maturity problem, which includes some $72,000,000 owed on an RFC note, have proved unfounded and it appears likely that no definite steps will be taken for some months to come. However, on the basis of the earnings outlook over the visible future and the progress made by the management last year in reducing its debt, it is safe to predict categorically that the problem holds no threat of bankruptcy. There is little, or no, question but that the RFC will assent to an extension of its debt, including the 4s, 1944 which it holds. If the worst came to the worst, then, the company would be well able to pay off the entire amount of 4s, 1944 outstanding with the public, amounting to only about $30,000,000.

The real problem affecting the credit of Baltimore & Ohio is not the 1944 maturity but the amount of debt other than this issue it will be able to retire. If it is necessary to pay off only part of the maturity in cash the funds released for other debt retirement will be just that much larger. Interest savings on other debt retired will be considerably greater for each dollar used than will be possible by retirement of the 4s, 1944. The latter must be paid at par while other debt is available in the open market at substantial discounts. Last year the company purchased or retired between $71,000,000 and $72,000,000 of debt.

Under its present voluntary debt readjustment plan fixed charges on publicly held debt have been reduced to around $18,200,000 and total fixed and contingent charges to below $28,000,000. Under any foreseeable economic conditions there could be no question as to the ability of the company to cover the fixed charges at least, and under all but severe depression conditions it should be possible to cover the entire fixed and contingent requirements. To restore its credit, however, it is generally conceded that the total requirements should be reduced to around $22,000,000. This would involve additional debt retirement of between $120,000,000 and $125,000,000. This is obviously too optimistic a program to hope for in the current year but could well be accomplished with no more than two years, 1944 and 1945, of continued high earnings.

Schoeller With Reynolds

Reynolds & Co., 120 Broadway, New York City, members New York Stock Exchange, announce that Walter H. Schoeller is now associated with them.

James F. Smith & Co. Formed In Knoxville

KNOXVILLE, TENN. — James F. Smith has formed James F. Smith & Co. with offices in the Burwell Building, to act as participating distributors and dealers in United States Government, municipal and corporation bonds and local securities. Mr. Smith was formerly for many years Vice-President of the Fidelity-Bankers Trust Company in charge of the bond department.

Ohio Municipal Comment

By J. A. WHITE

Not for a long time has the dearth of Ohio municipals been as pronounced as during the past two months or so. New issues have been practically non-existent. During 1943 we became accustomed to this lack of new issues, but this dwindling supply has been further aggravated recently by the virtual absence of liquidation of Ohios in the secondary market.

While several large blocks of municipals outside Ohio have recently been sold by institutions and public funds, largely to provide funds with which to purchase Governments in the Fourth War Loan Drive, nevertheless, the holders of Ohio municipals appear to be content to keep them. The largest of the State funds in Columbus has in each of the previous drives sold a few million dollars worth of Ohios, at competitive bidding. But, as a result of the investment in Governments of current income and maturities of municipals, rather than as a result of these sales, this fund has over half of its total assets in Government securities at this time. The next largest of the State funds also has over half of its assets in Governments, without having sold any of its municipals, but again, principally through the investment of its current income, interest and maturities.

With municipals thus declining so rapidly in relative proportion of total assets, these funds have little inclination to accelerate this trend by further sales of their Ohios. Perhaps other institutions and public funds are of like mind, or will find themselves in such position. At any rate, there is no intention on the part of the State funds in Columbus to sell more of their municipals at this time. Furthermore, public sinking funds and other such investment funds of Ohio subdivisions have sold very few Ohios indeed, not entirely because State laws prohibit the sale of investments by certain county and school district funds for the purpose of reinvesting even in U. S. Governments.

Ohio Price Level More Stable Than General Market

This absence of selling of Ohios will large account for the fact that prices in the Ohio market declined only slightly last November and December, when talk of an early peace, and an early resumption of municipal financing on a large scale, caused the price level of general market municipals to sag more noticeably than in Ohio. By the same token, since Ohio prices did not decline so much, neither has the recovery since mid-December been so noticeable as in the general market.

The market has entered the Fourth War Loan Drive with prices holding firm. If the experience of the previous drives repeats itself, we should expect the municipal market to rise at least slightly, even as the War Loan Drive progresses, and as its success becomes more and more nearly an accomplished fact.

In the last drive, many municipal dealers, along with other dealers, individuals, etc., were neglecting the investment of their funds in municipals, while subscribing for Governments. Some of these dealers perhaps, found

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Ohio Sales Tax Receipts $21,000,000 Above Estimate

Boomed by the spending of war workers' paychecks, Ohio's 3% retail sales tax yielded $21,000,000 more in 1943 than the $40,000,000 top estimate made at the beginning of the year by the Bricker administration's fiscal experts.

Figures furnished by State Treasurer Don H. Ebright showed total gross returns of $61,752,000, the second highest total since the tax was established back in 1935 as an aid to poor relief and local governments.

When rationing was instituted in 1942, collections fell to $59,009,000 but climbed back some $2,750,000 last year, as more and more Ohioans drew paychecks from war industries—and spent them.

The gross take must be differentiated from the "net total," as the gross figure includes the vendors' discount, the 1% commission paid to county treasurers and credit memoranda accepted in lieu of cash. The net yield for 1943 was $58,848,000, as against $56,178,000 the previous year.

Ohio Brevities

Resources and deposits in Cleveland's five largest banks as of Dec. 31 declined slightly from all-time high marks established at the end of last September.

Total resources in these banks totaled $1,852,797,961, or approximately $12,600,000 under the peak of $1,865,420,070 at Sept. 30. Deposits slumped about $20,000,000 to $1,724,367,198. Both items, however, were over $450,000,000 larger than the 1942 year-end. Time and demand deposits of many banks were at new highs or showed gains, but a reduction in the War Loan account was mainly the reason for the decline. Loans and discounts dropped further, at $397,431,234, off $58,000,000 in three months.

U. S. Government bond holdings edged nearer the billion-dollar point at $980,029,500, a gain of $330,892,000 for the year. These holdings were at a fresh peak. Cash on hand climbed $43,500,000 to $381,054,000.

* * *

Society for Savings and Union Bank of Commerce displayed record-breaking statements. Society scored highs in its 94-year history in resources, deposits and governments while Union Bank reported call-date tops in deposits, resources and loan commitments. National City Bank exhibited new highs in assets, deposits and capital, surplus and undivided profits. Central National governments are the highest ever while its capital account, including reserves, reached $17,001,454, the first time it has exceeded $17,000,000.

* * *

Cleveland Trust Co., largest bank in Ohio, reported time and demand deposits achieved new highs but total deposits were down $30,000,000 from September's record. Resources declined to $839,163,951 from Sept. 30th's $867,524,985, a total that boosted the bank from 20th to 17th largest bank in the country.

* * *

Russell I. Cunningham, former President of the Cleveland Stock Exchange, has been nominated to the post by the nominating committee, William Perry, acting exchange secretary, announced.

Cunningham, partner in Cunningham & Co., served three terms as President from 1939 through 1941.

Four names were submitted for three positions on the board of governors. They are Daniel Baugh III, floor trader with Gordon Macklin & Co.; Lloyd O. Birchard, partner of Prescott & Co.; Percy W. Brown, resident partner of Hornblower & Weeks, and S. Prescott Ely, partner of Curtiss, House & Co. Ely is President now.

Members of the nominating committee were Richard Gottron, partner of Gillis, Russell & Co.; W. A. Hawley, partner of Hawley, Shepard & Co., and Earl Finley, partner of Finley & Co.

The annual meeting of the Exchange will be held Feb. 16.

* * *

Norman V. Cole, active in Cleveland's financial district and

(Continued on page 411)

Ohio Municipal Price Index

Date—	*	†	‡	§
Jan. 26, 1944	1.39%	1.56%	1.22%	.34%
Jan. 19	1.40	1.57	1.23	.34
Jan. 12	1.40	1.57	1.23	.34
Jan. 5	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.68	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

Stock & Bond Club Of Cincinnati Elects

CINCINNATI, OHIO—The Cincinnati Stock & Bond Club Trustees met Friday, Jan. 21st and elected the following officers to serve for the coming year: President, John G. Heimerdinger of Walter, Woody & Heimerdinger; First Vice-President, Clair S. Hall Jr. of Clair S. Hall & Co.; Second Vice-President, Joseph H. Vasey of H. B. Cohle & Co.; Secretary, Lloyd W. Shepler of Merrill Lynch, Pierce, Fenner & Beane; Treasurer, Fred H. Becker of Field Richards & Co.

Bert M. Foley Is Now With Gordon Macklin

(Special to The Financial Chronicle)

CLEVELAND, O.—Bert M. Foley has become associated with Gordon Macklin & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Foley in the past was Vice-President of Merrill, Turben & Co. and recently has been with The Directors Research Association of Cleveland.

Leo M. Greany Forms Own Firm In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Leo M. Greany has formed L. M. Greany & Co. with offices in the Fidelity Building, to engage in a general securities business. Mr. Greany was formerly Vice-President of The First State Corporation of Toledo. Prior thereto he was manager of the investment department of Krantz-Newton & Co. of Cleveland and was with Saunders, Stiver & Co. and Pulliam, Emery & Co.

Gillis, Russell Adds H. Cross To Staff

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Howard E. Cross has rejoined the staff of Gillis, Russell & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Cross for several years has been with William J. Mericka & Co. Prior thereto he was with Gillis, Russell & Co.

Cayne, Ralston & Co. Adds David Callahan

(Special to The Financial Chronicle)

CLEVELAND, OHIO—David G. Callahan has become associated with Cayne, Ralston & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Callahan was formerly with Merrill Lynch, Pierce, Fenner & Beane.

Bowser Looks Good

Bowser, Inc., as now constituted, has an exceptionally favorable post-war outlook with a widely diversified line of products for which there should be substantial demands when the war is over, according to a study of the situation prepared by Cruttenden & Co., 209 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges. Copies of the study, discussing the current situation and the prospects of Bowser in some detail may be had upon request from Cruttenden & Co.

NASD District No. 13 Elects Fish Chairman

The National Association of Securities Dealers, Inc., District No. 13, at its annual meeting on Jan. 17, 1944, chose for the ensuing year, as Chairman, Irving D. Fish, partner of Smith, Barney & Co., New York; as Vice-Chairman, George W. Lindsay, President of Swiss-American Corp., New York; Frank L. Scheffey as Executive Secretary and George F. Rieber as Assistant Secretary.

The other members of the Committee are: Herbert F. Boynton, F. S. Moseley & Co., New York; James Currie, Jr., Troster, Currie & Summers, New York; Frank Dunne, Dunne & Co., New York; Wright Duryea, Glore, Forgan & Co., New York; Tracy H. Engle, Buckley Bros., New York; A. James Eckert, Mohawk Valley Investing Co., Utica, N. Y.; Charles F. Hazelwood, E. H. Rollins & Sons, Incorporated, New York; Wilbur G. Hoye, Chas. W. Scranton & Co., New Haven, Conn.; Julius A. Rippel, Julius A. Rippel, Inc., Newark, N. J.; David S. Rutty, Sage, Rutty & Co., Inc., Rochester, N. Y.

Reorganization Rails Comprehensive Analysis

The fourth of the Campbell Series of analytical studies of reorganization railroad securities is now on the press. More comprehensive than the previous analyses, this new report covers the securities of the following seven reorganization rails: Seaboard Air Line; Denver & Rio Grande Western; St. Louis-San Francisco; Missouri Pacific System; New York, New Haven & Hartford; Chicago, Milwaukee, St. Paul & Pacific; and Chicago, Rock Island & Pacific. The report includes traffic factors and statistical resume showing trends and standard of measurement for these rail securities as compared with 20 of the leading solvent roads; 20-year record of earnings applicable to fixed and contingent charges together with fundings and all dividend requirements of new issues to be traded; arbitrage tables covering these seven roads so that the buyer may obtain the new reorganization securities at the lowest possible prices predicated upon the Campbell evaluations.

The price of this new report is $7.50. Checks should be sent with all orders — address Thomas G. Campbell, Railroad Consultant, C. E. Stoltz & Co., 25 Broad St., New York City.

RR. Situation Attractive

Common stock of the Minneapolis & St. Louis Railroad offers interesting possibilities according to a circular issued by Adams & Peck, 63 Wall St., New York City. Copies of this circular discussing the situation may be had upon request from Adams & Peck.

I. B. Pollard in N. Y.

I. B. Pollard is engaging in a securities business from offices at 120 Broadway, New York City. Mr. Pollard was previously a partner in the dissolved firm of Pollard & Co.

Tomorrow's Markets Walter Whyte Says—

Current dullness, small volume, indicates refusal of bids to go up for stock and similar refusal of offerings to go down to bids. Believe all this a prelude to advance.

By WALTER WHYTE

Despite the fact that underlying strength pokes its head up every now and then, surface indications leave most of the Street either yawning out loud or shaking its head and muttering dark forebodings.

* * *

Since the previous column was written stocks have shown little interest in proceedings; that is, all but the rails. They have gone up through offerings and on volume. A great deal of their strength was attributed to their turnback to private ownership.

* * *

The utilities have also shown an occasional bubbling desire to get some market steam up and here and there a stock displayed its independence. But either the utilities don't have the romance or the sponsorship, for so far their action is nothing to get excited about.

* * *

On the industrial front stocks have apparently made their highs some two or three weeks ago and since then have been overtaken by a deep ennui. This has given rise to an accumulative feeling that all isn't so good with the market. It is odd that while this feeling is gradually taking hold for the immediate future you can't get hold of any market letter which has anything but kind words to say for the Spring and Summer. One of those "Now-I'll-tell-you - what - I - think" things before me says, ". . . . Irrespective of the near-term action of the market, a new high will be witnessed this Spring or Summer . . ." Most of the other

(Continued on page 411)

$28 Billion To Be Spent By Consumers And Trade At War's End, Moll Says

(Continued from first page)

in savings for these intended purchases," Moll said.

Among the articles he listed for immediate post-war buying intentions of families were:

1,540,000 plan to spend $7,184,800,000 to buy or build new homes.

Planned home and farm improvements will amount to $7,500,000,000.

3,675,000 intend to spend $3,307,500 for new automobiles.

13,725,000 will spend $1,215,910,000 for major household appliances.

6,440,000 families intend to spend $711,410,000 for home furnishings and floor coverings.

Pointing out that the average anticipated expenditure for retail and distributor post-war property improvements is set at about $8,600, Moll said it includes new mechanical and delivery equipment, store fronts and windows, air conditioning, counters and shelves, remodeling interiors, typewriters, bookkeeping machines, calculators, furniture, carpets and linoleum, lighting equipment, and automobiles for salesmen and general utility purposes.

He said 85% of the families said they intend to buy a certain major article because their present one is worn out, whereas only 15% plan to buy something they never owned before.

"The vast reservoir of accumulated consumer savings, renewal of advertising and merchandising, and the revival of installment buying, will stimulate additional purchases by people who are not now planning to buy major articles after the war," Moll said. "It will only be through consumer buying that our plant capacity will be utilized, raw materials be used, and jobs be provided for all who will be willing to work."

Real Estate Securities

Discrepancies?

With the realization that New York City real estate bonds seemed very cheap—an influx of buying has taken place in the last year. However, the buyers in their enthusiasm of buying have, in the writer's opinion, caused somewhat of a discrepancy in price in various type issues.

For instance, the mortgage bonds of 40 Wall Street are currently 30½ bid—up in price 100% from the same period last year. These bonds are secured mainly by a mortgage on the leasehold estate and the building. Failure to pay ground rent could cause dispossession, with the result that the bonds in that event could be impaired. This is always a disadvantage in owning leasehold bonds and the reason we prefer fee bonds which represent a mortgage on both the land and building. You may recall the Pierre Hotel, also a leasehold, the $4,000,000 bond issue which was wiped out several years ago because of failure to meet ground rent.

The bonds on 40 Wall Street have not paid any interest since reorganization. Compared with their 30½ price, you can buy the first mortgage fee bonds on the Wall & Beaver Street Building, which paid 3½% last year and at the rate of 4% so far this year at 38½.

Still more remarkable, you can buy the first mortgage fee bonds on 165 Broadway only four points above the cost of 40 Wall's—and the 165's pay 4½% fixed interest.

Trading two and one-half points lower than the 40 Wall's are the first mortgage fee bonds on the Harriman Building at 39 Broadway. This property has just been reorganized and the property is 100% owned by the bondholders.

Trading three and one-quarter points lower than 40 Wall's are the first mortgage fee bonds on 61 Broadway, currently in reorganization.

There also seem to be a few odd facts about hotel bonds in New York. The first mortgage bonds of the Sherry Netherland amounting to $6,000,000, with only 375 rooms, amounts to $16,000 per room. This bond, which paid 2½% last year, is selling at 36%. Against this the first mortgage bonds of the Ritz Tower Hotel, which also pay 2%, sell at 29%. This bond issue is $2,619,125 and the hotel contains the same amount of rooms as the Sherry Netherland.

Other interesting comparisons are the first mortgage bonds on the Granada Hotel, paying 2%, selling at 41%, with the first mortgage bonds on the Hotel St. George paying twice as much interest and selling at 56. Second mortgage bonds on the Governor Clinton Hotel paying 2%, selling at 46 and selling only three points higher, the second mortgage bonds of the Park Central Hotel which this year will pay 5¾% in interest.

We are still of the opinion that real estate bonds are cheap. We recommend, however, that it would be very wise to make comparisons before buying any bonds.

Tax Measure Sent To Conference For Adjustment Of Senate-House Differences

The Senate passed on Jan. 21 the $2,275,600,000 tax bill in a form amended from the House version and the adjustment of the differences in the measure have been undertaken by a joint conference committee. The Senate adoption, on a voice vote, came after a series of compromise amendments to the war contracts renegotiation sections of the measure had been accepted. This phase of the Senate bill, however, is expected to provide the principal point of difference with the House-approved legislation. It is estimated that the bill passed by the Senate would raise $130,000,000 more revenue than the House measure, adopted on Nov. 24.

The Senate had been debating the new revenue measure for nearly two weeks, since its Finance Committee had not formally reported the legislation until just prior to the Christmas holiday recess. Both measures fall far short of the Treasury Department's request for additional revenue of $10,500,000,000, which President Roosevelt had again called for in his annual budget message.

The Senate and House conferees agreed on Jan. 25 on the Senate's income tax provisions of the bill deciding to put the 5% Victory tax on a flat 3% basis on income over $624 a year. The House had favored a plan of integrating the Victory tax with the normal income tax and substituting a 3% "minimum" tax on lower income groups. The sections which are estimated to yield $664,900,000 more from individual income taxpayers—the repeal of the earned income credit and the elimination of the deductions for Federal excise taxes paid—were contained in both bills and not subject to change in conference.

Also agreed on by the conferees was the abolishment of the 6% penalty for substantial error in estimating future tax liabilities under the pay-as-you go tax law and requiring that the individual's status as a taxpayer, so far as personal and dependents' credit are concerned, shall be determined as of July 1 of any given year.

The revenue in the Senate bill is estimated to be made up as follows: $664,900,000 from individual income taxpayers; $502,700,000 from the corporations' excess profits tax; $1,011,100,000 in excise tax rises and $96,900,000 from higher postal rates.

Also included in the Senate version is an amendment freezing social security tax rates at their present 1% for employers and employees, instead of permitting the rates to double on March 1 as provided under existing law. The Treasury estimates that this action, which still must be approved by the House, would deny the Government $1,400,000,000 which otherwise would have been collected.

In debating on the renegotiation amendments on Jan. 21, the Senate rejected a proposed amendment which would have permitted corporations and individuals to set aside 20% of their gross tax as a post-war reserve. Under the plan offered by Senators Truman (Dem., Mo.) and Hatch (Dem., N. M.), the taxpayer-beneficiary would have been required to invest the reserved moneys in non-negotiable, non-interest bearing Government bonds, redeemable after the war, and taxable as income at that time.

Another amendment which was rejected would have exempted most public utilities from renegotiation.

Previous Senate action on the tax bill was noted in our issue of Jan. 20, page 266.

Officials Of New Listed Co. Visit N. Y. Stock Exchange

George A. Anderson, President of Chas. Pfizer & Co., Inc., John L. Smith and John J. Powers, Vice-Presidents, together with Albert A. Teeter, Treasurer, were guests of Emil Schram, President of the New York Stock Exchange, upon the occasion of admission to trading of the company's common shares on Jan. 17. The guests visited the floor and had luncheon in the Exchange which was attended also by Howland S. Davis, Executive Vice-President of the Exchange, and Michael L. Bregman, specialist in the company's securities.

Public Utility Securities

New Utility Stocks in 1944

During 1943 five utility operating company common stocks were offered to the public, and were well received despite market handicaps in several cases. They were Houston Lighting, Idaho Power, Public Service of Colorado, Central Vermont Public Service and Derby Gas & Electric. All were subsidiaries of holding companies in process of dissolution under the Utility Act and cash obtained from the sales will presumably be devoted to retirement of the holding companies' senior securities. One new stock was also "distributed" . . . Philadelphia Electric was issued to U. G. I. stockholders.

It seems likely that in 1944 this flow of offerings will continue at irregular intervals. A considerable amount of legal work, plus the negotiations with banking groups, is required. Frequently several regulatory Commissions must approve the deal—SEC, FPC and State Commission—and all may have certain requirements which must be met. Usually the balance sheet must be "tidied up," with the plant account written down by the amount of Account 107. Sometimes the Commissions also insist on amortization of earnings, or a dividend restriction of some kind, to improve capital set-up or take care of Plant Account 100.5 (the remaining balance over "original cost when first devoted to public use").

U. G. I. is expected to distribute Delaware Power & Light, probably in latter part of May. National Power & Light had also been expected to distribute Carolina Power & Light in the near future, in the ratio of one-for-six and at a later date Birmingham Electric in the ratio of one-for-ten. However, despite the fact that preliminary work was largely completed, the SEC has apparently changed its mind. Several years ago it indicated that it would be a good idea for National to put some cash into Pennsylvania Power & Light to improve its capital structure, in view of the very heavy writeoffs deemed necessary. According to the latest press reports, the SEC may prefer to have National sell Carolina and Birmingham, rather than distribute these stocks, in order to provide cash for rehabilitating Pennsylvania. The latter has been plowing back earnings for several years, but as the company was hard hit by excess profits taxes in 1942-43, the improvement in the financial picture has been less than anticipated. Hence the return to the original idea of a cash contribution—which National presumably would recoup by enhancing the value of its common stock equity in Pennsylvania.

It is reported that banking house groups are already in process of formation to handle the Carolina and Birmingham offerings. Carolina has total assets of about $91,000,000 (before reserves, writeoffs, etc.) and Birmingham approximates $35,000,000. Carolina is currently earning $1.21 a share on the reduced number of common shares (1,057,391 compared with 2,500,000 last year) but this earnings figure may be revised upward slightly by the effects of a capital contribution of National. Gross revenues have increased nearly one-half in the past four years but net has been somewhat irregular due to tax inroads.

