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Burley With Cleve. Reserve

Orin E. Burley, former Associate Professor of Business Organization at Ohio State University, has been appointed Industrial Economist of the Federal Reserve Bank of Cleveland, it has been announced by President M. J. Fleming.

Orin E. Burley

Mr. Burley will supervise industrial research carried on by the bank and will initiate studies in marketing that are particularly important to the Fourth Federal Reserve District, according to Kenneth H. MacKenzie, Vice-President in charge of statistics and research.

A native of West Union, Adams County, Ohio, Mr. Burley is author of the book, "The Consumers' Cooperative as a Distributive Agency," published in 1939, and co-author of the book, "An Intro-

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IN THIS ISSUE

Monetary Chaos

By DR. MELCHIOR PALYI

Chicago Economist Sees Continued Inflationary Potentialities In (1) Excess Of Savings Over Investment; (2) Continued Shortages Of Durable Consumer And Producer's Goods; (3) Reconversion Delays; (4) Increased Foreign Demand For American Products; (5) Continued High Wage Levels And (6) A Widening Gap Between Demand And Supply Of Available Goods

Four Kinds Of Post-War Inflation

Gradually it dawns on the American public that the inflation problem is not identical with the problem of balancing the budget, thorny as that will be. Balancing the budget, if and when it will be accomplished, will have the effect of stopping the "printing" of more purchasing power, and will therefore stop one source of post-war inflation. But it will leave open the second and most important threat, namely, the danger that the vast amount of liquid funds accumulated during the monetary inflation will burst into the markets and raise prices sky-high. After the war, commercial credit expansion may add more fuel to the fire. Lastly, there is the "psychological" threat that, once prices start to rise, a rush for goods may be created.

Dr. Melchior Palyi

The last-mentioned danger, that of "self-inflammatory inflation," presupposes substantially rising prices, and may therefore be dismissed at present—so long as it is

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Monetary Conference Near End

By HERBERT M. BRATTER

Special Correspondent of "The Commercial and Financial Chronicle"

Conference Prolonged But Monetary Fund Set Up—Total Incresed By $800,000,000 With Larger Russian Quota—U. S., Britain And Russia Given Voting Control—Smaller Nations' Reaction Seen In Mexico's Protest Regarding Gold Parities—Silver Agitation Likely To Continue—Devastated Countries Seek Relief From Contributions To Bank

BRETTON WOODS, July 19—As might have been expected, the International Monetary Conference was not able to complete the business of dressing up both the International Monetary Fund and the Bank for Reconstruction. The Conference prolongation is, in large measure, attributable to the physical exhaustion of many "key men" who have been working hard and long in advance and during the proceedings at Bretton Woods. The three-day extension granted, under protest, by the management of the Mount Washington Hotel, desirous of accommodating its regular guests, may not be sufficient for a final agreement by the delegates regarding the structure and functions of the international bank. However, the main features of both the Fund and the

Herbert M. Bratter

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"Unconditional Surrender"

By NORMAN THOMAS*

Socialist Candidate for President

Presidential Aspirant Criticizes Unconditional Surrender Policy As (1) Substituting Gratification Of Power For Solution Of Problems; (2) As Being Misleading; And (3) As Causing Enemy Peoples To Unite And Prolong The War—Urges A Peace Based On Mutual Forgiveness

At Casablanca when the lack of unity between the USSR and the English-speaking powers was even more obvious than it is today, the President and Mr. Churchill threw out the phrase "unconditional surrender" as a war aim. It was boastful and assertive and if the Gallup Poll is to be believed, it won the approval of a great majority of Americans. It spared them and their leaders for a time from the painful necessity of thinking. But if a whole host of witnesses, the latest of whom is the artist, George Biddle, are to be believed, the phrase was a failure in building up the morale of the American soldiers. These reporters still complain that our boys, despite their bravery do not know what they are fighting for, except to get home. For which situation they blame all sorts of people and things except the right ones. The lack of passionate feeling about definite war aims among our soldiers is the natural conse-

Norman Thomas

*An address made by Mr. Thomas before the Student Christian Association at Brown University, Providence, R. I., on July 18, 1944.

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Insurance Supervision—Where Draw The Line?

By LOUIS H. PINK

Former Superintendent of Insurance, State of New York
Author of "Freedom from Fear"

Former State Insurance Official Maintains That The Insurance Business Cannot Be Conducted With Intelligence And Safety If Anti-Trust Provisions Are Enforced Against It—Sees Need For A Truce Regarding The Question And Suggests A Plan Of Joint And Cooperative Regulation By The States And The Federal Government, Similar To Canadian System.

Insurance and the Anti-Trust Act

The decision in the South-Eastern Underwriters Association case, though not unexpected, came as a blow to the institution of insurance.

Louis H. Pink

It is interesting that the earlier cases upholding the right of State supervision, such as Paul vs. Virginia, were brought by insurance companies seeking to weaken or eliminate supervision by the States, and that until about 40 years ago Federal supervision had some advocates among insurance commissioners, and active support from some of the larger companies, such as the Prudential and the Union Central.

The Armstrong investigation shook State insurance to its foundations and made it rebuild itself on sound lines. This and the reforms which followed eliminated most of the criticism of State supervision, and led to a steady growth in efficiency and prestige. The National Association of Insurance Commissioners, while a voluntary body, has also contributed considerable uniformity and has helped to attune State supervision to the national scheme of things.

Today a large majority of those connected with insurance would like to see State supervision prevail and fear the entrance of the Federal Government into the picture.

It is of interest that while a bare majority of one of the judges felt that the Sherman Anti-Trust Act applies to the business of insurance, all nine were agreed that,

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Jordaan Grannemann Joins H. Hentz & Co.

Jordaan Grannemann has joined H. Hentz & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange and other leading exchanges, and is in charge of the public utility division of the research department. Mr. Grannemann was formerly associated with the St. Louis Union Trust Company.

Lockton Opens

INDIANAPOLIS, IND.—Richard C. Lockton is engaging in a securities business from office at 6479 North Illinois Street. Mr. Lockton in the past was with City Securities Corporation.

Big Business Accused Of Seeking Control Of Legislation

CIO Official States That Industry Does Not Want Every Person To Have A Job—Defends The CIO Political Action Committee As A Defense Against The Encroachment Of Big Business

Carl Holderman, New Jersey State Chairman of the Political Action Committee of the Congress of Industrial Organizations, in an address before the annual convention of the Hudson County Industrial Union Council at Jersey City on July 16th, charged that "big business was conspiring to capture the legislative processes of our democracy," and he pointed to the election of Albert W. Hawkes as