Birmingham Electric share earnings have improved sharply in recent years—from 6 cents on the common stock in 1940 to $1.19 in the 12 months ended Nov. 30 (these figures will be modified by the pending readjustments). Some of this gain is doubtless due to the increased traction business brought about by war conditions. Birmingham is the most important steel city in the South.

Consolidated Electric & Gas, which last year filed a plan with the SEC to distribute a substantial part of its numerous stock holdings to bondholders, is arranging to sell one common stock issue, Central Illinois Electric & Gas. If this sale proves successful, the company might be encouraged to arrange some other sales.

Other holding companies may also come forward with new stock issues, but the list of possibilities is not very large since most of the holding companies are in no particular rush to sell. North American, Standard Gas and Cities Service propose to obtain bank loans at low rates in order to defer, or perhaps avoid, the sale of properties. Others like Commonwealth & Southern and American Power & Light propose to recapitalize on an all-common stock basis and distribute their holdings rather than sell them, but plans are always subject to revision—both the SEC and the holding company executives may change their minds.

C. I. O.'s Case

(Continued from page 394)

We need a great upsurge of unified support from all groups in the community to create a national striking force to finish off the Axis. Our enemies are on the run. This is the hour of our great test. I do not have any doubt that the Axis will be defeated—and at an early date. But I do fear the effect for years ahead of our failure to undertake our great impending effort with all the unity at our command.

We won the last war and lost the last peace. We created a world which bred Hitler and his crew in Europe. Nothing we do now can be permitted to pave the way for the spawning of such tragic consequences on this or other continents after this war. This is the issue we have organized to tackle.

The CIO Political Action Committee extends its hands to all other groups in the community determined to halt reaction in its tracks, here and abroad. To farmers, business men, small and large, and to other workers organized and unorganized, this Committee extends the hand of fellowship in a campaign to unify the country behind a program of full employment and full democracy in America.

We know now if we never did before how potentially rich this country is. Any country that can display such an outpouring of productivity when 10,000,000 of its most effective sons and daughters, its most alert and vigorous workers are in the armed forces, is not going to accept a return to an era of widespread unemployment.

The time for us and for all those who agree with us to begin to establish our program is now, not after the war. In the week of January 3d, 34 openhearths and electric furnaces were idle in the steel industry, a score of plants making armor plate for tanks have been abandoned, and unemployment is a growing phenomenon, not yet numerically serious perhaps but symptomatic of a downward trend. We are over a hump. The trade journals of big business have for months been talking about a return to civilian production. You can smell "business as usual" cooking in Washington today. To the nostrils of us who want to win the war quickly, to get our boys home, it is not a savory smell. But if something isn't done about it the tide running towards an abandonment of war production could become almost irresistible.

Our leaders in the administration of the war production program are not prepared for the transition period ahead. We need, if we are to maintain full employment of our manpower and our plants, to develop a program which will enable the production of increasing amounts of civilian goods as war production slackens. But we cannot permit the competition for the opportunity to produce civilian goods to undermine the war production program. This is the dilemma which the war production administrators must resolve.

We know from experience how unprepared these leaders were for the conversion of industry to war. And we know how long and hard organized labor worked and fought to get an all-out war production program. Well, we got *output*.

But what we advocated and what developed are two different things. We advocated a system of central administration of war production which would apply the principles of efficient production within a single firm to the whole program, controllng the flow of goods from the raw material to the finished product, synchronizing each stage with those preceding and following it, and subordinating the interests of the individual firm to those of the national war economy. This required a carefully balanced program with an impartial central administration and an end to practices of "business as usual."

Instead, we have a system in which the largest corporations dominate the program and threaten the joint interests of labor, agriculture and the small business man. Immediately before Pearl Harbor the auto industry was still reluctant to convert to war production. Each firm eyed the profits in civilian production of the others and hesitated to convert to making war goods. Meanwhile, no adequate plans were being made by those administering the war production program to utilize the war capacity of these firms. When conversion came, it required months of delay before the transition was complete. The entire war production program was thrown out of joint. Similar delays occurred in the expansion of other war facilities.

Only the gigantic potential productive power of the country and the loyal efforts of the average man, in the ranks of labor, agriculture and business have permitted us to win through. And in so doing they have demonstrated what can be done in this country if we are dedicated to an economy of abundance instead of an economy of scarcity.

Today, however, we find ourselves in much the same position as at the end of 1941, only the problem is reversed. Then the problem was how to secure a balanced war production program in which the biggest firms would convert and contribute the giant output of their workers and plants. Today the problem is to keep men at work on war production and pulling their weight in a balanced war economy, with just that amount of civilian production needed to take up the slack in our productive capacity. Now each firm is eyeing the others to be sure they do not get a profitable head-start in civilian production. And if anyone converts, all will want to, thus setting in motion the abandonment of war production and threatening a collapse of the war program.

The problem which labor, farmers and those business groups who place winning the war above selfish interests must face is how to maintain full employment until the last gun is fired against the Germans *and* Japs, and how to enlarge civilian production so as to secure full use of our productive capacities in men, machines and materials. If we can solve this problem we shall be well on the way to solving the problem of full employment after the war.

The question to which the average man wants an answer is: How can we maintain after the war the level of the $100,000,000,000 annual income we have achieved during the war? How can we attain the $200,000,000,000 annual income of which we have shown we are capable? I do not believe we will long be satisfied with less. Indeed, we know that this cannot represent our maximum effort since 10,000,000 of our most effective workers were in the armed forces when we made this record.

It is in the light of these demonstrated facts that we have conducted our discussion here during the last two days. And it is against these considerations that we measure the promises of the leaders of industry to give us an annual national income of $100,000,000,000, with only 8,000,000 of our workers unemployed.

Moreover, those war achievements demonstrate that we could have had something approaching this productive output throughout the decade of the thirties, while instead one-third of the nation was ill-fed, ill-clothed, and ill-housed and millions were continuously unemployed. This potential capacity required a world war to bring it into being. Certainly this was not because the millions who were unemployed, and the added millions who were underemployed, were not waiting to be mobilized for all-out production.

Today the United Steelworkers of America are spearheading the demand of the CIO that we do not return to the conditions of the thirties. They are demanding that their employers agree to a contract for the annual wage, and a guaranteed workweek.

Only by demanding stabilized and mounting production can organized labor hope to enjoy the benefits of America's new-found productive capacity. It is up to industry to meet this challenge and to the national administration to take the action necessary to implement this maintenance and expansion of high productivity. And labor must make known its views at the ballot box if the national administration is to recognize our demands.

The administration in turn must face the fact that the people of this country, and especially the returning servicemen do not believe that this production machine can only be geared to making goods to be blown up and thrown away.

Moreover, the people of this country know that the vast majority of our population needs a larger share of the abundance we know how to produce. Insecurity is at the root of most of the evils of our society, and labor believes that we do not need to sacrifice the dynamic and progressive potentialities of modern science in order to insure a decent security for the average man. On the contrary, we must harness those dynamic and progressive potentialities to the production of abundance for all.

By this war America has shown that she can continue to lead the world for many decades or even centuries to come if she lives up to her potential. But there are too many signs that we can lose our leadership and even our national institutions upon which that leadership depends if we do not democratize our economy.

It required the impetus of the Civil War to demonstrate to the world America's economic potential, and the World War to drive home our economic supremacy. What will the present war show?

Will it show that we have passed from maturity to senility in 25 years, or will it show that our real capacity to organize our powers is only being effectviely tapped for the first time?

It is not sufficiently realized, perhaps, that these decisions do not wait upon the end of the war. Today and every day many of the elements of these decisions are being arrived at during this period of transition, of reconversion from war to peace.

Adequate planning, and planning alone can correct this situation. And this in turn means the development of an overall program for reconversion such as the CIO supported in the form of the Tolan-Pepper-Kilgore Bill for efficient conversion to war production. Instead, we have been given a political device masquerading under the title of Office of War Mobilization. This office is in no way equipped to effect a successful transition to the post-war period. It cannot maintain full employment during the demobilization of industry. Indeed, it is not maintaining full employment of men, materials and machines today when the difficulties are at a minimum and our apparent shortages of finished goods are at a maximum.

If those charged with mobilizing war production cannot maintain full employment today, how are they going to absorb into other war jobs or into civilian production the millions of workers in aircraft and shipbuilding, and the other millons discharged from the armed services while the war is still going on? They must be shown now how to deal with these problems.

One of the great inevitable issues of the 1944 election is going to be, "What will be the shape of this country after the war?"

The vote of the CIO, I feel sure, will be cast in favor of a world in which full employment will be permanently built into the American system as part of our way of life. We have demonstrated our productive capacity during the war and we cannot be satisfied with less.

Many of our business leaders have suppressed this issue by vague talk about "free enterprise" and "the American way of life." Are they talking about maintaining democratic institutions, or are they talking about world cartelization?

The unrest among labor, farmers and small business men is traceable to one central anxiety: post-war depression. Today the cost of living is eating into our "take home" pay, and reducing our standards of living below those of pre-war 1941, at a time when most of organized labor enjoys the advantages of overtime pay. In the steel industry the cutbacks confront us already with considerably reduced pay envelopes to meet the rising cost of living. And there are layoffs. If it were not for continued heavy drafts for the armed services there would be more layoffs.

Our people are loyal, and patriotic, as our record in production, in bond buying, in blood-banks and the service records of our members will show. But our people are family men and women, home-loving, God-fearing, self-respecting people who do not take their obligations to their families lightly. They want jobs now and after the war. They want a peaceful, stable world for their children to grow up in and their sons, brothers and husbands to return to.

Organized labor, like agriculture and small business, feels no assurance about that world. They do not expect all the answers today, but they do want evidence that things are moving in the right direction. And they want their share of say about these directions.

To date labor has done the producing and the largest share of the fighting. It is our boys who make up the largest single group in Uncle Sam's forces. But whatever the canned propaganda spread by some of the press may tell you, it is not labor nor the average farmer, nor the small business man who is getting rich on this war. It is certain of the biggest businesses which have waxed rich and powerful, ever richer and more powerful. And this has been at the expense of labor, the average farmer, and the average business man.

The Under-Secretary of War, Robert P. Patterson, recently testified before the House Ways and Means Committee indicating that by the end of 1944 the accumulations of corporations during the period since 1941, including $21,800,000,000 total corporate income after taxes and after the distribution of dividends, will amount to at least $41,000,000,000, not counting profits.

Estimated corporate profits after taxes in 1941, 1942, 1943, as published by the December, 1943 Survey of Current Business of the Department of Commerce, amount to over $22,000,000,000. Profits have mounted annually since 1940, and continued their increase during 1943. Corporate profits for 1943 *after taxes* are the highest on record, or over $8,400,000,000 surpassing the 1929 record by at least $500,000,000. Earnings for the year, *before taxes*, aggregate $23,000,000,000 or much more than double the 1929 record. The 1943 earnings represent over 16% more than the 1942 record.

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

Bank stocks performed very well in 1943, compared with general stocks and insurance stocks, as the following tabulation of percent appreciation shows:

Standard & Poor's Index of New York City Bank Stocks	28.0%
American Banker Index of New York City Bank Stocks	31.0%
Standard & Poor's Index of Fire Insurance Stocks	8.8%
Standard & Poor's Index of Casualty Insurance Stocks	10.3%
Dow Jones Industrial Average	13.8%
Dow Jones Composite Average	18.8%

A list of 20 leading New York City bank stocks shows an average appreciation, between Dec. 31, 1942 and Dec. 31, 1943, of 31.2%, which is approximately the same as the appreciation measured by the American Banker Index. However, there is a wide variation between individual stocks, as indicated in the accompanying Table I. Empire Trust heads the list with an appreciation of 58.1%, while J. P. Morgan and Co. foots the list with a 19.4% appreciation.

TABLE I

NEW YORK CITY

Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Empire Trust	46½	73½	58.1
Brooklyn Trust	63¾	90	41.2
Cont. Bk. & Tr.	13⅜	18⅞	41.1
Com. Nat. B. & T.	169	235	39.1
Bank of New York	289	400	38.4
Bankers Trust	38	51	34.2
Cen. Hanover	75¾	99¼	31.0
Public National	28¾	37⅝	30.9
First National	1,145	1,495	30.6
Guaranty Trust	238	310	30.3
Manufacturers Tr.	37	47¾	29.1
New York Trust	74⅜	95¼	28.1
Chase National	29½	37⅝	27.5
Chemical Bk. & Tr.	39¾	50	25.8
Corn Exchange	37⅞	47⅝	25.7
Bk. of Manhattan	17	21¼	25.0
United States Tr.	1,050	1,310	24.8
Irving Trust	11⅞	14½	22.1
National City	30⅛	36½	21.2
J. P. Morgan	186	222	19.4
Average of 20			31.2%

In Table II, prices and percent appreciation for leading Boston and Philadelphia bank stocks are shown. Here again wide variations will be noted. Merchants National of Boston shows a fractional decline, while Fidelity-Philadelphia Trust shows an appreciation of 62.6%.

TABLE II

BOSTON

Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Nat. Rockland	44	58	31.8
Nat. Shawmut	19½	24¾	26.9
First National	40¼	48½	20.5
Second National	125	128	2.4
Merchants Nat.	330	327	—0.9
Average of 5			16.1%

PHILADELPHIA

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Fid. Phila. Tr.	123	200	62.6
Provident Trust	157	225	43.3
Penna. Co.	27½	37	34.5
Girard Trust	35½	46	29.6
Corn Exch. Nat.	39½	50½	27.8
Tradesman's Nat.	108	137	26.9
First National	287	355	23.7
Cen. Penn. Nat.	30	37	23.3
Philadelphia Nat.	94½	111½	18.0
Average of 9			32.2%

A group of mid-western banks is shown in Table III, comprising leading institutions in Pittsburgh, Detroit, Cleveland and Chicago. Cleveland Trust Co. shows the maximum gain of 78.8% and National City of Cleveland the smallest gain of 14.5%.

TABLE III

PITTSBURGH

Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Peoples Ptsbgh. Tr.	26	35⅞	38.0
First National	†31	39½	27.4
Union Trust	1,250	1,525	22.0
Average of 3			29.1%

DETROIT

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Manufacturers Nat.	*100	*150	50.0
Commonwealth	*94	*138	46.8
Industrial National	40	55	37.5
Detroit Bank	58	76	31.0
Nat. Bk. of Detroit	30	37⅝	25.4
Average of 5			38.1%

CLEVELAND

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Cleveland Trust	85	152	78.8
Central National	11½	20½	78.3
National City	27½	31½	14.5
Average of 3			57.2%

CHICAGO

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
First National Bk.	†174	230	32.2
Harris Tr. & Sav.	*306	*370	20.9
Northern Trust	490	590	20.4
Cont. Ill. Nat. B. & T.	80¼	94¼	17.4
Average of 4			22.7%

*Bid prices. †Adjusted retroactively for capital change.

In Table IV, four leading California banks are shown. California Bank in Los Angeles had the best performance with 58.3% appreciation, while Bank of America National Trust and Savings Association had the poorest with 27.1%.

TABLE IV

CALIFORNIA

Asked Price

Bank—	Dec. 31, 1942	Dec. 31, 1943	Appreciation %
Calif. Bank (L. A.)	24	38	58.3
American Tr. (S. F.)	30½	43¾	43.4
Security First Nat. (L. A.)	37¼	50⅝	35.9
Bank of Am. N. T. & S. A.	35	44½	27.1
Average of 4			41.2%

Market performance is summarized geographically in the following tabulation:

City—	No. of Banks	Average Appreciation 12-31-42 to 12-31-43
Cleveland	3	57.2%
(State) California	4	41.2
Detroit	5	38.1
Philadelphia	9	32.2
New York	20	31.2
Pittsburgh	3	29.1
Chicago	4	22.7
Boston	5	16.1

Cooperation Of All Groups Necessary To Assure Full Employment

(Continued from page 395)

a peace-time income of $100,000,000,000.

"Under Mr. Sloan's estimate," Mr. Hillman told the 400 political, labor and liberal leaders present at the conference at Park Central Hotel in New York on Jan. 14, "our economy would operate at two-thirds capacity or less. A drop in national income to $100,000,000,000 would add up to unemployment for 10,000,000 to 15,000,000 American workers. It would ruin our farmers, throw thousands of business men to the wall and catapult us down a spiral of deflation that would make the crash of 1929 feel soft as a featherbed." Mr. Sloan's views were given in our Jan. 6 issue, page 57.

The conference at which Mr. Hillman spoke, held at the Park Central Hotel under the auspices of the CIO Political Action Committee, was also addressed by Vice-President Wallace, Philip Murray, President of the Congress of Industrial Organizations; U. S. Senator James F. Murray of Montana, Mayor Fiorello H. LaGuardia and others. It was made known at the time that the Committee proposed to formulate a comprehensive program on full employment and would ask its adoption by the two major political parties.

In calling the conference on full employment, CIO Political Action Committee, Mr. Hillman declared, is deeply conscious of the fact that all-out efforts to win the war must be maintained, because solution of post-war problems depends upon the successful outcome of the war. Mr. Hillman's remarks follow:

On behalf of the CIO Political Action Committee, I extend warm greetings to our speakers and guests. We are happy to welcome this representative group of CIO leaders and our many friends from Government agencies and progressive organizations outside of the ranks of labor who have come to participate with us in this discussion.

All of us are conscious that 1944 will be a decisive year. It has opened auspiciously as our armed forces and those of our Allies strike telling blows against the enemy. The decisions reached at Cairo and Teheran foreshadow new and mightier offensives in the coming months.

General Eisenhower has told us that we have it within our power to make 1944 the year of final victory in Europe. We can also make it a year which will lay the basis for the swift and certain defeat of Japan. It is our duty as Americans to dedicate ourselves to the realization of the promise that this historic New Year holds out to all mankind. That is the cardinal obligation which rests upon each of us. Every plan that we make, every action that we take must be measured by a single standard: Does it contribute to victory?

In calling this conference, we of the CIO Political Action Committee were deeply conscious of this obligation. It is a conference which will be devoted to the problem of full employment in the post-war period. Yet we conceive of it as a war conference—a conference which can make a very real and substantial contribution to victory.

Our men at the front and workers, farmers and businessmen here at home are already doing some hard and troubled thinking about jobs and security in the post-war world. If we here can begin to provide them with satisfying answers to their questions they will fight better, work harder and produce more to speed the day of victory. Plans made and action taken now to build the kind of world we are fighting for will strengthen our effort to destroy the enemy we are fighting against.

Moreover, we are today confronted with immediate issues which not only vitally affect the conduct of the war, but will in a large measure determine the direction of our post-war economy. Proper provision for our demobilized servicemen, an expanded social security program, the fight against inflation, adequate and equitable taxation, the recapture of excess war profits, methods of contract termination and questions of reconversion are all problems that press for attention. Solutions arrived at today while we are still in the midst of war will have an important influence in molding our peace-time economy.

We have limited the scope of this conference to a consideration of the domestic policies needed to assure full employment for the American people. We recognize, as all thinking men must, that we cannot build a prosperous and happy nation in the midst of a world torn by national rivalries, national insecurity and imperialist conflict that must inevitably lead to war. We are confident, however, that the Moscow, Cairo and Teheran declarations herald a new era in international relations—an era of national security based upon the close and continuing friendship and collaboration of the United Nations within the framework of a world organization dedicated to the maintenance of a just and enduring peace. We believe that the enthusiastic endorsement of these declarations by the overwhelming majority of the American people means that our nation has rejected the fatal policy of political and economic isolation and will play its full part in making the post-war years a period of progress and peaceful development in the international sphere.

The great goals outlined at Moscow, Cairo and Teheran—the objective of a world at peace for many generations, envisaged by Roosevelt, Churchill and Stalin—will not be realized without struggle. There are still groups in our own land and elsewhere within the United Nations who plan to pursue the old imperialist struggle for power who will attempt to foment distrust, division and conflict among the United Nations. We must fight and rout these forces in our midst just as relentlessly as we are fighting and routing the external enemy.

It is not our purpose to discuss these and other aspects of our international policy at this conference. We hope to call a second conference devoted to these questions when it will be possible to consider them in detail. For the purposes of our discussion today and tomorrow, we are making the basic assumption that victory in this people's war will be followed by a people's peace, making possible the development of our American economy in a world characterized by security, friendship and economic cooperation among nations.

In giving a name to this conference, we have stated our basic common objective for post-war America in its simplest terms: Full employment for our people. Full employment carries with it the full utilization of the productive capacity of our factories and farms. If we can provide jobs for all Americans able and willing to work, then the limitless wealth of our great land, our vast natural, industrial and human resources, will be devoted to the service of all.

Full employment states our objective in terms of jobs for workers. But its realization is essential to the well-being of every other group and section of our population. Only full employment can assure farmers a market for their produce and business — big and small—customers for their products. Anything less than full employment will spell a stagnating economy of idle men and idle machines, farm surpluses and hunger, insecurity and desperation. This is the very breeding ground of Fascism which our sons and brothers are today shedding their blood to exterminate.

Full employment is not something automatic. It will not come by itself. Hard thinking, bold planning and the unselfish cooperation of all groups is essential to its achievement. Let us not minimize the formidable obstacles which lie in the way.

Victory will return 10,000,000 men and women from the armed services to civil life. It will release another 20,000,000 to 25,000,000 from war production. Some $20,000,000,000 in new plants and equipment will have been added to our industrial capacity. Yet the major contribution of Government to our present national income—in the form of war contracts—will largely cease.

These are some of the dimensions of the problem. This is the challenge with which they confront us: Can we fully convert our capacity for the manufacture of instruments of war to the satisfaction of the needs of a world at peace? The needs are real and pressing. In America we possess the highest living standard on earth. Yet, a national income of $140,000,000,000 — the highest in history—falls far short of providing our people with purchasing power sufficient to satisfy their demand for goods and services. Moreover, the living standard of too many millions still hovers at the subsistence level. Further, the job of helping to restore the devastated and war-torn lands can provide our industry with work. And a secure and ordered world, based upon peaceful cooperation among nations, will open up vast new economic frontiers.

If we meet this challenge, we will move forward to an economy of abundance, yielding a more secure and happy life for our people. If we fail, we will be thrown back into misery, desperation and chaos. There can be no middle ground.

Recently the National Association of Manufacturers met and offered us its best thinking on this subject. It offers us a slogan: "Free Enterprise." Now, "Free Enterprise" is a fine slogan. Everybody is for it. Nobody is against it. Free enterprise is simply not an issue in America. But the program that lurks behind the NAM's fine slogan most decidedly is an issue. Under the guise of free enterprise, the NAM proposes that the American Government surrender all responsibility for the functioning of our economy. In effect, it demands a return to the kind of national government we had in the twenties. Under that philosophy of government, free enterprise meant freedom for monopoly capital to restrict production, peg prices, cut wages and stagnate our economy at the expense of workers, farmers and small businessmen—and finally at the expense of big business itself. When tried after the last war, that philosophy of government brought us to the verge of national bankruptcy. It would surely lead us into bankruptcy were we to look to it for a solution of the far more difficult problems that will confront us after this war.

Alfred P. Sloan, Jr., speaking at the same conference, has revealed more details of the NAM's design for living in post-war America. Mr. Sloan looks forward to a peace-time income of $100,000,000,000—although he does not tell us on what basis he arrives at that figure. At that level, he thinks that the General Motors Corp. can make a tidy profit. Accordingly, he is prepared to invest $500,000,000 in new plant and equipment. Now Mr. Sloan is a very astute businessman and if he is prepared to risk this additional investment, his company may show a profit under a national income of $100,000,000,000.

But what of the millions of American men and women whose security and well-being does not depend on the profits of General Motors? Mr. Sloan has obviously not planned for them. For victory will find us with a national income of at least $150,000,000,000, with 10,000,000 servicemen who must be given jobs in private industry. Under his estimate, our economy would operate at two-thirds of capacity or less. A drop in national income to $100,000,000,000 would add up to unemployment for 10,000,000 to 15,000,000 American workers. It would ruin our farmers, throw thousands of business men to the wall and catapult us down a spiral of deflation that would make the crash of 1929 feel soft as a featherbed.

Fortunately, not all American industrialists share the philosophy of the NAM and Mr. Sloan. Many of them believe with us that post-war plans must be predicated on the full utilization of our men, our machines and our soil—not on an economy of scarcity. We invite them to join with us in developing a program to make "free enterprise" work and to yield real freedom and security for all Americans.

I am confident that we in America possess the resources, the energy, the initiative and the creative imagination to solve the problem of full production for peace just as we proved ourselves capable of the miracle which we have wrought in production for war. Our amazing record of war production was the result of the combined effort of all groups—workers, farmers and businessmen—mobilized and united by the crisis which faced our nation. By common consent, it was Government — our Government — which took the initiative in organizing and coordinating our common effort.

Our goal of full employment in peace-time with a secure and abundant life for all is no less challenging and no less difficult than that of arming our nation for victory over Hitler and Tojo. We cannot hope to succeed unless the measure of national unity which we have achieved in war-time is maintained and extended after victory. We cannot succeed unless the Government which represents us all assumes the obligations which it bears to us all.

We of the CIO Political Action Committee do not come to this conference with any ready-made solutions. We come to solicit your views, obtain your advice and secure your participation in planning the measures required of Government, industry, agriculture and labor to assure the full use of all our productive facilities in peace as well as in war.

It is our hope that a full and frank exchange of ideas today and tomorrow will lay the basis for a program which can win the acceptance of the majority of the American people and which will help our nation chart its course in the critical years that lie ahead.

Investment Trusts

Growth of Mutual Funds in 1943

Last year mutual funds showed a net increase in asset value of about $168,000,000, according to reports by 59 managements to the National Association of Investment Companies. These reports cover substantially all of the assets represented by mutual funds and show the aggregate net increase in assets to about $644,000,000 as of the 1943 year-end, compared with $476,000,000 at the end of 1942.

This growth, representing a 35% gain in total net assets for the year, was achieved as follows: Gross sales of $116,000,000, plus market appreciation of $101,000,000, less $49,000,000 of repurchases for a net increase of approximately $168,000,000.

* * *

Despite all the hazards involved in making forecasts these days, the writer of this column is confident that 1944 will witness an even greater increase in the assets of mutual funds.

* * *

"An increasing number of men and women are becoming aware of two things insofar as their financial affairs are concerned:

"First—that they must do more individual financial planning;

"Second—that they need outside help with their investment problem.

"The investment of money has become increasingly complicated in recent years. Change has been rapid and new political, economic and social forces of tremendous investment importance have appeared. The times call for the specialized and continuing management of invested money. The old 'hit or miss' methods are too uncertain and savings are too important and too hard to accumulate to be treated lightly."—From the January Portfolio Review of **The George Putnam Fund.**

The above quotation is characteristic of the down-to-earth presentation which Putnam Fund Distributors, Inc. has consistently made of The George Putnam Fund. There is nothing spectacular about this fund, either in its growth record or in its performance. It was not conceived as a "spectacular" vehicle but as a **balanced** fund and is presented as "of interest only to individuals and institutions seeking a 'prudent investment.'" By that standard, its record will undoubtedly be considered eminently satisfactory by any fair judge.

Growth of The George Putnam Fund

	Total Net Resources
End of 1938	$1,503,000
End of 1939	2,430,000
End of 1940	3,621,000
End of 1941	4,807,000
End of 1942	5,875,000
End of 1943	7,970,000

* * *

In a letter to dealers under date of Jan. 18, **Lord, Abbett** discusses the work of the Committee for Economic Development on postwar planning. The letter contains a good plug for the Committee and should be constructive in stimulating thought on this vital problem among investment dealers throughout the country.

Calvin Bullock's mid-January issue of **Perspective** contains a scholarly review of the year 1943. From the conclusion we quote the following: ". . . we believe that common stocks may be held at current prices in the confident expectation of satisfactory longer term investment experience."

* * *

In the current issue of **Railroad News, Distributors Group** quotes excerpts from an article by Gen. Leonard P. Ayres on the "Postwar Outlook for the Railroads," which appeared in the January issue of "Tracks," a monthly publication of the Chesapeake & Ohio Lines.

General Ayres is decidedly optimistic on the railroads. He puts it rather bluntly—"Postwar prospects for the railroads are bright." Reprints of his complete article have been prepared by Distributors Group, Inc. (63 Wall Street) and are available on request.

* * *

National Securities & Research Corp. in its latest issue of **National Notes** gives the income record of the various National Securities Series from 1941 to date. The return last year on the 1943 average price was as follows: National Bond Series, 6.1%; National Low-Priced Bond Series, 7.2%; National Preferred Stock Series, 7.7%; National Income Series, 7.5%.

Current Literature

The Broad Street Letter of Jan. 15—discussing "Inventories and the Post-War Outlook."

Distributors Group—A revised folder on **Low Priced Shares.**

Keystone Corporation—A booklet showing primary lists on the 10 Keystone Funds as of Jan. 1, 1944.

Hare's Ltd.—A folder entitled "Should I Buy Stocks Now or Wait?" and a leaflet on **Aviation Group Shares,** "Aviation and Tomorrow."

Dividends

Boston Fund—A quarterly dividend of 16 cents a share payable Feb. 19 to stockholders of record Jan. 1, 1944.

Business And Withholding Taxes

(Continued from page 395)

problems in regard to interpretation of law and record-keeping.

Withholdings From Wages Idea Born in Social Security Legislation of 1935

In 1935 the United States Government entrusted to employers of one or more individuals the task of collecting funds to provide aid for the aged and assistance for widows and children and parents of individuals insured under Title II of the Social Security Act. Almost concomitantly, the various States passed unemployment compensation laws, some providing for the collection by employers of an income tax on wages earned by employees.

This social security legislation imposed new and difficult problems upon payroll and accounting departments the nation over, the physical collection of taxes levied soon becoming of relatively minor importance in comparison with complications arising in the interpretation of law and the necessity of keeping adequate records to comply with the law.

The interpretation of terms, such as "wages," "employment," "employee," and "employer," gave rise to a host of headaches in many a business concern. The term "wages," for example included the cash value of all remuneration paid in any medium other than cash. Luncheons provided the worker for his sole benefit were considered earnings under the definition of the term wages. However, where meals were furnished the employee for the exclusive benefit of the employer, they were not to be considered wages. This is an illustration of but one of the legal technicalities encountered in the application of the law.

Record-keeping detail expanded with the advent of the Social Security Act. Wages exempted from the Act were to be recorded separately from those covered by the Act. Totals of taxable wages and totals of taxes withheld from wages were to be accumulated by individuals and for the firm as a unit. Receipts were to be furnished employees periodically and reports made to the Government quarterly, annually, and at separation dates. State unemployment tax laws required reporting of specified data at frequent intervals added to the record-keeping burden.

Thus arose the universal need for more complicated and detailed payroll records and equipment. Columns for tax-exempt wages, taxable wages, and deductions for old age benefits and State unemployment compensation became imperative on the payroll record. Similar information was required for each employee as an individual, giving rise to the need for an individual earnings or compensation record. New accounts became necessary in firm ledgers for withholdings due the National Government and the individual States.

Payroll Departments Utilized in the Sale of War Bonds

In 1941 pressure for the sale of defense bonds prompted the inauguration of payroll deduction plans. Employees pledged fixed amounts or amounts varying with the total pay check. In the larger concern, it became necessary to have one or more individuals take charge of records consisting of a war bond ledger, containing an account with each individual purchasing bonds, and numerous forms used in connection with the withholding of funds to buy bonds. One or more accounts were added in the general ledger to record this new activity of the business.

The Victory Tax Carries on the Withholding Idea

Under the Victory Tax portion of the Revenue Act of 1942, employers were asked to calculate a 5% Victory tax on wages paid minus a fixed allowable exemption. Some 43,000,000 employees came under the law. Tax calculations were so extensive that some relief was provided by permitting the use of bracketed tables which indicated tax deductions for wages falling between stated even amounts. An additional column was added to the payroll record and the earnings record to record Victory tax deductions. Additional reports to the Government became necessary, and new accounts were added to the accounting ledger. Legal technicalities similar to those encountered under Social Security legislation were raised.

Business Assumes Major Burden of Income Tax Collection

With the passage of the Current Tax Payments Act of 1943, business undertook the chore of collecting taxes on income earned through wages. In urgent need of funds to carry on its war efforts, Government called upon business to accomplish "painless" income tax collection. Sums to be collected from employees would vary now not only as to a percentage of wages earned, but also as to the classification of the wage earner in some ten or more groups, such as "single person," "married person," "head of the family" and others. The employer was required to determine the status of each individual in his employ as to his withholding classification and then to choose between a "20 or 3%" formula or tables in making deductions from wages. Both formulas became complicated to apply in the case of employees earning prizes and bonuses or working irregular pay periods.

Employers were able to use the Victory tax column for the new income tax both in the payroll record and the earnings record. New accounts recording the withholding and disposition of funds collected were necessitated in the general ledger. Receipts were to be furnished employees for withholding. New reporting forms W-1, 2, 3, and 4 came into being.

Summary Effects on Business

Thus business has taken an active role in the functioning of our Government. It has assumed gracefully in most quarters the problems created by the various tax laws mentioned in this article. Furthermore, it has borne the burden of increased costs of operation in maintaining a staff of individuals needed to record information required by the Government and to interpret governmental laws and regulations.

In the past business felt the influence of Government in the form of heavy taxation and endless report-making imposed upon corporations and in the effects of commodity taxes in the sale of products. Today, regardless as to its organization or as to products sold, business throughout the nation is bearing the problems and expense of a legitimate governmental function. The efforts entailed in carrying on this function detract from the want-satisfying, profit-making activities of business. A good deal of the creative activity of the business unit becomes involved in the untangling of bureaucratic red tape and the accomplishment of routine, detailed report-making. Depending upon the elasticity of demand for the particular product concerned, expenses incurred in connection with withholding tend (1) to decrease the net profit of business through increased costs of operation; or (2) to increase prices to the ultimate consumer; or (3) to accomplish both (1) and (2) at the same time. Thus the consumer as well as business shares the administrative expense of an income tax withholding plan.

Recommendations to Ease the Burden Placed on Business

To offset these added responsibilities and expenses, business must seek to devise ways and means of keeping costs and governmental reporting to a minimum. Members of payroll departments must be trained to take full advantage of latest developments in payroll records, equipment, and cost-reducing information. On the other hand, it is imperative that the Government simplify and stabilize as much as possible procedures and reports required in collecting taxes at the source. Much of the difficulty in reporting to the Government lies in the absence of clear-cut and authoritative interpretations and regulations from the administrating governmental bureau in charge. As a final recommendation, Government should attempt to reimburse business, in part, for expenses incurred, say through allowable income tax deductions based on the number of employees on the payroll. Such a plan, though not entirely equitable in all respects, would have as its chief advantage simplicity of application.

Need for Income Tax Withholding Legislation

Despite the foregoing objections to the collection of income taxes at the source, there are many valid arguments in favor of such a program. In the past, when but a relatively few individuals were affected by income tax legislation, the assumption was that such individuals had sufficient income and were of sufficient competence to pay taxes levied either quarterly or annually. But as the tax base broadened, particularly in the case of Social Security legislation and war income tax legislation, bringing more individuals under income tax laws; and as normal and surtax rates increased, falling with increasing severity on individuals with relatively small incomes, it was recognized that compulsory withholding was needed to spread and budget the annual income tax for individuals who might default through inability to save and budget on their own responsibility.

The Government spending monthly in terms of billions of dollars required funds currently to carry on its war effort. This could be accomplished by demanding that all individuals make payments as wages were earned direct to the Bureau of Internal Revenue. This course obviously had several outstanding disadvantages: (1) The burden of making frequent tax reports by millions of individuals hitherto unaccustomed to income tax filing procedure would make for error and confusion; (2) It would give rise to public irritation and resentment, firstly in the physical preparation of the income tax form that would be required and secondly, from the psychological point of view in parting with income at frequent intervals after the income had been received as a gross amount. The present plan takes some of the sting away in that the individual receives his pay check with the tax already deducted. (3) The work of the

Treasury Department would increase ten-fold in handling returns from some 43,000,000 individuals weekly, semi-monthly, etc., over the process of receiving quarterly summaries of amounts deposited in banks for the credit of the Treasury by a comparatively smaller number of employers.

Finally, withholding income taxes at the source has assisted the present administration in its anti-inflationary efforts. Increased income going to millions of war workers is channelled out, in part, as the income is earned, lessening the chance of the individual to spend beyond his means and forcing him to meet his tax obligations currently.

It can hardly be denied that current withholding laws, Social Security, Victory Tax, and Current Tax Payments Act, have and are accomplishing to a marked degree the objectives mentioned above. In assisting millions of taxpayers to spread their tax sacrifice and in meeting part of the revenue requirements of the Government currently, social and fiscal aims are achieved that more than balance any injury done to the business community.

Recommendations to Extend Withholding Legislation

Probably rather than to have the Government retrogress from its present method of collecting taxes based on wages, it would be of benefit to all concerned to have the Government continue in its policy, working for the simplification of forms for employers and reducing to minimum essentials income tax reporting by the great mass of individuals earning a comparatively small portion of their total income from sources other than wages.

Individuals earning less than certain stated amounts from sources other than wages should be exempted entirely from income tax reporting. The Government would incur no significant loss in such a procedure, and the great mass of individuals would then be placed on a fully "pay as you go" basis. Tax deductions for donations to charity, business expenses, Federal and State taxes paid, etc., would no longer be granted. An exception to the rule of allowing no deduction other than family might be to allow the taxpayer to receive tax deductions through reimbursement from the Government because of extraordinary medical and dental expenses. Our whole system of granting deductions has resulted in a maze of law, regulation, and interpretation which has put a premium on the skill of those whose training has equipped them to make use of every loophole provided by law to the detriment of those unversed in legal and financial technicalities. Adjustments because of deficient or excess withholdings made during the year by the employer for purposes of expediency could be adjusted directly by the employer through relatively simple calculations.

As a final recommendation to extend the scope of withholding legislation and place all income on a "pay as you go" basis, taxes on income other than wages could be withheld at the source as a direct percentage on income earned. Then to adjust this tax in accordance to the ability to pay principle, adjustments could be made quarterly for, say, those individuals whose income from other sources exceeded a certain amount; annually for others.

Summary

The United States Government through the passage of the Social Security law, the Victory Tax, and the Current Tax Payments Act of 1943 has embraced the principle of withholding income taxes at the source. Although this method of tax collection has had some deleterious effects on the business community, advantages have outweighed disadvantages, particularly in assisting individuals to meet their tax obligations currently and giving the Government revenue to meet expenses as incurred. It appears feasible for the Government to extend the application of the withholding principle on income earned by individuals from sources other than wages, thus bringing all income earned by individuals on a "pay as you go" tax basis. Finally, form-filling for the withholding agent, business, and for the taxpayer, should be simplified through the elimination of many of the legal technicalities inscribed in the income tax law and regulations and interpretations of the Department of Internal Revenue.

The Future Of The Steel Industry

More critical appraisals of future demand for steel, based on probable scale of activity in the principal steel consuming industries, indicate variable prospects. Some of those consuming industries give promise of rising to new high levels of output, and therefore in use of steel products. Others of them, as a result of carry-over effects of war influences, are not likely to show early return even to the top tonnages of pre-war years. From that angle of approach, such appraisals show that reasonable estimates of needs for steel, when war demand gives way to peacetime activity, are not likely to go beyond the range of 45 to 50 million tons of finished products.

To yield such a volume of finished products would take about 65 to 70 million tons of ingots, out of facilities probably capable of producing close to 90 millions. An average operating rate of 70 to 80% of rated capacity, which those figures suggest, has in the past not been wholly unsatisfactory for the industry, provided costs were in reasonable relations to market prices. Current comments indicate that such is not now the case, at least in respect to standard classes of steel products, like rails, bars, structural shapes, plates, sheets and so on. What the relations will be when wartime controls and influences are removed is an open question, but it seems obvious that there must then be the closest possible scrutiny of all cost factors.—Walter S. Tower, President, American Iron and Steel Institute, before the annual convention of the Institute of Srap Iron and Steel at Cleveland, Ohio, earlier this month.

Herber Assistant Cashier

At the regular meeting of the board of directors of The National City Bank of New York, on Jan. 18, John A. Herber was appointed an Assistant Cashier.

Demand For Mortgage Loans On Increase

By HENRY P. IRR, Baltimore, Md.
Second Vice-President, United States Savings and Loan League

Official Of Savings & Loan League Says That For The First Time Since The 1930's There Is Evidence Of A Large Wave Of Questionable Demand For Loans

The most conspicuous feature of 1943 business operations in the savings and loan field was the unexpected sound demand for home purchase loans which developed, especially in the last half of the year. With our eyes on the war horizons and on WPB restrictions on wartime home building, we in this business felt at the beginning of last year that the highest expectations we could justify would be to make as large a volume of new loans as we had made in 1942. Many managers doubted that this would be possible, in view of the contracting demand for mortgage loans because so few residential properties were being added to the overall supply on which a mortgage could be made.

Henry P. Irr

Two things happened. The home purchase loan demand, fed by growing housing shortages due to curtailment of new building, rose to new heights which none of us in the business had seen since the 1920's. Along with it came an increasing reliance on savings and loan institutions for mortgage money, so that our percentage of the overall mortgage loans made went up significantly.

Most recent estimates place the volume of our 1943 home mortgage loans made at around $1,200,000,000, and our percentage of the total lending done was easily a full one-third. Our average loan was around $2,965 in October, the latest month for which exact figures are available.

The planning of savings and loan management is presently undergoing some important changes as a result of this unexpected continuance of relatively large home loan demand of a type which is sound by every test of experienced appraising technique. The basic fact we now face is that our margin of surplus receipts over available customary outlets is dwindling and last September our loans were greater than our net receipts for the month. In October we had something of a margin again but nothing like that we had had the same month the year before. So it begins to look as if savings and loan institutions can use more new money than they thought and their advertising policies are being shaped accordingly. Furthermore, policies of restricting the amounts of money acceptable from the public, adopted last year by some associations which were "swamped" with inflow of funds for which they had no use, are being thoroughly reviewed in the light of present developments.

The question which comes even further to the fore, however, is the matter of separating the sheep from the goats in the present loan market. We face most realistically the fact that there is an increasing crop of questionable applications for mortgage credit these days. Such applications are neither new nor deceptive to the average savings and loan manager or to the appraisal committee of his board of directors. The buyer wants a property for speculative purposes and he is willing to pay more for it than we think it is worth if we will lend him a large percentage of the money. I know of no savings and loan institution which wants that kind of a borrower on its books and the fact that we have been able to keep up an unexpected loan volume this past year without letting down the bars to such borrowers is a matter of justifiable satisfaction to this business as a whole. We also know that all of the problems in estimating the risk of a loan are not so easy as the case I have just mentioned. It is significant, in view of this fact, that the savings and loan institutions have the most adequate appraising standards and procedures at this juncture than they have ever had. Probably more attention has been given in the past decade to safeguarding and improving the appraising methods than to any other one detail of the business.

Nine years ago the United States Savings and Loan League launched its Society of Residential Appraisers, an outgrowth of an Appraising Division which the organization had had for the previous five years, and a development which was patterned after the Surveyors' Institution in Great Britain which dates back to 1868. The Society's efforts are devoted to the development of facts about the values of residential property, and the development of appraisers to base their judgments on those facts. The influence of the Society of Residential Appraisers has gone much farther than the ranks of our own savings and loan business where it penetrated most deeply. And the present time, which is the first period since the depression of the 1930's, that there has been any large wave of questionable demand for loans, is the sort of emergency for which this society was formed. Fortunately, it has had nine years of development to prepare for it.

Savings and loan dividends are at a new low in the 112-year history of these institutions. I mention that fact because it means that there is no particular urge within the associations nowadays to stretch the point and make a loan which promises a higher rate of return than sound loans can command. The public has willingly accepted the lower dividend rate among associations everywhere. Meanwhile association managers have rapidly acquired the point of view that the purchase of Government bonds is a splendid outlet for the funds which the legitimate home loan demand doesn't use. We have a quota of $400,000,000 of Government bond purchases for our institutions to meet in 1944.

But as I pointed out at the beginning, there just isn't so much surplus money, over and above the good loan outlets, as it seemed this time last year we would have. If we have enough new savings and investments and repayments on our existing loans to make all the good loans which come our way in 1944, and at the same time buy a peak volume of Government offerings, we will be doing well. There just won't be idle money in our institutions this year, for which the devil of unsound lending could find any work.

Assets Of Insured Savings And Loan Units Pass $4 Billion Mark

During the past 12 months, combined assets of savings and loan associations that are protected by insurance of their investors' accounts passed the $4,000,000,000 mark, Oscar R. Kreutz, General Manager of the Federal Savings and Loan Insurance Corporation, announced on Dec. 31.

Resources of insured associations now total approximately $4,082,000,000, as compared with $3,548,692,000 a year ago, he said.

Oscar R. Kreutz

"This growth is partly accounted for by a rise of 49 in the number of insured associations over the year," said Mr. Kreutz. "But the larger share is due to the accelerated wartime flow of savings of the public into these institutions."

The Corporation now protects about 3,600,000 individual savers and small investors, whose funds are in the custody of the 2,439 insured savings and loan associations—including 1,468 Federally-chartered institutions for whom insurance is mandatory and 971 State-chartered associations, for whom this safeguard is optional.

"The principle of insurance as applied by an instrumentality of the Government to savings invested in home-financing institutions has proved its usefulness since the Federal Savings and Loan Insurance Corporation was created in 1934," said Mr. Kreutz. "With the additional protection of insurance up to $5,000 per investor, these thrift institutions have established widespread public confidence in their operations. It is sufficient to point out that since the dates on which these institutions became insured over the past nine years, their assets on the average have more than doubled.

"The 2,439 insured savings and loan associations of the country are today in the best condition of any similar size group of associations in the entire history of savings and loan institutions," Mr. Kreutz declared.

"No association was placed in liquidation in 1943. Over the year, only one institution was certified to the Insurance Corporation as requiring assistance. This case is pending. Total losses realized by the Corporation during 1943, on cases pending at the beginning of the year, aggregated $224,000, which amounts to less than 2.4% of the Corporation's total income for the year. Administrative expenses of the Insurance Corporation over the year, amounting to $370,391, were equivalent to about 3.9% of its total income."

The Federal Savings and Loan Insurance Corporation itself increased its assets from $136,797,000 to $145,619,000 during the last 12 months. Reserves and unallocated income rose from $35,025,000 to $43,350,000.

The Insurance Corporation is supervised by the Federal Home Loan Bank Administration, a unit of the National Housing Agency.

Hennepin Federal Elects 1944 Officers

MINNEAPOLIS, MINN.—The Hennepin Federal Savings and Loan Association of Minneapolis at its annual meeting on Jan. 19 elected the following officers and directors for the year:

President—E. J. Loring.

First Vice-President—John Fogerty.

Second Vice-President—M. Schumacher.

Treasurer—O. J. Hanson

Secretary—Oliver W. Anderson.

Directors—E. J. Loring, John Fogerty, O. J. Hanson, C. A. Oltman, Henry A. Johnson, James E. O'Donnell, John T. O'Connell and Maurice Schumacher.

Dahlberg Sees U. S. Post-War Market For 15 To 20 Million Homes

Believes We Will Want To Do A Fair Share In Supplying Some Of Needed Materials And Manufactured Parts For 100 or 125 Million New Homes In Europe

The Celotex Corporation is preparing for the greatest building era in the world's history at the war's end, Bror Dahlberg, President, told stockholders at their annual meeting in Chicago earlier this month.

"We will not lose a step or a minute in meeting our part of the great demand for building materials that will follow the war," he said. "There will be a market for 15,000,000 to 20,000,000 housing units in the United States in the frst ten postwar years," he added. "Estimates from England indicate that Europe will need 100,000,000 to 125,000,000 new homes. The United States will of course not build these, but undoubtedly we will want to do a fair share in supplying some of the needed materials and manufactured parts.

Bror Dahlberg

"The building business, however, will not be all beer and skittles. Competition will be terrific, but we will be ready to meet it. In 1943 our new products represented 53% of our total sales. These new products include our multiple-function materials particularly suited to new forms of construction which will be used increasingly after the war."

Dahlberg said the South Coast Corporation, Celotex sugar growing and manufacturing affiliate, is now harvesting by machines that do away entirely with oldfashioned hand operations for the first time. Harvesters were developed by the company. Each cuts an acre of cane per hour and replaces 40 to 60 hands. The South Coast Corporation is expected to make a substantial profit this year as a result of these and other improvements. South Coast is the pivotal source of supply for the Celotex Corporation's basic raw material, bagasse.

Officers Reelected By St. Paul Federal

ST. PAUL, MINN.—At the annual meeting of the Association on Jan. 19, all officers and directors of the St. Paul Federal Savings and Loan Association were reelected. Louis Peterson is President and Axel A. Olson Executive Secretary of the Association.

Assets as of December 31, 1943, stood at $2,535,862.90, a gain of $512,345.93 for the year. Repurchases were about normal, showing a net increase of $550,291.23.

Sproul Sees Need Of National Credit Policy; Discusses War Financing & Post-War Banking

Discussing in an address on Jan. 17, the question of a National credit policy, Allan Sproul, President of the Federal Reserve Bank of New York, indicated that he does not believe "that in order to have such a credit policy we must have one National banking system, but I do believe," he said, "that it is imperative that we have a national credit policy, and that the place for that policy to be formulated is in the central banking system of the country." "Increased membership in the Federal Reserve System," he added, "will contribute to making national credit policy effective. We have always embraced within the System a very large proportion of the bank deposits of the country, but the number of our members has not been so large as it should be. I view with satisfaction, therefore, the trend toward membership on the part of State chartered banks in this district."

In his address, delivered before the Annual Mid-Winter meeting in New York of the New York State Bankers' Association, Mr. Sproul remarked that "in the years ahead one of the great tasks of political and economic statesmanship will be to find a workable compromise between too much Governmental interference with private enterprise and too much abuse of the power which different groups may arrogate to themselves within a system of private enterprise."

He went on to say: "It seems to me that, in one phase of our affairs, the Federal Reserve System offers a peculiarly American solution of this problem. It is characterized by the bringing together of regional interests and regional administration into a national unity. It is an experiment in public and private cooperation in a sphere where the public interest must be dominant, but private enterprise may have a voice. It has developed and is developing out of actual experience. With forceful and progressive leadership, and your help, the Federal Reserve System can achieve the high public purposes which dictated its establishment, and which thus far have governed its operations.

"This may seem to be pretty tame stuff in a world at war, and a world which is full of post-war plans and planners. But you did not come here to listen to me talk about the war; and I am not one of those who believes that all post-war plans must involve the setting up of new and shiny institutions in order to be bold, or courageous, or, what is more important, successful. There is a place for innovations and for breaking new ground. Some of our problems will be outside of our previous experience and may require new conceptions and novel solutions. But there is also a job to be done in making some of our existing machinery work better than it has in the past. One such job is the improvement of the private banking system, and, with it, the Federal Reserve System. I hope that you as individuals, and through your associations, will apply yourselves to that task. Not narrowly, looking only to the protection of your own banks, but with vision, looking toward the development of your communities and toward an economy in which a continuing high level of production and employment may be more than a dream. It is a task in which we at this bank pledge our cooperation."

In referring to membership in the Federal Reserve System, Mr. Sproul said:

"During 1943, 17 State banks and trust companies in this district were admitted to membership. At the close of the year there were 241 member State banks and trust companies in the district, or 60% of the total number (402) of such banks. This compares with four years ago when we had only 172 State bank members, or 41% of the total. That change from nearly 10% less than a majority to 10% more than a majority suggests that it is no longer necessary to explain why you are a member of the Federal Reserve System, if it ever was."

Mr. Sproul also had something to say regarding the Treasury's financing program, which he said, "particularly concerns you as bankers and me as a central banker."

Continuing he stated: "It is common knowledge, I think, that partly as a natural accompaniment of the development of the drive method of financing, there has been a certain amount of froth in the subscription figures. Some subscriptions are entered not for investment purposes, but for speculative purposes, or to help meet a quota, or for some other reason which does not contemplate holding as well as buying government securities.

"The securities purchased by fair weather patriots seeking a speculative profit out of the government's wartime needs are often financed by bank loans and in most cases the securities end up in the banks. The practice thus runs directly counter to the earnest desire of the Treasury to do as much as possible of its financing outside of the banking system. The Secretary of the Treasury has sent a letter to the banks of the country asking them not to make loans to finance speculative purchases of government securities in connection with the Fourth War Loan Drive. I hope that all banks will heed that request and scrutinize carefully all applications for loans secured by Government securities during the drive. Speculative purchases of securities benefit neither the banks nor the Government.

"Nor does it help to attain the objective of financing war expenditures outside the banks, if, in order to meet a quota, or for some other reason, subscribers are pressed to buy securities they do not intend to hold. We not only have to make sales to non-bank investors; we have to make sales where the securities will stick for a while. The banks did a fine job in selling their customers and depositors, in each of the first three war loan drives; they are asked to do an even better job in the fourth."

Living Costs Up In 45 Industrial Cities

The cost of living for wage earners and lower-salaried clerical workers in December rose in 45 of 70 industrial cities surveyed by the National Industrial Conference Board. Living costs were lower in 16 of the cities, and remained unchanged in nine of them.

Under date of Jan. 21, the Board further reported:

"The largest increase, 1.2%, occurred in Chattanooga. There was an increase of 1.1% in Lynn. Nowhere else was the increase as great as 1.0%. The largest decline, 1.5%, occurred in Front Royal, Va. In 15 other cities living costs declined less than 1.0%. For the United States as a whole, the cost of living rose 0.2%.

"Living costs were higher this December than in December, 1942, in all cities for which comparable figures are available. Newark recorded the largest increase during the 12-month period with an advance of 5.9%. The smallest was shown in Philadelphia and Portland, Ore., where it rose only 0.6%. The cost of living for the United States as a whole stands 2.8% higher than a year ago, and 20.8% above January, 1941."

Canadian Securities

By BRUCE WILLIAMS

Despite the optimism emanating from Washington with reference to an early agreement on currency stabilization, reports from London indicate a contrary view. Practical observers, from the very outset, have believed that the Keynes and White plans are only trial balloons, and as such have met with little success.

On the other hand, the "key currency" approach to the solution of the world monetary problem, which was first advocated in this column, continues to attract increasing support. The plan along these lines, proposed by Mr. Leon Fraser, was welcomed immediately in financial and commercial quarters in this country and in Great Britain.

The Fraser plan, however, leaves unsolved as World Problem No. 1, the question of deciding the relative values of the Dollar and Sterling. As already mentioned, there is the following practical method whereby even this hardest of nuts can be expeditiously cracked.

The United States and Canadian Dollars and Sterling are the currencies of the leading international trading nations of the world, and their stabilization is a necessary preliminary to the fixing of the values of the other less important currencies. In the first place, the Canadian Dollar could be restored to parity with the U. S. Dollar, as the present foreign exchange position of the Dominion amply justifies this step.

Canada is reluctant to take this action as it would be detrimental to the retention of her British markets. However, if Sterling were also raised 10%, the relative exchange positions of Canada and Britain would be unchanged, and the value of the Pound in relation to the U. S. Dollar would be automatically arranged. As the British White Paper on Mutual Aid which appeared recently indicates, on a cost basis the true worth of Sterling is in the neighborhood of $3, it would seem that at a rate of $4.45 the Pound would not be overvalued.

In confirmation of the potential strength of the Canadian Dollar, we have only to read the trade figures of the past year. For 1943, the favorable balance of Canadian commodity trade is estimated by Dominion Trade Minister MacKinnon to be in excess of $1,350,000,000. This enormous figure, which is exclusive of exports of newly mined gold, is more than 12 times the favorable balance recorded in 1940.

With regard to the market for the past week, although activity was not on a great scale, nevertheless the tone was definitely better. Direct Dominions improved and the Dominion guaranteed issues registered decided gains. Ontarios and Quebecs were again in demand but the supply was negligible. British Columbias were more active after the recent quiet spell, but prices were virtually unchanged.

There was steady trading in Nova Scotia and New Brunswick issues, and the yields on the longer term bonds remained at 3.35% and 3.75%, respectively. Saskatchewans were again slightly weaker with the 4½s of 1960 quoted at 86-87. On the other hand, Albertas were strong on further rumors of an impending settlement of the debt reorganization question. As frequently mentioned, both the Montreal and Alberta situations should be cleared up before we enter the post-war period. Canadian Pacifics were also in demand and the perpetual 4s were bid at 88.

There was a resumption of buying in the internal issues, but the Canadian Dollar in the "free" market remained unchanged at 10½% discount.

The recent behavior of the market, in general, has already confirmed to some degree the more optimistic forecasts, and at the moment there is no reason to anticipate that this trend towards higher prices will change.

Lamborn & Co. Issue Annual Sugar Calendar

The twelfth annual edition of Lamborn's Sugar Calendar, containing statistical data and other vital information pertaining to the sugar industry of the United States and the world, is being distributed by Lamborn & Co., Inc. This unique calendar provides for each day of 1944 the prices for raw and refined sugar effective the same date in 1943, together with the monthly averages. It gives other useful and interesting material such as the harvesting periods of the sugar crops in the various countries of the world, and highlights of government regulations and controls during 1943.

C. I. O.'s Case

(Continued from page 401)

In the fulfillment of organized labor's obligation to its country, it has been our purpose to attain in war production a perfect record. In every instance where either the Army or the Navy has aspired to the attainment of production goals it has been labor's obligation to fulfill those requirements.

In furtherance of our unions' desires to acquire maximum production, the Congress of Industrial Organizations has not only attained the goal set for it by both the Army and Navy, but it has really exceeded the expectation of the leaders of our armed forces and the President of the United States in these endeavors. The all-over record of American labor made public repeatedly by responsible governmental agencies proves that American workers have attained a goal of 99.4% of perfection.

I should like to ask all of the citizens throughout the United States if in the performance of their every day functions and in their relationships with Government and each other, they have succeeded in establishing for themselves a record of performance even approximating the figure of 99.4% of actual perfection. Have the managers of industry, the leaders of Government, the Congress of the United States or any other group attained records akin to those made by American workers in war production?

Senator Truman, in the course of an address delivered before the National Retail Dry Goods Association on Jan. 12, 1943, had this to say:

"Without attempting to prophesy the time when the war will end, I can tell you that the production of war material in some items has been so great that about $6,000,000,000 of Army contracts and about $2,000,000,000 of Navy contracts have been cancelled.

"This is only the beginning of such cancellations. Almost daily the coming year you will see newspaper notices of contract cancellations, of plant shutdowns, of elimination of graveyard shifts, and of reduction in employees. Although the manpower problem will continue as a serious one for the nation as a whole, many communities will find that in their area they have a manpower surplus. In some communities there will even be a serious unemployment problem.

"This makes it very important that sound action be taken now to provide for increased production of civilian articles. The problems which will have to be met in reconverting industry are serious, because any change of such vast extent is serious. They are not insuperable."

On Jan. 3, 1944, in a telegram to Donald Nelson and General Marshall I called their attention to this fact that the steel industry was scheduled that week to operate below capacity, and I reminded them that we had achieved an all-time production record in 1943. I wrote:

"I am listing the most important of this idle capacity which were it put into production would give the nation an additional 12,500 tons of steel every 24 hours or approximately 87,000 tons a week. This is enough steel for 2,900 tanks, or seven 12,000-ton cruisers or 18 of the new Victory ships a week."

On Jan. 6, 1944, I received from General Brehon B. Somervell a letter replying to my telegram of January 3d to General Marshall. General Somervell wrote in part as follows:

"The Chief of Staff has asked me to reply to your telegram of Jan. 3, 1944, in which you point out the achievements of the steel industry and the efforts of labor which enabled this industry to break all records in 1943. The War Department is most grateful for the almost unbelievable production record attained in 1943 and recognizes this record to have been a major contribution to the success of the armed forces of the United Nations."

He also wrote:

"In your telegram, you also refer to the excess steel capacity which is now available and which you point out would suffice to permit the construction of many additional tanks, cruisers and Victory ships in 1944. The War Production Board confirms the availability of excess steel capacity. However, it advises me that this excess capacity is not in the form and shape which is now required to further expedite our war program and that ship construction which is most pressing is controlled at present by the availability of steel plates. Any diminishing of the supply of steel plates would have an immediate and serious effect on the production of items essential to planned operations."

I am glad to be able to report regarding the production of steel plates that in the month of November we produced 1,145,000 tons of plates. The biggest production of plates up to this time was in the month of March, 1943, when we produced 1,167,000 tons.

In the month of December, in spite of the Christmas holiday, an all-time high in production was attained. The production figures will show that in December we produced 1,175,000 tons of plates or 8,000 beyond the March, 1943 peak and 30,000 tons beyond the November record.

In the light of these well-established facts, is it wise for Government to pursue a policy which seeks the universal regimentation of all labor? Our voluntary system has achieved for America goals of production the equal of which has never been closely approached by any other country in the world's history. Then why this persecution of labor? Why this campaign of misrepresentation? Why this campaign of deceit?

Is it designed to destroy the confidence of the American public in the organized labor movement when the record which speaks for itself proves an almost perfect performance? Are certain interests in the United States hell-bent upon the establishment of a Fascist system of government in our country? If so, why do not they speak openly? Why resort to mischievous propaganda designed to undermine if not actually destroy the democratic labor movement of the United States? The experience of the German people and the peoples of all the occupied countries in Europe have proven that before Germany overran Europe, these same methods were adopted by the Nazi Party and their leaders. They show also that certain German business interests did cooperate with Hitler to destroy the democratic way of life throughout the world by first seeking the destruction of the trade union movement.

The leaders of labor organizations from such countries as France, Belgium, Poland, Czechoslovakia and the Balkan countries who are now living in exile frankly admit that the attempts which were made and eventually succeeded in destroying the trade union movement in those countries are now being followed in a more sinister way here in the United States. Business leaders in Germany and other countries throughout Europe who believed that the destruction of the trade union organizations would bring peace, comfort and many monetary benefits to them have since learned what the forces of Nazism have meant to business, labor and all other groups throughout the world.

To correct the drift toward totalitarianism in this country, the role of all those groups seeking to maintain full employment and democracy in industry and Government must be strengthened. The groups among big business who agree with us as to the need to resist this drift, so eloquently described by one of our leading industrialists and war administrators in his recent remarks to the National Association of Manufacturers, should welcome and promote the joint participation of all like-minded groups in the program for transformation of our economy from war to peace, and the maintenance of full employment in the transition period.

Labor, agriculture and small business intend to have greater representation in the councils where basic decisions are being made on the program for production and the planning of the demobilization of the American economy. We of organized labor demand similar representation for agriculture and small business, and for those larger businesses who believe in an economy of abundance. In short, representation for all groups in the community who have a direct stake in full employment.

Control over the war program, however, is today in the hands of those who are returning us to an economy of scarcity. The hundred largest war producers are today and have since the defense program began been consistently in control of over 70% by dollar volume of all war contracts. Their representatives, some on Government salary, and others at a dollar a year, sit on the boards which determine the allocation of critical materials, or administer the various industry divisions or, in uniform and out, distribute the war contracts. Through financial controls, interlocking directorates and other corporate devices, these firms which figure so prominently in war production also interpenetrate the firms which control distribution of civilian goods and services, and determine the effects of the national stabilization program.

They are the ones who have for months been engaged in wrecking the economic stabilization program. They have manipulated the supply of feed for beef cattle, poultry, milk cows. They have further centralized control of the distribution of meat.

They have manipulated the milk supply and increased the money share going to the middlemen. They have increased their grip on the production and distribution of household necessities in food and clothing. They have eliminated thousands of small distributors and paved the way towards preventing their re-establishment by withholding supplies of scarce goods.

They have undermined the stabilization program by making a farce of their own tax program offered in place of the Treasury's tax plans. They have rigged the tax program so that the largest part of the apparent excess profits taxes is returnable after the war, thus making a mockery of heavy war taxation. And they have thrown up a smokescreen to divert our attention by demands for heavy sales taxes on top of the withholding tax. Now they are out to finish the job by tieing wages to a misleading index of the cost of living. And all the while they are using tax-exempt advertising to sell the American people on the need for returning to an economy of scarcity.

They have prevented planning not only by abolishing the National Resources Planning Board, but more immediately by preventing the growth of any real planned production within the war production agencies. Monopolistic business, by entrenching its representatives in and out of uniform in these agencies has secured a virtual stranglehold on American business. For example, we need hundreds and thousands of items of essential civilian production to maintain our household economics during the war. But endless delays are placed in the way of getting such production today for fear the monopolists may lose control of the post-war markets. These facts are not unknown in Washington. In fact, they are the common-place talk among those frustrated officials of the war agencies who want to do an honest, patriotic job of all-out production.

Only action at the polls can bring home to Congress and the Administration in office that the average American knows what he wants, and means what he says. Only action at the polls can stop the drift to reaction which is being subsidized by those who want to convert this country into a happy hunting ground for monopoly. This election will see the most gigantic out-pouring of money by reactionaries in the history of our country, and it will be subsidized out of war profits. Already huge sums are being spent by these elements to mislead many people who are not prepared to understand the forces at work.

Large sums, for example, are behind the drive to place in your hands by direct mail, or in drug stores or department stores, false and misleading propaganda about the Wagner-Murray-Dingell Social Security Bill. Organized groups of all kinds are being unwittingly used to push this campaign for the drug trust and others interested in preventing a fair consideration of this legislation on its merits.

A similarly scandalous campaign of confusion is being conducted on the issue of votes for soldiers. Here the cloak of State's Rights is being used to prevent men and women in the armed forces from voting in a Federal election for Federal candidates on a Federally conducted ballot. The forces behind this deliberate creation of confusion are not active for the first time. They are the same ones who have consistently fought the right of labor to organize and bargain collectively and have only paid lip service to the labor laws of the land while employing highpriced legal and publicity talent to advise them as to how they can nullify the law, or erase it from the statute books.

The CIO proposes to work with Government and industry and all other groups in the community for the winning of the war. It never has and never can so interpret that pledge as to mean that it will not resist every effort to destroy our institutions from within while we are fighting to maintain or establsh democracy abroad.

Labor does not beleve that the world can exist half slave and half free, and there are certain things with which labor cannot compromise. Furthermore, we believe that so long as labor is strong such a stand will in no way interfere with the successful conduct of the war. It is labor, agriculture, small business, and progressive industry which knows it stands to gain by the defeat of Fascism. In many countries and on many occasions certain elements in monopoly business have shown that they thought they could live with it. But labor has no illusions about what Fascism means.

This is a crucial election. But it is not going to be won or lost on election day alone. The decisions about the election, like the decisions about full employment, are being arrived at daily. Workers who do not understand the connection between full employment and the election will have a hard time picking a candidate who can help them maintain our present wartime production levels. And workers who do understand the time required to register and vote, and, where necessary, the money needed to pay a poll tax, to be as important to their well-being as participation in the life of the union are true unionists.

Electons are not won or lost nationally. They are won locally, and the people can win this one by realizing that they control their own future. In every city, town, village or county—and even in the poll tax States—the people can win elections if they know what they want and vote accordingly. All the propaganda, all the misleading newspaper stories, all the whispering campaigns, cannot defeat the average man in our democracy if all of us stick together. But first, everybody must register, and we should begin a great registration drive immediately. Also we should see to it that all our boys and girls in the armed forces are enabled to vote. Then we are ready to carry on a campaign to get out the vote in the primaries and general election. Our people have always lost more elections for ourselves by not voting than by voting against our own best interests. So let's get started today getting out the voters to get out the vote.

SEC Issues Report On 1942 Registrants, Subsidiaries

The Securities and Exchange Commission made public on Jan. 19 another in the series of statistical reports of the 'Survey of American Listed Corporations." This survey of "Registrants and Subsidiaries" is based on data contained in registration statements and annual reports filed by registrants under the Securities Exchange Act of 1934 and data contained in reports filed annually under the Securities Act of 1933. The tabulation includes 2,025 corporations and their 11,748 named subsidiaries and/or affiliates as reported on Dec. 31, 1942, or in the last report made by registrants prior to that date.

From the Commission's announcement we also quote:

"The survey is primarily intended for the use of Federal departments or agencies interested in (a) the corporate relationships of various companies holding war contracts and (b) the names of domestic corporations and their foreign subsidiaries outside the Western Hemisphere.

"The tabulation as set up enables one quickly to visualize the entire organizational set-up of which any given subsidiary or registrant is a component part. Any company in which a registrant owns more than 50% of the voting stock is generally regarded as a subsidiary and invariably reported as such. Companies in which the registrant owns 50% or less of the voting stock are occasionally reported in the listing of a registrant's subsidiaries.

"The information as to the corporate relationships is shown as reported by registrants. The degree of remoteness between registrant and subsidiary is indicated by marginal indentation so that all subsidiaries equally remote from their respective registrants are equally indented, with each subsidiary placed directly under the company which immediately controls it. The percentage of control is shown as reported by registrants and is generally indicated by the registrant for its ordinary voting stocks. In some instances, this is qualified by a change in the status of these stocks because voting privileges have been added or denied due to dividend interruptions or other contingencies and whenever such changes have been reported by registrants they have been shown. Whenever a company is controlled by two or more corporations jointly such 'split ownership' has been indicated."

Government's Place In Post-War Labor-Management Relations

By ROBERT J. WATT

(Continued from first page)

tract and keeping it. This relationship is dependent upon a free forum and fair dealing unhampered by one-man czars, ananymous spokesmen and bureaucratic preachments.

Long ago the industrial employer hired a new worker by direct negotiation, each making such offers and conditions as he wanted, and then making counter proposals until they came to terms upon which each would agree. It was face to face trading.

Sometimes the need of the employer forced him to bid high. At other times the need of the worker forced him to offer his services at a low price. The bargain covered wages, hours and conditions. During the period of employment any grievances were aired and thrashed out face to face.

That process was not substantially different from other contracts, whether the buyer and seller were trading horses or hiring a piece of land. There was no need for the Government to interfere except when a dispute arose which the parties could not settle together.

The chief difficulty in labor-management relations arises from the fact that industry has become a mass production business. The principal usually can deal with employees only through agents. Conditions are usually subject to changing circumstances, and the contract involves the needs and emotions of human beings.

There is a public interest in the accomplishment of labor-management agreements. The community cannot afford to let the coal mines stay closed, or the transportation system become paralyzed, or any other essential services stay idle long enough to jeopardize the welfare of the community. The modern community is so closely knit and interdependent that paralysis in one arm jeopardizes the functioning of the rest of the body.

In peace-time the self-interest of the parties is usually sufficient to bring about an agreement before the argument need cause any public intervention. If a man and wife are quarrelling together, they usually can settle it without having the neighbors intervene—and the wise neighbor will choose to let them settle their argument.

If the man and wife really want to live together, they will usually settle through a mutually satisfactory compromise. But if a neighbor is butting in every time either one gets excited, the prospects for bigger and better fights increase very greatly and usually all three participate.

In labor-management relations, it is pretty much the same story. If the employer and his employee meet together to find out and settle any outstanding differences, they usually succeed. But if one slams the door in the other's face and forces him to take his complaints outside for a public airing, they are headed for trouble.

Unfortunately, in the not distant past, in too many instances the door was slammed and bolted and guards were hired. As a result the Government stepped in to help guard the privileges of property against trespass. The style was set for Government interference, but the tides refused to obey. Unions increased because the workers found they had to band together to meet their problems.

The unions gained strength and used the processes of democracy to make the Government change sides. The Norris-La Guardia Act and the National Labor Relations Act simply reversed the previous role of government and provided a mandate *for* instead of *against* collective bargaining. Today, nearly eight years after that law became effective, workers are sending about 30 cases a day to the National Labor Relations Board on bargaining rights.

The vast majority of American trade unionists are concerned because they want the system of free enterprise to continue. They want to be your partners, not your opponents. But if management wants the Government to be a party to every detail of personnel relationships, management need only continue to follow the course of resistance. The end result may be to dispossess management of the right to manage.

It is up to you and us to decide. Unions, and particularly the new unions, can look too often to Government agencies to be a wet nurse. You can play the role of resistance until the Government has been forced to take over, or we can join together and develop a program of democratic self-government for industry in which the politicians and the disjointed alphabetical agencies will be kept out.

I don't see how you can hesitate in choosing your sides in that sort of choice unless you think that there is a tide running which can be used to swamp unions out of existence. If any of you believe that, I would ask you to remember that free management and free labor are inevitable companions.

Free management cannot exist unless there is free labor. Industry cannot function unless there are people to build and run the machines and to buy their products. There must be as much purchasing power as there is production, and there must be goodwill and mutual respect.

In modern corporation management unions are needed by management as much as by workers. They are the mechanism for conducting the human relations within the plant. If the workers were not intelligent enough to organize themselves, intelligent management in a democracy would have to create the organization to represent the workers so that decent and harmonious relationships could be created and maintained.

I have often said that the program of the present Government to facilitate the democratic organization of employees for collective bargaining purposes was the best and wisest insurance against dictatorship in government. I only regret that the paternalistic instincts of the leaders seem to have in recent months led them into the mistake of letting the palace guards try to manipulate and restrain the full functioning of independent trade unions. Being a boss may give power and authority, but it does not necessarily impart wisdom.

Government has a legitimate function as an impartial agency to conduct elections among employees to determine their choice of bargaining unit and agency. Government has no right, however, to impose personal prejudices through the National Labor Relations Board or any other agency upon employees to cause skilled craftsmen to be submerged against their will in polyglot units in which they have no voice as to the conditions of employment.

Government has a right to say that in the public interest an employer must recognize and bargain in good faith with legitimate employee organizations. If management denies this right and refuses to bargain, management is simply inviting an attack by any one of a number of Government agencies, a painful and contagious ailment, I assure you.

Government has a right to say that in the public interest employer-employee agreements must not violate basic standards of health and welfare, and that, in the public interest, valid agreements must be fulfilled by both parties subject to remedies in court or by impartial arbitration. And that is just about as far as government should go in connection with collective bargaining.

Management—you and your associates—are the ones who will determine whether government goes any farther. If you accept collective bargaining in good faith and thereby help employee organizations to acquire stability, responsibility, and self-discipline, you will be helping to lay the foundation of industrial democracy.

That would be a good hard-headed, sensible procedure. But we don't seem to get started. If you doubt me, look at the record of labor-management production committees. Donald Nelson has nursed that program with zeal and enthusiasm, and yet after two years of pleading and exhortation, even after the super-duper salesmanship of a high-pressure advertising expert, we find only around 3,000 committees in existence with most of them confined to conducting pep talks and showing movies. I regret that so many managers are so reluctant to face the competition of ideas.

In the post-war world you will have to face, and need, the competition of ideas. You will need the help of labor-management committees to achieve competitive efficiency. You will need democratic grievance machinery to keep workers satisfied at their work. You will need collective agreements within your industry to protect price levels from cut-throat competition, and from the depressing effect of inadequate purchasing power. You can get these checks only through the existence of legitimate, alert and intelligent labor unions, which represent all those employed in your plants and industries, or you can get them through government directive and supervision.

If you do it through the government directive, there is grave danger in the inherent instability of the overloading of the superstructure of our political machinery. Inevitably, the tendency in such a structure is to seek to destroy the essentials of the democratic system by imposing the sanction of force, by trying to bolster its foundation by more directives to compel obedience. Unfortunately, the people are led to accept, step by step, such encroachment because of the fear of the chaos which might result if the top-heavy structure toppled over.

Concentration of power, which we have a lot of right now, tends to make the holder of the power more and more fearful of any evidence of weakness. By rushing a new and stronger panacea whenever ailments develop and by trying to compel people to swallow the mixture, the holders of the central power try to hide their own weakness. The inevitable consequence of such concentration of economic power in the hands of men elected for their political ability is dangerous. The end result may be called by a high-falutin, high-sounding name, but like the systems we fight against it will deny the sanction of law and the responsibility of the community.

I met Cy Ching the other day, and Cy expressed the opinion that the role of government in industrial relations is dependent upon the intelligence with which labor and management operate in their relationships together. If they play their part well, the Government will simply be an umpire called upon when the decision is too difficult for the players to agree upon.

I agree with Cy. Together, we have got to help decide whether government is an umpire or a boss. This is no idle theorizing. Even as we fight for the survival of our basic freedoms, we find that the democratic process in many ways is being hog-tied and rendered subordinate to the dictum of a one-man boss.

Under the present strange legal requirements a wage agreement agreed to by men and management, considered by a tripartite panel, passed upon and probably changed by the Regional or National War Labor Board, can be vetoed by a one-man boss, who makes the rules, changes them if he wishes, and then acts as both judge and jury on a case upon which he did not hear the facts.

I express my own opinion, but I sincerely believe that such autocratic disregard of the democratic process is a menace to the stability of our democracy. It makes the workers feel that force is the only way to win their objectives. They ask how can we expect to establish decent industrial relations after the war if the Government in one instance smashes the product of orderly collective bargaining conciliation and mediation and refuses modest adjustments, while in another instance striking workers get almost all they demanded?

Coming events cast their shadows before. The effort labor and management must make presents a challenge. Can we get together and agree upon the rules which will be needed if we are to keep our system of private property, competitive capitalism and political democracy?

I think we can. It simply means that we must agree upon self-rule to the maximum through the delegated representatives of labor and management. It means that we must build according to the requirements of each industry and each region rather than by the rigid dogma of statutory law.

Our joint objective should be to attain the maximum production and distribution at the greatest efficiency and economy to assure the greatest and widest use of goods and services by all potential customers and free and equitable employment of available labor and capital.

We should operate through agreement among men, meeting practical problems by realistic adaptation of practical policies rather than through the static blindness of rigid law and rather than through the directive of the dictator.

Together we could serve to adjust the fluctuations of supply and demand for goods and services and productive equipment so that surpluses would not destroy the values of any product or deprive potential customers of needed products or make idle any potential producers.

Such a system of economic democracy would provide stability by keeping the relative values in reasonable relationship. It would promote the cooperation upon which its day-to-day existence depends.

It would provide for government participation through public representatives as a partner rather than as a policeman. It would make the workers share the responsibility for the success of the enterprise in which they are employed instead of competing against management for power. It would make employers recognize in employees men whose interest in successful operations are parallel to their own.

It would conserve the values of property by sustaining the balance between the wages of labor and the prices of goods which will enable workers to consume the output of their efforts.

It would protect the integrity of political democracy by divorcing the machinery of civil government from economic management. It would help us avoid the twin extremes of the anarchy and dictatorship which are the only alternatives which we face if we continue our present fumbling.

The time for labor and management to start is *now*. The forces of our industrial system are tremendous. Today we see in the output for war a national productiveness which in peace can either glut an unbalanced distributive system into utter ruin or under sensible self-control bring a healthy and enduring vitality to every element in the community.

It can be done. It has been proved. The British built a working relationship between labor and capital out of the chaos of depression and dole, which in the thirties brought to Britain an economic democracy which reinforced their political democracy so that its fibres withstood the fury of the aggressor.

I am confident we can do better. We can pioneer in economics the civilization of the masses into a prosperity of full production and utilization. Labor and management can create the mechanism of an economic compact out of the anarchy of ruthless individualism. We can make the post-war world a place in which equity is the incentive for service.

I don't believe that selfishness is the sole instinct of man. Christian civilization has taught us that man is his brother's keeper, that charity is the greatest of virtues, that brotherly love is one of the two greatest of commandments.

As hardheaded common sense, we can make our economic and political institutions survive only if they are based on the doctrines of Christian civilization and not on the quackery that men are just jackals or monkeys.

We cannot go back to ruthless individualism after the war if we want our institutions to endure. We have to mobilize every bit of intelligence and effort we possess if we are going to cope with the problems of reconversion of industry, reemployment of service men and war workers, and utilization of economic resources for the well-being of the whole community.

I believe in private property, in individual freedom under law, in competition, in a system of wages and profits, in the capacity of man for self-government, in majority rule with respect for basic minority rights. I believe in democracy enough not only to *fight* for it but to *work* for it.

I believe you hold similar beliefs. If I am right, then let us grasp what may be our last chance to develop mutual respect, confidence and understanding. If we profit from the consequences of the failures of peoples of other nations, labor and management will strike together with all their skill and resources against our enemies either within or without.

Collective Bargaining Seen Determining Future Wage Control

The extent to which regulation of wages by the Government in post-war years will be demanded or made necessary will depend largely on the efficiency of collective bargaining, George W. Taylor, Vice-Chairman of the War Labor Board, said on Jan. 22, according to the Associated Press, appearing in the New York "Sun" from which we also quote:

"If collective bargaining is developed as the foundation of post-war relations, then governmental wage regulation will most likely follow the pattern of pre-war years, rather than that of the war years," Mr. Tayor said in an address prepared for delivery before the American Economic Association and the American Political Science Association in Washington.

What Will Stocks Earn In 1944—And After War

The 1944 earnings and dividends of 200 leading stocks have been estimated by the Value Line staff and are now available as well as the Value Line Ratings projected on the basis of 1944 and 1946 earnings estimates, which graphically reveal undervaluation and overvaluation in individual stocks.

The Value Line Investment Survey is making a special trial offer of $5 for the next four weekly editions including the 1944 and post-war (1956) earnings estimates; reports and ratings on 200 leading common stocks; the next two Fortnightly Letters; the report on the Value Line Supervised Account (a model fund managed currently and with advance knowledge to subscribers of all changes made for the Account); the next Special Situations edition (reporting on 36 unusually attractive bonds, preferred stocks, liquidating situations). Since this trial offer rate is well below the $85 annual rate, this offer must be restricted to those who have not had a one-month subscription this year. For the next four weekly editions of the Value Line Investment Survey, write to the Value Line, 347 Madison Ave., New York City.

Chicago S. E. Subscribes To Fourth War Loan

CHICAGO, ILL.—The Board of Governors of the Chicago Stock Exchange gave impetus to the Fourth War Loan Drive by approving the Finance Committee's subscription of $200,000, par amount. This subscription brought the participation for all accounts of the Exchange to a total of $1,349,500 in the four War Bond Drives.

Now Chicago S.E. Members

CHICAGO, ILL.—John G. La Forge, partner of John G. La Forge & Co., and William H. Sills, President of Sills, Minton & Co., Inc., were elected to membership in the Chicago Stock Exchange by the Board of Governors, it is announced. Sills, Minton & Co., Inc., is the eighth registered member corporation of the Exchange.

The Securities Salesman's Corner

An Advertising Campaign That Is Showing Profits

Leonard J. Fertig & Co. of Fort Wayne, Indiana, has sent this department some ads which have produced excellent results. Other dealers who have been under the impression that it is necessary to use tombstone announcements if they are to meet present day requirements for financial copy might profitably study the following advertisement.

This ad is only one of a series which have been constructed around the theme of "Knowing the Facts About Outstanding Companies in American Industry." The advertiser wisely has also followed the same style of layout for each ad in the campaign. This one was three-column by nine and one-half inches, others used two-column by seven.

1323 Stockholders Own Tokheim Oil Tank & Pump Company

MANY of the stockholders are employees who have been thrifty. Others are from every walk in life. Talk to a Tokheim employee and ask him about the plant—invariably he'll say "It's a Great Place to Work." Tokheim has an employees' insurance program, also a profit sharing retirement trust.

Dividends Since 1918

The management of Tokheim, recognized in business circles as outstanding, looks upon disbursements to stockholders as MONEY PAID OUT TO COVER COST OF HIRED CAPITAL. Capital must be hired from the people or banks and must be paid the same as labor. This is sound thinking.

In War Production Since August, 1939

Tokheim did not wait until Pearl Harbor to make plans for helping the Allied Nations. Back in August, 1939, the management went into war production—again demonstrating keen foresight.

Sales offices are maintained in 24 cities. Tokheim's post-war program will be aggressive.

We buy and sell Tokheim Stock. It sells for $12.50 to $13.00 per share at the present time. Our business is to increase the earnings of your money, while paying first attention to safety of principal. We serve banks, insurance companies, trustees of lodges and estates, also hundreds of individuals. We shall be pleased to serve you — giving facts and figures—after which you use your own judgment.

LEONARD J. FERTIG & CO.

Ground Floor, Berry at Court St. Telephone A-4152

MEMBERS CHICAGO STOCK EXCHANGE

In our opinion, this ad presents facts which are interesting and it has a human touch. Notice the absence of balance sheets, income accounts and dry facts. Instead "Dividends Since 1918" tell the story. Also notice how cleverly the story of the management's policy regarding dividend disbursements is presented. "The Management of Tokheim Recognized in Business Circles as Outstanding, Looks Upon Disbursements to Stockholders as MONEY PAID OUT TO COVER THE COST OF HIRED CAPITAL." Isn't this an effective way of putting the story across?

In Italics, and distinguished further by a line above and below this portion of the ad, comes the real pulling power and business building clincher of the advertisement. Notice, WE BUY AS WELL AS SELL Tokheim stock—and, our business is TO INCREASE THE EARNING POWER OF YOUR MONEY. Prestige is created by the subtle use of the statement of fact, WE SERVE BANKS, INSURANCE COMPANIES, TRUSTEES OF LODGES AND ESTATES, ALSO HUNDREDS OF INDIVIDUALS. . . . GIVING FACTS AND FIGURES AFTER WHICH YOU USE YOUR OWN JUDGMENT.

No pressure, no pushing, an implied invitation to find out more about this excellent service. Is it any wonder this progressive firm is making its advertising pay.

P.S.—Other dealers who have been conducting sales promotional or advertising campaigns are invited to send their copy to this department for analysis and comment.

Attractive Situation

Class A stock of Chicago and Eastern Illinois offers an attractive situation at current levels according to an interesting analysis prepared by Raymond & Co., 143 State St., Boston, Mass. Copies of this discussion may be obtained upon request from Raymond & Co.

Interesting Situation

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting bulletin discussing the attractions of issues of the Chase National Bank. Copies of this bulletin may be had from Laird, Bissell & Meeds upon request.

Corn Exchange Bank Employees Reject CIO Union

Employees of the Corn Exchange Bank Trust Company of New York, voted on Jan. 19 by 768 to 609 to reject the United Offfce and Professional Workers of America, affiliate of the Congress of Industrial Organizations, as a collective bargaining agency. Advices to this effect were reported in the New York "Times" of Jan. 20, which went on to say:

Announcement of the vote was made last night at the regional office of the National Labor Relations Board, 120 Wall Street, which supervised the balloting. Participating in the election were bank tellers and clerks from the bank's main offices and its 75 branches. It was the largest election of bank employees yet conducted by the NLRB, under the direction of Charles T. Douds, regional director.

The total number eligible to vote was 1,492. Twenty-seven ballots were challenged and five were voided.

The United Office and Professional Workers was the only organization on the ballot, with the employees called upon to vote for it or "no union."

In a statement last night Lewis Merrill, President of the United Office and Professional Workers, declared that "although the union lost the Corn Exchange election the 609 union votes are evidence of bank employees' need for salary increases and their just desire for a union."

Mr. Merrill said the union "will continue to fight for a national salary policy that will enable white collar workers to perform their jobs with the measure of efficiency and morale required by our nation's victory efforts."

Increases in Salary to Employees of J. S. Bache & Co.

Under date of Jan. 8, Washington advices to the New York "Times" had the following to say regarding increases by the WLB to employees of J. S. Bache & Co.:

The War Labor Board today directed J. S. Bache & Co., New York stock brokers, to increase their minimum salary rate from $17 to $20 a week and ordered retroactive pay of $1.50 a week from Oct. 20, 1942.

An increase of 15% above the minimum of $20 a week and above any increases necessary to bring salaries of certain employees up to their levels of Jan. 1, 1940, when salaries were cut, also was ordered by the Board.

FIC Banks Place Debs.

An offering of debentures for the Federal Intermediate Credit Banks was made Jan. 13 by Chas. R. Dunn, New York, fiscal agent for the banks. The financing consisted of $15,580,000 0.90% Consolidated debentures dated Feb. 1, 1944, and due Nov. 1, 1944, and $15,125,000 0.75% Consolidated debentures dated Feb. 1, 1944, and maturing July 1, 1944. Both issues were placed at par. Proceeds of both issues will be used to retire a like amount of debentures becoming due Feb. 1, 1944.

As of Feb. 1, 1944, the total amount of debentures outstanding will be $315,335,000.

Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Co., 41 Broad St., New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Municipal News & Notes

A decision of vast importance to holders of tax anticipation warrants has just been issued by the Illinois Supreme Court, the burden of which is that creditors have no recourse to regain their investment in the event that insufficient taxes are collected to pay the warrants. The court held that the State legislature cannot constitutionally pass an act to authorize payment of such obligations out of revenue other than the levy against which the warrants are drawn. In reporting the decision, the Chicago "Journal of Commerce" of Jan. 22, commented further as follows:

The ruling came in the affirmation of a Cook County circuit court order enjoining the Chicago Board of Education and the City of Chicago from issuing bonds to pay a judgment to Frank J. Lewis, president of the F. J. Lewis Manufacturing company and former deputy chairman of the Federal Reserve Bank of Chicago, who sought recovery on $70,000 worth of 1929 tax anticipation warrants be had purchased.

Paid Serially

The taxes collected to pay the 1929 warrants were not enough to redeem the full issue. Following the Board of Education custom, the warrants had been paid as taxes were collected, serially, starting with the earliest numbers, but approximately $7,000,000 of warrants, with interest, were not paid.

A number of suits were started, claiming that the tax money should have been distributed pro rata to the warrant holders instead of by number, and various judgments were entered to collect the amount of the unpaid obligations.

The Illinois legislature then passed a statute to allow a bond issue to be floated to pay these judgments. After further litigation, including a taxpayer's suit to prevent payment of the judgments, the present decision resulted.

The supreme court opinion said in part: "It must be taken as the established law of this state that a statute which undertakes to authorize the payment of tax anticipation warrants out of revenue other than the levy against which they are drawn transcends constitutional provisions.

"Mr. Lewis advances various contentions by which he seeks to avoid the application of the foregoing principle to his judgment. He calls attention to the fact that in obtaining his judgment he did not declare upon the warrants but limited his right to recovery to an amount he should have received from the tax money collected on the 1929 levy had it been paid pro rata on all warrants issued against the fund. The difference in the character of the action does not in itself obviate the application of the rule."

Mr. Lewis contended also that to bar him the right of recovery on his judgment was to violate his rights under the due process clause of the state and federal constitutions.

The supreme court said, however: "He purchased the anticipation warrants charged with the knowledge that they did not create a liability against the school district issuing them. They were in legal effect, assignments of sufficient amounts of tax money to pay the principal and interest. After delivery there was no liability upon the municipality issuing them, either absolute or contigent, to pay if the taxes levied proved to be insufficient.

"It is not a denial of due process to hold that the loss that arises out of such warrants cannot be imposed upon the municipality issuing them."

Possible Opinions In Port Authority Case Outlined

It is generally believed that the United States Tax Court will shortly issue a decision in the case involving the Federal income tax liability of holders of bonds the Port of New York Authority. In this connection, the municipal bond firm of Lyons & Shafto, Inc., New York City and Boston, has prepared an interesting discussion of the possible opinions that the court may issue. "We make no attempt to predict the outcome of this litigation", the bond house declares, in citing the various forms which the decision might take "regardless of its own or others' belief as to the likelihood or propriety of one form as opposed to another."

Edmonton, Alberta, Plans Partial Debt Refunding

Possibility that Edmonton, Alta., may refund $1,700,000 of its outstanding debt is indicated in a proposed list of charter amendments which City Council will present to the Alberta legislature. Mayor Fry and other city officials are reported to have recently conferred with financial interests in Toronto and Ottawa on refunding the municipal debt of approximately $22,400,000. The Mayor, according to Canadian press accounts declared that the discussions were "moderately successful," but that any refunding would have to be done piecemeal, "a little at a time."

Among a proposed list of charter amendments is one which would ask the legislature to "validate certain by-laws in connection with the borrowing of $1.7 millions for the purposes of buying in certain outstanding debentures and issue other debentures at lower interest rates." Apparently this is the first "piecemeal" step. The mayor refused to discuss any details of the refunding, saying negotiations still were under way and details published might damage them.

The city commissioner said, "The average interest rate on present outstanding debentures is 4.9%. It is expected the average interest rate on refunding debentures will be substantially less."

"In order to carry out the proposed arrangement it is necessary to obtain certain charter amendments. The general powers of the charter with regard to borrowings provide only two methods of repayment of debentures — equal annual payments of principal and interest during the period debentures run, and payment at the end of the interest period.

N. Y. Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of the late Charles Tifft to Harold A. Longwell will be considered on Feb. 3. Mr. Longwell will continue as a partner of J. W. Sparks & Co.

Howard E. St. John will retire from partnership in Collin Norton & Co., New York and Toledo, on Jan. 31.

Dudley M. Irwin, Jr. retired from partnership in Doolittle, Schoellkopf & Co., Buffalo, N. Y., on Jan. 1.

Attractive Situation

The cumulative 5% preferred stock of Eversharp, Inc., appears to have the major essentials of an attractive situation, both from the standpoint of yield and price appreciation, according to a memorandum issued by White & Co., Mississippi Valley Trust Bldg., St. Louis, Mo. Copies of this interesting memorandum are available to dealers, on request from White & Co.

Ohio Municipal Comment

(Continued from page 398)

that they could have made as much as or more profit in the purchase of municipals last September. Conversations with banks in Ohio indicate that, at least at this stage of the drive, there has not been so much inquiry from dealers for loans to purchase Governments.

"Too High Priced—Or Too High Grade?"

As in the past, comments are occasionally heard from investors that "Sure the bond is good, but the price is too high." It would be advisable for the investor in such a case to ask himself whether he really wants to buy bonds only of high quality. If he wants bonds of such quality, as most assuredly he should these days, and is yet unwilling to pay the price necessary to get them, he is perhaps unaware of the very slight differential that exists today between the return on high grade bonds and the return on bonds of lower quality.

For example, a bond due in 1950 may seem "too high" at a yield of 1.00% to an investor who would buy a 1949 maturity at a 1.20 or 1.25% yield. Such an investor (and there are many such) should ask himself whether he is not actually sacrificing more in quality than he gets in the additional return of only .20% or .25%. Such a difference in yield seems little enough to pay for quality. The question is "Does the buyer really want high quality, or is his preference more for even a little more yield?"

The practice of comparing the yields on municipals with the return after taxes on Governments, like everything else, has its bad points as well as its good points. Oftentimes this practice results in the refusal to buy municipals that yield less than Governments of like maturity yield after taxes—as it should in some cases. However, it also results too often in a consideration of this comparative yield, more than in a consideration of the inherent quality of the municipal bond being offered. All municipal bonds, not even all Ohio municipals, are not of as high quality as are U. S. Government securities, but too often the investor will turn down a high grade municipal with the remark, "I can get as good a yield, or better, after taxes from Governments of the same maturity," and in the next moment buy a municipal bond of lower quality because it is offered at a yield somewhat better than the tax-free comparative yield on Governments, even though such municipal bond may yield only .20% or .25% more than does a really high grade credit.

Attractive Situations

The current situations in Brooklyn, Ohio, 3-5% bonds of 1966, Consumers Public Power District and South Euclid, Ohio, 2-5% bonds of 1968 offer interesting possibilities according to circulars issued by Kline, Lynch & Co., Inc., Carew Tower, Cincinnati, Ohio. Copies of these circulars may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 399)

forecasters say about the same thing.

* * *

Whether the market will be way up by next Spring or Summer is something I can't say. I have all I can do trying to figure prices a week ahead without getting cross-eyed glimpsing into the distant future. Besides neither I nor anyone else I know knows what political or economic changes will occur in the next three months or so. For example, anybody who is even faintly familiar with the budget knows, and knew, that the tax bill was wholly inadequate. Of course, to expect an election year Congress to pass an unwelcome tax bill is too much to ask of it. But even our most naive observers realize that another tax bill will have to come out of the hopper. What such a measure will do to the market is still a guess. So, anybody who tries to say what the next three or four months has in store for the market is simply guessing.

* * *

Technically, the market is still in the midst of offerings. True, it hasn't shown any mad desire to "up" its bids. But, by the some token, neither have offerings come down to hit bids. Maybe by the time this reaches your eyes the stalemate will be broken. So far, it shows little except a firm understructure.

* * *

That being the opinion of this column, I suggest not only holding on to the stocks you have but adding to them while conditions are still in a state of flux. My current recommendations are:

Buy Armstrong Cork 37-38 with a stop at 35. Buy Borg-Warner 35-36 with a stop at 33. Buy Kroger Grocery 31-32 with a stop at 30. Buy National Gypsum between 9 and 9½ with a stop at 8. Buy Pullman 37-38 with a stop at 36.

* * *

When any of these will start moving is something they themselves will determine. But if they don't show anything within the next 10 days we'll take another look at them. In addition to the above list you still have Curtiss-Wright "A," Lockheed, American Steel Foundry and Western Union. Their action is neither better nor worse since the previous week, so I continue to recommend retention within the limits set for them in last week's column.

* * *

More next Thursday.

—Walter Whyte

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

Ohio Brevities

(Continued from page 398)

connected with War Bond drives since their inception, has been appointed a member of the War Bond committee for 1944 of the National Security Traders Association, William P. Brown of New Orleans, Associated President, announced.

Cole is now serving as co-chairman in the Fourth War Loan drive in the city of Euclid, a Cleveland suburb where he lives, for the fourth time.

Cole was national committeeman of the NSTA in 1940 and was President of the Cleveland Security Traders Association in 1939. He is a partner in the firm of Ledogar-Horner & Co.

* * *

American Marketing Association has chosen Howard Whipple Green, Cleveland statistician, as President. He succeeds D. Albert Hairing of the University of Indiana. Green becomes the second member of the northeastern Ohio chapter to head the group, Dr. R. G. Cowan of Republic Steel Corp. having been President at one time.

* * *

Peter Ball, President of Ball, Coons & Co., has been elected to a three-year term as a member of the board of governors of the National Association of Securities Dealers, Inc. He had been Chairman of the Ohio-Kentucky committee for three years.

* * *

Cleveland houses taking part and their participations in the successful $45,000,000 offering of first mortgage bonds and $10,000,000 sinking fund debentures of Florida Power & Light Co. included:

Hayden, Miller & Co., $248,000 bonds and $55,000 in debentures while Fahey, Clark & Co., Merrill, Turben & Co., and Ohio Co. each had $161,000 bonds and $40,000 debentures.

* * *

Paul J. Eakin, a partner in Hornblower & Weeks and in the investment business since 1929, discussed participation of the savings and loan business in the present War Loan drive before the monthly meeting of the Cuyahoga County Savings & Loan League, just prior to the opening of the campaign.

Government's Place In Post-War Labor-Management Relations

By H. W. PRENTIS, Jr.

(Continued from first page)
corporation these days is quite accustomed to have the cannon of competitors volleying in front of him, the guns of government bureaucrats firing on him from the left, stockholders' artillery enfilading his right, occasional potshots from dissatisfied customers in his rear, plus a steady rain of demagogic poison gas bombs from the air. The very ground that he treads is mined with political propaganda. Hence it is not too bad to venture for an hour or two into the relative quiet of a fact-seeking organization like this, particularly when I can enjoy the company of two such able thinkers as the gentlemen with whom I am teamed up tonight, who, I know—no matter how our views may differ—are sincerely seeking the formula for a brighter, better America in the postwar years.

Government's place in postwar labor-management relations, according to my way of thinking, is three-fold: First, it should fix the rules; second, it should administer them efficiently; third, it should function as an umpire, not as a czar.

The exigencies of the present crisis have justified—in the minds of some government administrators—the adoption of opportunistic methods in smoothing over labor difficulties in the interests of full war production. However, the time has come when government, labor and management must see to it that a sound, permanent program adapted to times of peace is established. The legal basis for that program should be set up as soon as it is feasible to do so by congressional action.

In setting the postwar rules, government should keep in mind that organized labor in the United States has now come of age. It is no longer an "infant industry." In the past decade it has passed through a lusty period of adolescence and must now assume the full obligations of manhood. The arguments formerly used to justify legislation and judicial decisions granting special privileges to labor—because it was the under dog—no longer hold water. In every field of human relations, injustice and chaos inevitably result when individuals are placed in position to exercise power without the assumption of commensurate responsibility. If a man desires to be a brigadier general with the honor and authority inherent in that position, he must assume responsibility for his brigade, or the army could not tolerate him. If an individual wants to be an officer of a corporation, he must perforce take on his shoulders the legal, social and moral responsibility which statutory law and ethical tradition impose upon him. He cannot escape such obligations and it is well that he should not. Power is a heady drink. Our forefathers knew it, for as Pitt said: "Where law ends, tyranny begins." So setting the rules for postwar labor-management relations boils down to this: Existing statutes must be modified so as to require the assumption by organized labor of a degree of responsibility for its actions commensurate with the enormous power which it now exercises by governmental sanction and edict.

In the past, while the issues involved in most labor disputes have been important, nevertheless they have been chiefly concerned with matters of more or less transitory character: The determination of collective bargaining units, the recognition of unions, wage scales, working conditions, etc. None of these questions strikes at the roots of the Republic. Now the situation has changed. Labor-management relations involve problems that go deep into the vitals of constitutional self-government: The right to work freely at a lawful vocation of a man's own choosing; the control of labor supply—and hence the volume of production and the scale of living—by the srt of invisible government that the closed shop makes possible; the tremendous power of labor pressure blocs on government administrative bodies; the protection of minority and individual rights in labor disputes; the financial impact of horizontal class groups on our political elections; the dilution of the power of management to control and direct private business efficiently—these are some of the portentous issues that impend in the crucial years ahead. If the rules are not set by government so that these problems will have to be worked out essentially by private organization effort—even though at great travail—the end of American freedom is not many decades distant; and management, labor and the people at large will all find themselves crucified once more on the cross of dictatorship and tyranny.

In pioneering new ground, popular self-government has always pursued the trial and error method. So in modifying the National Labor Relations Act, the Norris-LaGuardia Act, the Sherman Act and other laws affecting labor-management relations, such as the Fair Labor Standards Act, we shall not be proceeding in other than strictly American fashion. The Interstate Commerce Commission Act has been amended twenty-five times; the Securities and Exchange Act, twice; the Tennessee Valley Authority Act, twice; the Federal Alcohol Act, twice; the Motor Carriers Act, once. Of course, no changes should even be considered which would affect the fundamental right of any working man to freely seek the benefits of collective negotiation when and as he desires to do so. But the public interest and the interest of the 75% of the workers of the country, who are not union members, are of equal concern.

Existing labor - management legislation should, therefore, be amended with the following basic principles in mind: Recognition that monopoly and monopolistic practices in the field of labor are as harmful to the public interest as similar practices are in either manufacture or distribution; recognition that employees have a right to represent themselves in dealing directly with their employers, if they so desire, and that when they wish to have others represent them, they are entitled to choose such representatives without coercion of any kind; recognition that employees have an equal right to join or not to join a labor organization; recognition that while employees have the right to quit work, either individually or collectively, they have no right to prevent others from working or any right to intimidate customers or their employers. In the interest of employees, no strike should be permitted which has not been approved by a secret ballot by those directly involved. Minority rights might well be protected in such cases by separating all employees into two groups—those with five years' service or more; and those with less than five years' service—and requiring majority approval by both groups before any strike could be called. In the interests of the public, limitations might properly be placed on the right to strike of employees engaged in essential public services. Strikes of government employees should be absolutely prohibited.

In revising the rules, the employer's right to freedom of speech in labor disputes should be clearly defined. Cognizance should also be taken of the fact that collective bargaining between employers and employees should never be used to compel either party to surrender basic principles, or to permit them to establish collusive agreements between themselves to the disadvantage of the public. To insure responsibility, legislation should provide for the distribution of audited financial reports to members, the regular election of union officers at reasonable intervals by secret ballot, the prohibition of political contributions and the elimination of those sweeping immunities from the anti-trust and anti-racketeeering acts which, according to the Supreme Court, the unions now enjoy. In the public interest, all of these legal restrictions have long been applied to business. In the public interest, they must now be applied to organized labor also.

In setting its rules, the government should proceed, it seems to me, on the principle that the fixing of maximum wages by law is undesirable during peace-time in all instances. Such procedure would destroy the initiative of workmen, undermine the use of wages as an incentive for accomplishment and make it exceedingly difficult for employees to advance on the basis of their demonstrated individual ability. In other words, the purpose of all legislation to control wages and hours should be social and not economic and should be strictly confined to the worthy social objectives of preventing exploitation and protecting a decent standard of living. Finally, all legislation should be avoided which would inhibit the authority of management ultimately to determine what and how much will be produced, where and how it will be produced and how it will be sold. This last point is of paramount importance, for if government destroys the right of an employer to supervise and develop the general efficiency of the plant that is his property or that of his stockholders, the industrial progress of America will be crippled, the establishment of new enterprises will be discouraged, and the expansion of existing businesses gravely handicapped.

Mr. Watt spoke publicly on Jan. 13 of the grave disadvantage of "duplication, scattered authority, uncertainties and unbelievable details" in handling wage disputes. So it seems obvious that Congress should provide for the concentration of authority and responsibility for handling all postwar labor-management problems in one governmental body. In my opinion, whatever board is set up, it should be an independent commission—like the Interstate Commerce Commission — reporting directly to Congress. Under its jurisdiction should come everything pertaining to labor-management relations, including the functions now being performed by the National War Labor Board, the National Labor Relations Board, the Conciliation Section of the Department of Labor, the administration of the Fair Labor Standards Act, the Walsh-Healey Act, etc.

Personally, I should prefer this board to be a relatively small body in which no factor but the public interest would be officially represented. This does not mean that its members should not be men of experience in the fields of labor, industry, governmental administration, etc., but they should, in my judgment, not be considered as representatives of any particular segment of the population, but should be appointed solely on the basis of ability and patriotism, with the understanding that their function was to consider the vital problems that come before them with only one thing in view, namely, the interests of the whole citizenry of the Republic.

Men are not appointed to the Supreme Court of the United States because they represent one group of the population or another. They are selected for their intellectual and legal attainments and their reputation as good citizens. These, in my opinion, are the only qualifications that should apply to appointments on what might be termed the High Court of Labor-Management Relations. This body, whatever its name, will have more to do with the preservation of our free institutions in the critical years ahead than any other governmental commission that I know of. For there is no gainsaying the fact that we are in the throes of revolutionary changes in respect to our basic concepts of economic organization. And if these relationships are not solved in accordance with the over-riding principle of our peculiar form of popular self-government, namely, the protection of the individual and of minorities from the unbridled will of the current majority, the ultimate collapse of our free institutions will follow just as surely as the sun rises in the east and sets in the west, and we shall have fought this war against tyranny in vain.

Obviously, to function effectively, the High Court of Labor-Management Realtions will have to decentralize its activities by district and regional bodies clothed with appropriate responsibility and power. Moreover, and I know I here tread on dangerous ground, the states, I think, should be encouraged to take their due share of the burden in this field. Certainly purely local difficulties should be solved without the intervention of Federal authority. And being, as I am, a firm believer that local responsibility for local affairs, closely tied in with local taxing power, is indispensable to the preservation of the American Republic, I hope that there may gradually be some reversal of the Supreme Court's action in stretching the interstate commerce clause to the point where virtually every labor dispute comes under the jurisdiction of the Federal Government. Physical administration can be handled by effective regional organization, but no organization, however widespread, can solve the basic problem that is here involved, namely, making the individual citizen at the local level feel his civic responsibility. As Theodore Roosevelt pointed out years ago: No man can be a good citizen of the nation unless he is first a good citizen of some community. And no man can become a good citizen of any state, county, town or city, unless he is forced by local circumstances—through personal action, or merely as a part of that inchoate thing we call public opinion—to help solve the political, economic and social problems of his own community. When the local citizen is allowed to feel that no matter what he does, some remote Federal bureau will take all his troubles off his hands, the foundations of the Republic are in serious danger.

In respect to the third point that I mentioned at the outset, namely, that government should funcion in the field of labor-management relations as an umpire and not as a czar, I believe that farseeing leaders on both sides will find common ground on which to stand. Certainly I can subscribe to the statement of Mr. Watt at a meeting here in New York in September 1942 that "there is a considerable drift toward a strong man rule—which will gather momentum unless employers and workers together prove very definitely to the American people that they are capable of operating a real practical economic democracy."

This raises the question: What does that phrase "economic democracy" that we bandy about so freely, mean? If economic democracy signifies that monopolistic practices must be prevented so that any rising young business man can have his chance, or if it means collective negotiation in behalf of a group controlled by the majority of that group, I can understand the phrase clearly. However, to many people, economic democracy seems to imply more than either of these concepts involves.

If economic democracy, in addition to collective negotiation and freedom of opprtunity, means that industry shuld be so organized as to provide opportunity for budding ability wherever it may be found; that every worker should be fully trained in the technique of his job; that constant effort should be made to disclose and explain the economic problems of a business to its workers; that suggestions for its betterment from every employee of high or low degree should be encouraged; that men in supervisory positions from the humblest assistant foreman to the highest executive should be trained to lead rather than to drive; that every employee should be treated with dignity and consideration; that constant effort should be directed to improve all those conditions of employment that make for comfort, safety, happiness and peace of mind—then I can also understand what the phrase "economic democracy" means and can subscribe wholeheartedly to the vital importance of bringing such practices into being in American business wherever they do not already exist.

On the other hand, if by economic democracy is meant an attempt to manage industry by a stort of soviet system of workers' participating directly in all phases of day by day executive management, then I can see such a mountain of practical difficulties and obstacles ahead as to obstruct, or even destroy, the present tremendous effectiveness of our American industrial organization—that organization which has wrought such miracles of production in peace and war, and which has lifted our scale of living to such unprecedented levels.

In an address by a sincere academic analyst of economic problems not long ago the assertion was made that the conflicting interests of employers and workers in industry could not be integrated except through "a joint undertaking to discover what the optimum distribution of the product of the enterprise should be." The writer went on to say: "This integrated interest requires nothing less than that all who are concerned in industry shall make no prior or arbitrary assumptions as to what wages or profits must be; that they shall make only one assumption, namely, that the functions of industry as a public service must be carried on." All that is admirable in intent. I agree with the objective sought, but from a practical view-point, would the proposal for "a joint undertaking to discover what the optimum distribution of the product should be," work? As the manager of a business, try to build a budget on that basis. Sit down with me with a committee representing our present 18,000 employees. Start with "no prior or arbitrary assumption as to what wages and profits must be." Tell the committee that in building our budget we shall make only one assumption, namely, "that the functions of industry as a public service must be carried on." What would happen? We would be greeted with blank stares and silence.

In other words, it is easy to postulate ideal procedure but, unfortunately, human nature in the mass does not always work that way. Here and there you will find a workman who is genuinely concerned with the economics of industry, but nineteen out of twenty are not interested in budgets, cost accounting, the problems of pricing, or the intricacies of corporate finance—any more than I, as a business executive, am interested in Sanskrit or the life cycle of the fruit fly! The average worker expects fair wages, satisfactory working conditions, decent and respectful treatment from his supervisor, but he does not want to be bothered with the grave and detailed responsibilities of management. As a matter of fact, he finds great comfort—like the rest of us frail human beings — in leaning on somebody else's shoulder in whom he has confidence. He, too, likes to follow intelligent leadership. Good management consists in selecting and training capable individuals at all levels so that there will be management from the bottom up, not merely from the top down. Sound collective negotiation and fair-minded, intelligent labor union leadership can contribute much to that objective. But no matter how much assistance is sought and secured from the employees of any business, there is no substitute for the dynamic visions and catalytic power of forceful management.

We can distribute wealth by political action, but not genius and character and leadership. The uncommon few who possess such characteristics in an outstanding degree are the great benefactors of civilization. It was Washington who held the struggling colonies together in their fight for liberty—not a junta of the rank and file. It was McCormick who built the first successful reaper—not a group of farmers in Rockbridge County, Virginia. It was Bell who invented the telephone—not some manufacturers' association. It was Marconi who discovered wireless telegraphy—not a labor union. It was Lincoln who drafted the Gettysburg Address—not a government commission. So whatever government may do, whatever labor may do, whatever management may do in its search for economic democracy, let us all resolve not to countenance anything that will destroy for the generations of Americans yet to be, those well-springs of individual initiative from which, in a very literal sense, all our earthly blessings flow.

Of course, business cannot exist without labor and labor cannot exist without business. But wise labor leadership will always remember, too, that the opportunity for a union only arises after a successful business had been established. And from their many published expressions, I know that those who guide the policies of organized labor are ready to join with management and all farseeing Americans in opposing any action on the part of government in its role as umpire of labor relations that would discourage the creation of new enterprises or the steady growth of those already in existence.

In this category would fall any legislation or administrative orders designed to coerce labor and management into compulsory arbitration, industry-wide collective bargaining and the closed shop. Compulsory arbitration in times of peace, I think, should be opposed just as much by labor as by management. For example, if government assumes the power to fix wages through compulsory arbitration, it must, sooner or later, also assume power to control prices in order to protect the public interest. The argument for the prohibition of strikes and work stoppages in essential public services, such as transportation, electirc power, gas, water, etc. rests on this fact. For in these industries, public authority already controls the rates at which such services are sold. Apparently one of the prices that we must pay for freedom in general is a certain amount of suffering and trouble in resolving the labor problems that are a part of our free private competive business system. Compulsory arbitration will lead straight to some form of the corporative state — fascism — and eventually to the loss of all our hard-won liberties. We cannot have the cake of freedom and eat it too. What grave responsibility this places upon both labor and management! I shall have a further word to say about this before I close.

Any legislative or adminstrative sanction of so-called industry-wide collective bargaining should also, in my judgment, be definitely discouraged. When I speak of industry-wide bargaining, I am not referring to local organizations of either labor or management in a given community or regional area along horizontal lines. Such procedure, it seems to me, can serve a useful purpose in certain cases by balancing the powers of one lacal gainst those of the other, thus promoting the general welfare of the community at large.

Industry-wide collective bargaining, however, is fraught with many dangers when applied to a country as large as the United States, with its many diverse sectional conditions. It certainly would not encourage the establishment of marginal enterprises in small communities where disadvantages of location are frequently overcome by lower operating costs, including lower wage rates. It would tie the hands of those employers who wanted to do more for their workers than the rest of the industry was prepared to do. It is open, also, to the same criticism that has been lodged against so-called "big business." For it creates "big labor," and "big labor"—because its leaders are human beings just like the leaders of business—are just as prone to misuse their authority as certain elements in "Big business" have misused their power in years gone by. Experience in England with industry-wide bargaining and in certain industries in this country where it has already been applied, indicates that the public interest frequently suffers by collusive action under which the cost of abnormally high wages, arbitrary restriction of production and feather-bedding rules, are passed along to the consumer through higher prices than would otherwise obtain. Hence industry-wide collective bargaining — if generally adopted—will bring in its wake, just as surely as we are sitting here tonight, a high degree of governmental control of labor-management relations and a corresponding decrease in that freedom of action on which economic progress and our future liberties depend.

The right to work freely at a lawful vocation of one's own choosing was regarded as so obvious and undebatable by our forefathers as not even to require specific mention in the Bill of Rights. In the Turgot Edict of 1776 in France—which was well known to them—by which the industries of France were emancipated from the previous State monopolies, we find this affirmation: "God, in creating man with necessities, has compelled him to resort to labor, and has made the right to labor the first, most imprescriptible right of man." And a Justice of the Supreme Court of the United States in an early decision stated: "There is no more sacred right of citizenship than the right to pursue unmolested a lawful employment in a lawful manner."

A presidential commission appointed by Theodore Roosevelt years ago declared:

"The right to remain at work where others have ceased to work or to engage anew in work which others have abandoned, is part of the personal liberty of a citizen that can never be surrendered, and every infringement thereof merits and should receive the stern denouncement of the law. . . . The assertion of the right seems trite and commonplace, but that land is blessed where the maxims of liberty are commonplace."

Today I know of no right that is being so thoroughly circumscribed by statutory enactment, by extra-legal methods employed under the cloak of law, and by executive fiat, than the right to work.

Yet the maintenance of that right, in my opinion, is a sine qua non of our free American institutions. Any restriction of that right, which finds its culmination in the closed shop, is impossible to fit into a democratic order. Its maintenance created a state within a state and, as Woodrow Wilson said, "The business of government is to see that no other organization is as strong as itself; to see that no body or group of men, no matter what their private business is, may come into competition with the authority of society." So advocacy of the closed shop— regardless of the weight of the arguments that may be advanced in its favor—simply hastens the day when organized labor in America will find itself dominated by government. The American public will not tolerate indefinitely the arbitrary exercise of economic power by labor leadership backed with a closed shop —some exhibitions of which we have seen recently — any more than it has been willing to tolerate arbitrary power in the hands of management.

The processes of democracy are hard to establish and maintain in any field of human effort. They can only be preserved in the political sphere if the citizen is free to express his satisfaction or displeasure through the exercise of freedom of speech, freedom of petition, freedom of assembly and the secret ballot. How can the worker maintain his freedom if similar privileges are denied him through any form of union organization? Theoretically such rights may still exist under the closed shop; practically they do not, because, as the authors of the Federalist Papers said: "Power over a man's support, is power over his will." The actions of menegement are not only under legal control, but are regulated every day by the reactions of employees, customers and stockholders. The employee may refuse to work; the customer may refuse to buy the product; the stockholder may sell his stock. In a free society it cannot be otherwise. Similarly, if the labor union is to be a truly great instrumentality for the preservation of human freedom, it must be equally willing to subject itself to appropriate checks and balance. None of the coercive or undemocratic racketeering aspects of trade unionism can long exist if members can resign when they see fit, and management is free to employ any qualified individual, regardless of whether he is a union member or not.

Lord Moulton, the great English lawyer, asserted that there are three areas of human conduct: At one pole, the area of complete freedom—to eat spinach or to fall in love with whomever we please; and at the opposite pole, the area of legal control—laws against thievery, murder, etc. The segment in between he termed the area of good manners. Obviously, the more that labor and management can broaden this in-between area by voluntary adherence to high standards of conduct in which the public interest is placed above all group interests, the less will be the area of governmental intervention. Representative democracy is that kind of government in which self-restraint is substituted for external restraint. So if labor and management really want the spiritual, intellectual and political blessings that our democracy brings, we will conduct ourselves accordingly. I tremble to think what will happen to our whole system of government in the post-war years if we in labor and management cannot find a satisfactory solution of all our problems by mutual understanding and peaceable negotiation. If we call in government to settle our difficulties, we shall rear a Frankenstein monster that will ultimately devour all the liberties that we hold so dear. We both know what happened to labor and management in Italy, Germany and Russia long before the present war broke out. With the destruction of the freedom of labor and the freedom of management in those countries, also went the destruction of all civil, religious and political freedom.

So in the last analysis, Government's place in post-war labor-management relations will be just about what we jointly choose to make it. If management will universally and voluntarily do its utmost to make collective bargaining work successfully; if it will universally and voluntarily refrain from any semblance of unfair practices such as labor union baiting in any form, or discrimination against any man who wants to join a union; if labor will voluntarily relinquish its efforts for the closed shop or any form of coerced union membership; if the labor union will regard itself as an integral part of the business enterprise in which it operates and give voluntary support to management in the intelligent handling of wage rates and the maintenance of production efficiency—by such voluntary procedure, and only by such voluntary procedure, can America remain the land of the free, in which our children and children's children can continue to enjoy the blessings of liberty long after we are gone.

The problems we are discussing tonight are so urgent that I venture to suggest that labor and management might well join now in setting up a small committee of the most eminent and public-spirited citizens that this country possesses—men of the caliber of Mr. Charles Evans Hughes, Mr Bernard Baruch, Dr. Charles A Beard, Dr. Robert C. Sproul of the University of California—to work out, in consultation with representatives of labor and management, a program of concrete recommendations for submission to Congress at the earliest possible moment. The voluntary exercise of social stewardship is literally the keystone of freedom. So if we are really sincere in our desire to preserve our free institutions, why can we not act as intelligent, free men and go to our elected representatives with a constructive program of our own?

The great English economist Sir Josiah Stamp, who lost his life in a German air raid on London said in one of his last books: "I firmly believe that only by a general raising of human sentiment to deepen spiritual quality and to carry it over a wider field, can the factor of human motives and mutual trust be sufficiently changed to have an economic result."

So whatever betides, let us all be patient and forbearing and courageous; let us all—labor and management alike — do what we can to quench the fires of class hatred; let us all try to generate hope and faith and respect for all sorts and conditions of men. For the crucial problems of labor-management relations in the Republic—if solved in a fashion to preserve freedom—can be solved only through real cooperation carried forward in a genuine spirit of self-restraint and mutual understanding. Here all patriotic citizens of fine sensibilities and keen imagination — regardless of their station in life—find a challenging opportunity to leave the United States of America a little better because they, too, have passed through it.

Urges Federal Aid Now

(Continued from first page)

permit what the government's plans are for releasing materials, equipment and manpower so that it can be in the "blueprinting" stage of reconversions plans.

Government needs first of all to clarify its policies in the settlement of terminated war contracts. It should let the automobile industry know as soon as possible approximately when it will be given an opportunity to prepare its tools and materials for reconversion, and approximately when it will be permitted to divert its trained personnel for the development of post-war lines. Auto manufacturers need also to be given a clear picture of government plans for disposing of U. S.-owned plants and equipment.

I believe the industry should be permitted to start plans and preparations now to build a limited number of new automobiles on the day the war in Europe ends, rather than delay this preparation for conversion until Japan is defeated. Such a move need not imply any let-up in necessary war production; it is a logical first step in the post-war planning required to return auto plants to peacetime operation without creating mass unemployment. It also is an essential move in helping the nation avoid a wartime transportation crisis which, according to Brookings Institution, will become apparent when our motor vehicle total drops below the 20,000,000 mark. There are now slightly less than 25,000,000 cars on the road, and these we are told are being retired at the rate of 13,000 per day.

If we leave the job of conversion until the last shot is fired in this global conflict, we are certain to create a sudden economic dislocation as well as a serious breakdown in our civilian transportation. Many persons are predicting a period of mass unemployment directly following the termination of the war, but in my judgment we need not accept this condition; we can take decisive steps now to cushion the nation's change-over from a war- to peace-time economy.

Manufacturers, however, can't take these steps until the uncertainties of renegotiation, termination settlements and government plans for disposal of unneeded war supplies are clarified. These are the barriers to any post-war planning no matter how bold or resourceful the individual company may be.

The many new techniques acquired by the industry as a result of its gigantic war assignment will result in better cars for the public when peace comes. The goodwill created by American weapons in every corner of the globe will go far in helping build a larger export demand in established markets and a new and important demand in more remote areas which were previously touched only slightly by our motor vehicles.

Our industry is fully aware of the challenging aspects of the post-war period, but it is confident that it will grow and thrive in service to all mankind when peace comes.

Billett Elected Director

L. Raymond Billett, partner of the Chicago investment firm of Kebbon, McCormick & Co., has been elected to the Board of Directors of Chicago and Southern Air Lines, Inc., according to an announcement made by Carleton Putnam, President.

Kebbon, McCormick & Co., was a principal underwriter of a new issue of voting trust certificates for 60,000 shares of common stock of Chicago and Southern Air Lines, Inc., which was offered publicly early in November of last year.

Right Is Might!

(Continued from page 395)

Governors of the New York Security Dealers Association have adopted the following resolution:

RESOLUTION

"At a meeting of the Board of Governors of the New York Security Dealers Association, held at the office of the Association on Jan. 26, 1944, the following resolution was adopted:

"WHEREAS, the National Association of Securities Dealers, Inc., is an Association formed pursuant to Section 15-A of the Securities Exchange Act of 1934, as amended, and

"WHEREAS, the Securities and Exchange Commission, under the Act has the power of review over rules and regulations of Associations formed thereunder, and

"WHEREAS, the National Association of Securities Dealers, Inc., in its letter of Oct. 25, 1943, supplemented by its letter of Jan. 18, 1944, in regard to 5% limitation on mark-ups, etc., has the practical effect of a 'rule,' and

"WHEREAS, this 'rule' was promulgated by the Governors of the National Association of Securities Dealers, Inc., without submission to the membership of the Association for approval as provided in Article IV, Section 2, of its by-laws, and

"WHEREAS, on a matter as vital to the continued existence of the over-the-counter industry as the 5% limitation 'rule' the wishes of the membership should have been canvassed before the enactment of the 'rule.' Now, therefore, be it

"RESOLVED, that the New York Security Dealers Association requests the Securities and Exchange Commission to direct the National Association of Securities Dealers, Inc., to submit said 'rule' to its membership as required in Article IV, Section 2, of its by-laws, and be it further

"RESOLVED, that if the Securities and Exchange Commission does not consider that the foregoing is sufficient basis for issuing the directive asked for, then let it grant to the representatives of the New York Security Dealers Association an opportunity for a hearing to present its point of view."

A copy of the resolution was mailed to every member, together with the following letter:

Jan. 26, 1944.

To Members:
Notice No. 119-L.

Enclosed herewith is a copy of resolution adopted by the Board of Governors of the New York Security Dealers Association at its meeting held today, regarding the above matter, and which is self-explanatory.

Please indicate on the ballot below your approval or disapproval of this action of your Board.

This ballot does not require your signature. Please return it in the enclosed stamped envelope after you have reached a decision on the matter.

If the majority of the members approve, the resolution will be forwarded to the Securities and Exchange Commission for its consideration.

PHILIP L. CARRET, Secretary.

I APPROVE THE ABOVE MATTER____________________

I DISAPPROVE THE ABOVE MATTER____________________

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1 The Board consists of twenty members, seven of the old Board having been just succeeded by seven new ones, five of whom were present at the meeting at Hot Springs, Va., on Jan. 17-18.

2 The Maloney Act really did nothing more nor less than resuscitate the NRA Code Authority in the investment field.

3 Mr. Riter has been succeeded as Chairman of the Board of the Association by Ralph Chapman of the New York Stock Exchange firm of Farwell, Chapman & Co. of Chicago.

4 Article VII, Section 1 reads: "To promote and enforce just and equitable principles of trade and business, to maintain high standards of commercial honor and integrity among members of the Corporation, to collaborate with governmental and other agencies in the promotion of fair practices and the elimination of fraud, and in general to carry out the purposes of the Corporation and of Section 15A of the Act, the Board of Governors is hereby authorized to adopt for submission to the members of the Corporation such rules of fair practice and such amendments thereto as it may, from time to time, deem necessary or appropriate. The Board of Governors, upon the adoption of any such rules of fair practice or amendments thereto, shall forthwith cause copies thereof to be sent to each member of the Corporation to be voted upon. If any such rules of fair practice or amendments thereto are approved by a majority of the members voting, provided, however, that a majority of all members of the Corporation have voted, within thirty days after the date of submission to the membership, and are not disapproved by the Commission as provided in Section 15A of the Act, they shall become effective rules of fair practice of the Corporation as at such date as the Board of Governors may prescribe." [Article IV, Section 2 of the Association's by-laws carries a similar import.]

5 Maloney Act stipulates "that an association shall not be registered as a national securities association unless it appears to the Commission that"—(Section 15A (b) "(5) The rules of the association assure a fair representation of its members in the adoption of any rule of the association or amendment thereto, the selection of its officers and directors, and in all other phases of the administration of its affairs."

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
BOSTON, MASS. — **John S. Fielding** is with **C. J. Devine & Co.**, 75 Federal Street.

(Special to The Financial Chronicle)
BOSTON, MASS.—**Elizabeth K. Smith** has joined the staff of **J. Arthur Warner & Company**, 89 Devonshire Street.

(Special to The Financial Chronicle)
CHARLOTTE, N. C.—**John W. Huffaker** is with **R. S. Dickson & Company**, Wilder Building.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Earle J. Wodward** has become associated with the **Ranson-Davidson Company, Inc.**, 135 South La Salle Street. Mr. Woodward formerly was with Ballman & Main and Hoyne, Mellinger & Company.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Richard G. Cashman** is now connected with **Buckley Brothers**, 530 West Sixth Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Gordon E. Buckhout**, previously with H. R. Baker & Co., is now affiliated with **Samuel B. Franklin & Co.**, 215 West Seventh Street.

(Special to The Financial Chronicle)
OAKLAND, CALIF.—**Gertrude M. Buckwalter** has been added to the staff of **H. R. Baker & Co.**, Central Bank Building.

(Special to The Financial Chronicle)
PALO ALTO, CALIF.—**Walter E. Powell** has become associated with **Needham & Co.**, 561 Ramona Street. Mr. Powell was formerly with Geo. H. Grant & Co.

(Special to The Financial Chronicle)
PASADENA, CALIF. — **Loren W. Lynn** is now with **Quincy Cass Associates**, First Trust Building.

(Special to The Financial Chronicle)
PORTLAND, MAINE — **Ralph W. E. Giles** has joined the staff of **Timberlake & Co.**, 191 Middle Street. Mr. Giles was previously with R. H. Johnson & Co. and Bowers and Co.

(Special to The Financial Chronicle)
PORTLAND, OREG. — **John R. Epping** has become connected witht **Conrad, Bruce & Co.**, 316 S. W. Sixth Avenue.

(Special to The Financial Chronicle)
PORTLAND, OREG.—**James B. Murray** has become associated witht **Daugherty, Cole & Co.**, U. S. National Bank Building. Mr. Murray in the past was with Russell, Hoppe, Stewart & Balfour.

(Special to The Financial Chronicle)
PORTLAND, OREG. — **Edwin M. Badgley** has become affiliated with **Foster & Marshall**, Porter Building. Mr. Badgley was formerly with Daugherty, Cole & Co. and Conrad, Bruce & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Perry O. Cole** has been added to the staff of **H. R. Baker & Co.**, Russ Building.

OUR REPORTER'S REPORT

The influence of the Treasury's current Fourth War Loan Drive is a definite force in the seasoned bond market. But, its effect is quite clearly limited to investment type classifications of the highest grade. In that section of the list occasional blocks are turning over but there is ample evidence that institutional buyers, who are normally active in giltedge obligations, are pretty well out of the corporate field at the moment.

While high-grades consequently are rather dull the same does not hold true in the case of the more speculative descriptions. Quite to the contrary, activity in that quarter of the market, if anything, has tended to expand.

Such increased activity centers chiefly in the speculative railroad list where the news recently has been of a character to stimulate interest. The Government's action in turning the roads back to private ownership without delay, once the threat of strike had been removed, appears to have acted as a stimulus to speculators' appetite.

Since by far the bulk of public utility and industrial company bonds fall pretty definitely into the category of high-grades the railroad list is the chief source of activity at the moment.

And, it might be noted in passing, the obligations of the reorganization rails are contributing in no small way to the turnover in that part of the market.

Arbitrageurs Are Active

Traders are finding ample room for arbitraging these days in the old and prospective securities of the reorganization railroads.

"Spreads" or "straddles" of this nature are especially noted in the old and new securities of such roads as the Rock Island and the "Soo" Lines.

Traders who make a practice of working out these transactions find, for example, that there is an evident spread of some 20% indicated between the Rock Island's refunding 4s and the prospective worth of the new securities which the holder would acquire under the plan of capital adjustment.

So they proceed to buy or sell the refunding 4s and complete the other half of the arbitrage in the new securities through the over-the-counter market, figuring that as the time for actual exchange approaches the "spread" will gradually close.

Improving Their Credit

Meanwhile the railroads are making good use of their war prosperity in the direction of achieving real improvement in their credit standing.

Frequently of late various carriers have given a recapitulation of their debt retirement operations during the past year and the figures have been impressive in many instances.

Baltimore & Ohio, R. B. White, President, told stockholders, the road's debt had been cut by $72,339,450 in the year, $56,654,050 through sinking fund operations and the balance by open market purchases.

Southern Railway Co. retired $28,000,000 of its debt other than equipment trust loans. Delaware & Hudson acquired $2,724,900 of its first and refunding 4s of 1963 while Chesapeake & Ohio in the closing seven months of 1943 took up $6,044,000 of its equipment notes.

Big Refinancing Delayed

This week's ruling by the Public Service Commission of the State of New York blocking the proposal of the Niagara Hudson Power Corp. for a merger of its several operating units into a single system was viewed in underwriting circles as certain to delay the huge refinancing plan which is involved.

The program, if it unfolded as had been expected, would have entailed one of the largest, if not the largest pieces of new financing to go through the market this year.

Had the merger been permitted to go through, it was indicated that the company proposed to undertake, with a minimum of delay, complete refinancing of its outstanding debt aggregating some $230,000,000.

Need for extensive revision of the merger proposal may, it is argued, through the matter of refinancing on a lower cost basis set it back for a year or more.

Groups Form For Issue

At least three banking groups are known to have been formed to seek the new securities projected by Virginia Electric & Power Co. in consequence of its proposed merger with Virginia Public Service Co.

The new issue is expected to take the form of $24,500,000 of 3½% first mortgage and refunding bonds and a $5,000,000 bank loan.

This financing quite likely will be among the early undertakings once February 18 and the close of the Treasury Drive rolls around.

Trust Indenture Form Amended By SEC

The Securities and Exchange Commission announced on Jan. 17 an amendment to Form T-1 which eliminates from various items of that form certain references to affiliates of the trustee. Form T-1 is the form for statements of eligibility and qualification of corporations designated to act as trustees under indentures to be qualified under the Trust Indenture Act of 1939.

The Commission's announcement further explained:

The present revision of the form gives effect to the general principal enunciated in the published opinion of the former General Counsel of the Commission, contained in Trust Indenture Act Release No. 16. That opinion is to the effect that the term "obligor" as used in Section 310 (b) of the Act does not ordinarily include persons affiliated with the obligor and there is therefore no prohibition against trusteeship under indentures of both the obligor and an affiliate. This conclusion is based primarily upon the definition of "obligor" in Section 303 (12) of the Act and upon the exclusive terms of Section 310 (b). For similar reasons the term "trustee" does not include affiliates of the trustee and consequently, the form has been simplified by eliminating the requirements for furnishing information as to these affiliates.

The Commission also announced that it has amended Rule T-7-A-27, which contains certain formal requirements as to the title of securities in a form filed under the Act, to permit the rate of interest to be omitted from the title of indenture securities in Form T-1 and Form T-2 where the rate of interest is not determined when these forms are filed. This change in the rule will eliminate the necessity for post-effective amendments to these forms to supply this information in connection with registration under the Securities Act of 1933, primarily in cases involving competitive bidding where the rate of interest is not usually determined at the original filing date.

Chicago S. E. Seat Transfer

A membership in the Chicago Stock Exchange was posted for transfer on Jan. 21 to Jules M. Parmentier of Green Bay, Wis., President of Citizens Securities Co.

Calendar Of New Security Flotations

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

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, JAN. 27

NETHERLANDS HOTEL CORP. AND ARTHUR FELS BOND & MORTGAGE CO.
Netherlands Hotel Corp. and Arthur Fels Bond & Mortgage Co. have registered $564,000 10-year income bonds, bearing interest at the rate of not exceeding 3% per annum.

Address—15 West Tenth Street, Kansas City, Mo.

Business—Apartment building.

Underwriting—Arthur Fels Bond & Mortgage Co., Kansas City, Mo., is named agent to make exchange.

Offering—As soon as possible after effective date of registration statement.

Purpose—For exchange of new bonds for the $564,000 face amount of the present bonds outstanding.

Registration Statement No. 2-5288. Form S-1. (1-8-44.)

THURSDAY, FEB. 3

CENTRAL OHIO LIGHT & POWER CO.
Central Ohio Light & Power Co. has filed a registration statement for $4,300,000 first mortgage bonds, series A, 3½%, dated Feb. 1, 1944, due Feb. 1, 1974.

Address—120 North Main Street, Findlay, O.

Business—Public utility operating exclusively in Ohio.

Underwriting—To be supplied by post-effective amendment.

Offering—Price to the public will be supplied by post-effective amendment. Company proposes to ask for bids under the competitive bidding requirements of the Commission's Rule U-50.

Proceeds—Proceeds from sale of the bonds, together with other funds of the company, will be applied to the redemption of $3,981,000 principal amount of first mortgage bonds, 4%, series C, due Aug. 1, 1964, at 106¾%, which will require $4,249,717, and of $394,000 face amount of first mortgage bonds, 3½%, series D, due March 1, 1966, at 103¼%, which will require $406,805, the two redemptions aggregating $4,656,522 exclusive of accrued interest and expenses.

Registration Statement No. 2-5289. Form S-1. (1-15-44.)

WEDNESDAY, FEB. 9

NORTHERN STATES POWER CO. (MINNESOTA)
Northern States Power Co. (Minnesota) has filed a registration statement for $5,000,000 first mortgage bonds, series due Feb. 1, 1974.

Address—15 South Fifth Street, Minneapolis, Minn.

Business—Operating public utility company and is also a registered public utility holding company.

Underwriting—To be filed by post-effective amendment.

Offering—Price to the public to be filed by amendment. Company proposes to offer the bonds for sale pursuant to the competitive bidding requirements of Commission's Rule U-50. Company also proposes to issue and sell to banks $4,000,000 face amount of its serial notes.

Proceeds—Will be used to pay the $4,999,000 face amount of St. Paul Gas Light Co. general mortgage gold bonds, 5% assumed by Northern States which mature on March 1, 1944, and the $4,000,000 face amount of promissory notes of the company dated June 14, 1943, which mature on Feb. 28, 1944.

Registration Statement No. 2-5290. Form A-2. (1-21-44.)

THE SOUTH COAST CORPORATION
The South Coast Corporation has filed a registration statement for $1,500,000 first mortgage 5% bonds due Dec. 31, 1955.

Address—Carondelet Building, New Orleans, La.

Business—Consists primarily of the cultivation of sugar cane and the manufacture and sale of products and by-products resulting from the processing of sugar cane, including raw and refined sugars, syrups, black strap molasses and bagasse.

Underwriting—To be named by amendment.

Offering—To be named by amendment.

Proceeds—Will be applied to the redemption, at the principal amount thereof plus annual interest, of the $998,405 in principal amount of general mortgage 15-year 6% income bonds, due Sept. 1, 1950, and balance added to working capital and may be applied to the reduction of current bank loans and the purchase of supplies and raw materials.

Registration Statement No. 2-5291. Form S-1. (1-21-43.)

THURSDAY, FEB. 10

DANIEL P. ABERCROMBIE ET AL
Daniel P. Abercrombie, Philip C. Gifford and Charles W. Greenough, voting trustees, have filed a registration statement for voting trust certificates for 40,000 shares of common stock, par $5 per share, of Wolverine Power Corp.

Address—Of corporation, Bay City, Mich.

Business—Generation of electricity.

Underwriting—None.

Offering—Immediately following the effective date of the registration statement.

Purpose—To form a voting trust for five years from Jan. 20, 1944, with the right in a majority of the trustees and holders of voting trust certificates representing a majority of the securities to extend the termination to a date not later than March 1, 1959, the maturity date of the outstanding first mortgage bonds of the corporation.

Registration Statement No. 2-5292. Form F-1. (1-22-44.)

DATES OF OFFERING UNDETERMINED

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

AMERICAN REALTY CO.
American Realty Co. has filed a registration statement relating to the offering for the extension of first mortgage serial notes of Housam Realty Co., secured by a first mortgage deed of trust on the Ranelagh Apartments, 5707 McPherson Avenue, St. Louis, Mo., in the aggregate principal amount of $240,750.

Address—5707 McPherson Avenue, St. Louis, Mo.

Business—Apartment building. American Realty Co. was incorporated July 21, 1943, to acquire and own the equity in the Ranelagh Apartments subject to the first mortgage deed of trust, securing the outstanding and unpaid mortgage serial notes of the par value of $267,000 which, by the plan of reorganization, are to be reduced by 10% to $240,750 of par value, and on outstanding second deed of trust on which there is an unpaid balance of $40,500.

Underwriting—None.

Offering—Purpose of present offering to the noteholders is to reduce the principal amount of all the notes outstanding by 10%, leaving, after such reduction of principal, an aggregate first mortgage indebtedness of $240,750.

Registration Statement No. 2-5282. Form S-1. (12-30-43.)

Amendment filed Jan. 14, 1944, to defer effective date.

BEN-HUR PRODUCTS, INC.
Ben-Hur Products, Inc., has filed a registration statement for $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951, and 11,400 prior preferred shares, for the purposes of such conversion.

Address—800-812 Traction Avenue, Los Angeles, Cal.

Business—Engaged in business of processing and marketing at wholesale of coffee, tea, extracts, prepared mustard and spices.

Underwriting—Pacific Company of California, and Wyeth & Co., both of Los Angeles, are named underwriters, each having agreed to purchase $150,000 of the debentures at 92½%, or a total amount of $277,500.

Offering—Price to public, 100.

Proceeds—To retire bank loans and working capital.

Registration Statement No. 2-5273. Form S-1. (12-20-43.) Statement originally filed in San Francisco.

Amendment filed Jan. 7, 1944, to defer effective date.

BONWIT TELLER, INC.
Bonwit Teller, Inc., has filed a registration statement for 35,565 shares of 5½% cumulative convertible preferred stock, $50 par value, and 108,913 shares of common stock, par $1 per share. The latter includes 88,913 shares of common reserved for issuance upon the conversion of the 5½% cumulative convertible preferred stock registered, at the present rate of conversion, which may vary from time to time in the event of certain contingencies. The shares are issued and outstanding and the offering does not represent new financing by the company.

Address—721 Fifth Avenue, New York City.

Business—Owns and operates one of the outstanding large specialty stores in the United States.

Underwriting—Allen & Co., New York City, is named principal underwriter for both the preferred and common stock.

Offering—The offering price to the public of both the preferred and common stock will be supplied by amendment. The prospectus offers the 35,565 shares of 5½% preferred and 20,000 shares of common stock. The shares are presently issued and outstanding and are being purchased by the underwriters from Atlas Corporation and its subsidiary Rotary Electric Steel Co. Atlas Corporation, directly and indirectly, has been the controlling stockholder of the company since its organization.

Proceeds—Proceeds will go to the selling stockholders.

Registration Statement No. 2-5245. Form A-2. (10-29-43).

Amendment to defer effective date filed Jan. 17, 1944.

BUTTES OILFIELDS, INC.
Buttes Oilfields, Inc., has filed a registration statement for 306,305 shares of class A common stock, par $1 per share.

Address—912 Syndicate Building, 1440 Broadway, Oakland, Cal.

Business—Organized to drill and develop certain properties held under a community oil, gas and mineral lease.

Underwriting—None named.

Offering—The company plans to reorganize its capital structure and put it virtually, if not wholly, on a common stock basis. The exchange features of the offering are limited to holders of the corporation's outstanding 6% preferred stock and to holders of its 8% unsecured notes. The offering for cash is limited to stockholders of record as of July 15, 1943. If fully subscribed, cash proceeds from the issue will be $150,000.

Proceeds—Cash proceeds will be disbursed as follows: liquidation of general indebtedness, $40,000; operating capital, $5,000; general cash reserve, $60,000; reserve for property acquisitions, etc., $45,000. Price per unit for securities to be offered for cash is $1.60, with no underwriting discounts and commissions.

Registration Statement No. 2-5268. Form S-1. (12-7-43.) Statement originally filed in San Francisco.

Amendment filed Jan. 12, 1944, to defer effective date.

CENTRAL ILLINOIS ELECTRIC & GAS CO.
Central Illinois Electric & Gas Co. has filed a registration statement for 400,000 shares of common stock, par value $15 per share. The stock is already issued and outstanding and does not represent new financing.

Address—303 North Main Street, Rockford, Ill.

Business—Operating public utility.

Underwriting—To be applied by amendment.

Offering—Consolidated Electric & Gas Co. is the beneficial owner of all of the outstanding common stock of Central Illinois. Consolidated is, in turn, controlled by Central Public Utility Corp., a registered holding company. The stock registered is being disposed of by Consolidated in compliance with the provisions of Section 11 (b) (1) of the Public Utility Holding Company Act. No portion of the proceeds of the sale of the common stock registered will be received by Central Illinois. Consolidated Electric has petitioned the Commission for an exemption from the competitive bidding requirements of the Commission's Rule U-50 in order that it can sell the stock at negotiated sale to Central Republic Co., an investment firm of Chicago, which firm subsequently would make a public offering.

Proceeds—Consolidated plans to use the proceeds to retire Federated Utilities, Inc., 5½% bonds, and to apply the balance to the purchase in the open market of Consolidated's own bonds.

Registration Statement No. 2-5272. Form S-2. (12-20-43.)

Amendment filed Jan. 7, 1944, to defer effective date.

CERTAIN-TEED PRODUCTS CORPORATION
Certain-teed Products Corporation has filed a registration statement for $6,737,300 4% cumulative income debentures (subordinated) to be due Oct. 31, 1973; 134,746 shares of common stock, $1 par value, and certificates of deposit for 67,373 shares of 6% cumulative prior preference stock.

Address—120 South LaSalle Street, Chicago, Ill.

Business—Business consists generally of manufacturing and selling asphalt roofing, shingles and related products, wallboard and gypsum products, boxboard and various other products.

Underwriting—Paul H. Davis & Co., Chicago, is named principal underwriter or dealer manager and company will pay to selected dealers a commission for the deposit of shares of preference stock pursuant to an offer of exchange.

Offering—The company offers to the holders of the outstanding 67,373 shares of its 6% cumulative prior preference stock the right to exchange such shares for the new income debentures and shares of common stock on the basis of $100 principal amount of income debentures and two shares of common stock for each share of 6% cumulative prior preference stock. The registration statement states that the company proposes, under certain conditions, to issue to the holders of the 625,340 shares of common stock presently outstanding, common stock purchase warrants entitling the holders in the aggregate to purchase, at a price to be announced later, 208,446 additional shares of common, and to issue and sell such shares of common stock not taken up by the warrant holders. The company also proposes, under certain conditions, to issue and sell $5,500,000 principal amount of new serior debentures and to apply the proceeds of the sale of the new senior debentures, together with other funds, to the redemption of the outstanding debentures. There are $7,100,000 face amount of 20-year 5½% sinking fund gold debentures, Series A, due March 1, 1948, now outstanding. The interest rate of the new senior debentures has not been finally determined, but will not exceed 4½% per annum. The income debentures will be subordinated to the new serior debentures and to other indebtedness of the company. The company reserves the right to revoke the offer of exchange unless within a certain date holders of not less than 57,250 shares of the preference stock accept the offer. The proposal to issue common stock purchase warrants to present common stockholders and the procurement of a commitment for the purchase of any common stock not subscribed for by common stockholders and the issue and sale of the new senior debentures is contingent upon the exchange offer being declared effective by the company.

Proceeds—The proceeds to the company of the income debentures and shares of common stock offered will consist of shares of the preference stock exchanged and all such shares of preference stock will be retired and the capital of the company will be reduced by the sum of $100 for each share retired. For each share of common issued pursuant to offer, the sum of $1 will be deducted from capital surplus account and credited to capital account represented by such share.

Registration Statement No. 2-5241. Form S-1. (10-27-43).

Amendment filed Jan. 18, 1944, to defer effective date.

EASTERN COOPERATIVE WHOLESALE, INC.
Eastern Cooperative Wholesale, Inc., has filed a registration statement for $100,000 4% registered debenture bonds authorized issue of 1943.

Address—44 West 143rd Street, New York City.

Business—Wholesale dealer in groceries and allied products, including, among other related activities, warehousing and packaging.

Underwriting—None.

Offering—The price of the bonds is $25 for each $25 principal amount thereof. The securities are being sold by the cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman. No commission is being paid to anyone in conjunction with such sale.

Proceeds—Proceeds are to be used to finance the purchase of the new warehouse and office building purchased in July, 1943, in New York, the purchase price of which was $50,000 cash on taking title and $12,000 in the form of a purchase money mortgage payable in installments over a period of seven years.

Registration Statement No. 2-5283. Form S-1. (12-31-43.)

Amendment filed Jan. 14, 1944, to defer effective date.

FOOD FAIR STORES, INC.
Food Fair Stores, Inc., filed a registration statement for $3,500,000 15-year 3½% sinking fund debentures, due Feb. 1, 1959.

Address—2223 East Allegheny Avenue, Philadelphia, Pa.

Business—Operates supermarkets engaged in the retail sale of groceries, meats, meat products, vegetables, etc.

Underwriting—Eastman, Dillon & Co., New York, head the underwriting group, with names of others to be supplied by amendment.

Offering—Price to the public to be supplied by amendment.

Proceeds—To the payment of outstanding bank notes of $3,150,000, with prepayment premium and accrued interest, and to increase working capital.

Registration Statement No. 2-5280. Form S-1. (12-24-43.)

Amendment filed Jan. 10, 1944, to defer effective date.

(This list is incomplete this week)

Bonniwell Appointed To Puerto Rico Post; Olsen Heads Kneeland Municipal Dept.

Announcement is made that D. R. Bonniwell of Chicago has been appointed finance director of Banco de Fomento de Puerto Rico and is now in San Juan where he will establish residence. Prior to his appointment to this Insular Government Agency, Mr. Bonniwell managed the municipal department of the Chicago investment firm of Kneeland & Co. His entire business career has been devoted to tax exempt and corporate financing.

Coincident with Mr. Bonniwell's appointment, Kneeland & Co., 141 West Jackson Boulevard, Chicago, announced that Wilbert O. Olsen will now serve as manager of their municipal department. Mr. Olsen is widely known in municipal circles in Chicago and New York, having dealt in tax-exempt securities for many years.

Kneeland & Co. was a principal underwriter in the recent public offering of $20,000,000 of Puerto Rico Water Resources Authority Electric Revenue Bonds for which a nation-wide banking syndicate was formed headed by The First Boston Corporation.

Rutherfurd Elected

John Rutherfurd has been elected chairman of the Trustees of the Gratuity Fund of the New York Stock Exchange.

New York Group Of IBA Appoints Committees

F. Kenneth Stephenson, of Goldman, Sachs & Co., Chairman of the Executive Committee of the New York Group of the Investment Bankers Association of America, Jan. 25 announced the members of six committees appointed to serve for 1944. The announcement came after a luncheon meeting held at the City Midday Club, 25 Broad Street.

The committees and their memberships follow:

Executive Committee

Mr. Stephenson; Frank A. Willard, Reynolds & Co., Vice-Chairman; Hearn W. Streat, Blair & Co., Inc., Secretary-Treasurer; Jean A. Wood, Hornblower & Weeks, Assistant Secretary; W. Manning Barr, Barr Brothers & Co., Inc.; F. Edward Bosson, Putnam & Co., Hartford; Henry H. Egly, Dillon, Read & Co.; Lloyd S. Gilmour, Eastman, Dillon & Co.; Clifford Hemphill, Hemphill, Noyes & Co.; John C. Maxwell, Tucker, Anthony & Co.; Stuart R. Reed, Paine, Webber, Jackson & Curtis; Henry G. Riter, 3rd, Riter & Co.; and Frank M. Stanton, The First Boston Corporation.

Education Committee

T. Jerrold Bryce, Clark, Dodge & Co., Chairman; Frank A. Willard, Reynolds & Co., Vice-Chairman; Harry W. Beebe, Harriman Ripley & Co., Inc.; Henry Herrman, Henry Herrman & Co.; Laurence M. Marks, Laurence M. Marks & Co.; William H. Morton, The Chase National Bank; Julius A. Rippel, Julius A. Rippel, Inc., Newark; Wickliffe Shreve, Lehman Brothers; and Howard R. Wilkes, First Boston Corporation.

Legislation Committee

Frederick L. Moore, Kidder, Peabody & Co., Chairman; Chester M. Clark, Stone & Webster and Blodget, Inc.; Robert V. Horton, Goldman, Sachs & Co.; Delmont K. Pfeffer, The National City Bank; William H. Putnam, Putnam & Co., Hartford; and David Van Alstyne, Jr., Van Alstyne, Noel & Co.

Meetings and Entertainment Committee

Richard de la Chappelle, Shields & Company, Chairman; T. Jerrold Bryce, Clark, Dodge & Co.; Joseph A. Iglehart, W. E. Hutton & Co.; and Stuart R. Reed, Paine, Webber, Jackson & Curtis.

Membership Committee

Frank M. Stanton, The First Boston Corporation, Chairman; Walter F. Blaine, Goldman, Sachs & Co.; George K. Coggeshall, Holsapple & Co.; Frank E. Gernon, Carl M. Loeb, Rhoades & Co.; and James D. Topping, Braun, Bosworth & Co.

Municipal Committee

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Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

"Our Reporter On Governments"

By CHARLES L. ZIMMER

Many, from bank presidents down to newsboys, are at bat to sell War Bonds in the $14,000,000,000 Fourth War Loan Drive. . . . The spirit of the campaign is at its best, so good that no volunteer is too proud to ring door bells to sell War Bonds. . . . You will be approached from all sides to buy bonds. . . . The emphasis during the drive is being placed on sales to individuals for which the goal is $5,500,000,000. . . . As the efforts being expended are terrific, there is little doubt that the quota will be attained. . . .

When you consider all the time, labor, advertising and printed matter that goes into selling each $25 and $1,000 bond, you wonder whether this form of selling really pays. . . .

According to one of the latest Treasury bulletins, it does pay because sales of Series E, F and G bonds from May 1, 1941, to December 31, 1943, have exceeded $25 billion. . . . Redemptions, inclusive of both cost and accrued interest, have been $1,763 million. . . . In other words, well over 92% of the bonds remain invested. This percentage is good in any language. . . .

Official confidence that the Fourth Loan will be oversubscribed is reflected by the efforts of Treasury and Federal Reserve officials to curtail "free riding." . . . This may well mean that the total results of the drive will not be as large as previously. . . . Nevertheless, an oversubscription of a couple of billion is currently anticipated. . . .

MARKET TONE

Such a result is logical even though the Government bond market during the last few weeks has continued quiet and somewhat sluggish. In the last week it has shown signs of a better tone. . . . The market action revolved around the Treasury 2s, 1953-51, and some of the longer partially tax-free issues. . . . When the mentioned 2s advanced about two weeks ago, many people figured that at last they had come to life. . . . But the rally was short-lived and the issue declined to around 100 6/32 bid from which it has more recently again advanced to 100 8/32. . . . One likely reason for the earlier reaction was that the buying power behind the market apparently realized that the rise in price was only drawing bonds from those who wished to sell in order to subscribe to the new offerings. . . . For example, there are some people who believe they are obligated to put up a front by subscribing to the new issues. . . . Although switching increases the total oversubscription, it is not helpful. . . .

Even at this late date the market for Treasury 2s of 1953-51 is not entirely free from the pressure of the joy riding of last October. . . . Nevertheless, that issue may soon become popular. . . . It should follow the line of 2s of 1951-49 and of 1952-50, which, as they become shorter, will all move into higher ground. . . . Over a period this group of 2s of 1951-49, 1952-50, 1953-51 should not only enjoy market appreciation but much more price stability than any other group on the list. . . . In defense of the 2s of 1953-51 currently purchased at a price of about 100 8/32, it can be said that within a short period of time, namely 46 days, the premium will be re-earned in accrued interest. . . .

The new issue of Treasury 2¼s of 1959-56 will be by far the most popular of the new offerings, and *ex* joy riding, the market should get off to a good start. . . . An early premium of a few thirty-seconds should increase on any market demand, and the bonds could work higher. . . .

Because commercial banks are limited in their holdings of the new 2¼s, as well as the new 2½s of 1970-65 and Series F and G, those banks which do not have a large amount of 2s might well direct available funds within the next few weeks into the 2s of 1953-51. . . .

2⅞s, 1960-55, BEST BET

Banks in the high Federal tax brackets should continue to hold longer partially tax-free issues, and they may find it desirable to add to their holdings. Because of run-offs in the next year or so, the scarcity of these bonds should become more apparent. . . . One of the best bets is the 2⅞s of 1960-55 which in 1945 can be classified within the 10-year group.

On Monday, the Treasury announced the details of an offering of 13-month notes to refund the $2,211,000,000 ⅞% certificates of indebtedness maturing Feb. 1, 1944. . . . The new notes will mature March 1, 1945, and will carry a rate of .90%. The exchange offer opened Monday for three days. . . .

At the same time the Treasury revealed it will pay in cash $114,000,000 U. S. Housing Authority 1⅜% notes due Feb. 1, 1944. . . .

In some quarters, it is cogently argued that "rights" are on the way back in respect to larger maturities and redemptions. . . . The Treasury 3¼s called for payment next April 15, and other sizable near-term issues, should offer some worthwhile possibilities. . . . You need not look for any of those famous three-point premiums, but opportunities may be presented to fill in scarce maturities. . . . In defense of rights, I believe that the Treasury can and will do a close job on pricing the new securities which may be offered in exchange. . . . If this is done, there will be no need for critics of such an exchange policy to worry about the market over-pricing rights values. . . . The roll-over of old issues by exchanges is less costly to the Treasury and much less disturbing to the money market than new cash offerings. . . . Banks like to purchase bonds at par, and in view of the considerable short-term debt held by these institutions, it seems likely that in the near future most large issues will be refunded as they become due or callable. . . .

The tightness prevalent in the money market should be somewhat relieved within the next few weeks. . . . Money in circulation, which reached its peak recently, could be in for a seasonal decline, at least until the March 15 tax date. . . . This would be accentuated by the fact that as individuals and non-banking institutions buy Governments, the commercial banks will lose deposits against which they must maintain reserves, at the same time receiving Government deposits (War Loan book credits) against which no reserves are required. . . .

POST-WAR INTEREST RATES

Generally speaking, post-war interest rates are expected to follow the current pattern in most respects. . . . Much of the uncertainty that prevailed late in 1943 has been laid to rest by the speech of Daniel W. Bell, Under Secretary of the Treasury, on Dec. 16, and to a greater degree by the President in his more recent Budget message, in which he said: "The primary achievement of our debt policy has been maintenance of low and stable rates of interest. . . . Average interest rates payable on the public debt now are less than 2%. . . . Interest received from all new issues is fully taxable. . . . As a result, the net cost per dollar borrowed since Pearl Harbor has been about a third the cost of borrowing in the first World War." . . .

Granting that post-war interest rates will remain stable, it is hoped that when, as, and if the war should suddenly end, Treasury officials in charge of open-market operations will lose no time taking steps to maintain an orderly market. . . . Such a policy should be arranged in advance. . . . If this is done, there will be no need for investors to worry about a rolling stone gathering down-hill momentum. . . . As you know, such happenings have occurred in the past. . . . If any uncertainty about rates is allowed to prevail even for a short time, months may be needed to repair the damage. . . . Therefore, if interest rates are to remain stable, let's not be placed in the position where we will look back and say, "Too little and too late." . . .

The large amounts of estimated expenditures set forth in the President's Budget Message are not disturbing, as the figures are overall, and if the war with Germany ends this year, Government disbursements may be lower than the official estimates. . . .

For a closing slogan let's say, Praise the Lord and pass along your subscription to the Fourth War Loan.

Attractive Utility

In the current issue of their "Preferred Stock Guide," G. A. Saxton & Co., Inc., 70 Pine Street, New York City, discuss the situation in the $6 cumulative first preferred stock of Mississippi Power & Light Co. which offers interesting possibilities, the firm believes. Copies of the "Guide" containing this discussion and current quotations on preferred and common public utility stocks may be had upon request from G. A. Saxton & Co.

Arbitrage Data On Chicago, Rock Island

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting arbitrage circular on Chicago, Rock Island & Pacific Railway Co. Copies of this circular may be had upon request from Sutro Bros. & Co.

Now Major Kerner

Raymund J. Kerner, of the Philadelphia investment firm of Rambo, Keen, Close & Kerner, serving in the Army Air Corps Ground Forces somewhere in England, has been promoted to the rank of Major.

Attractive Prospects

P. H. Butler Co. common stock offers attractive post-war prospects, according to a circular issued by Hicks & Price, Continental Illinois Bank Bldg., Chicago, Ill. The company, which has a chain of super-markets, has a satisfactory tax base, a good cash position, no long-term leases, and a location in one of the most highly industrialized centers in the United States, the circular stated. Copies of this interesting study may be had from Hicks & Price upon request.

Slaughter Horne To Admit

Slaughter, Horne & Co., 66 Beaver St., New York City, members of the New York Stock Exchange, will admit Hazel Slaughter to limited partnership in the firm on Feb. 4.

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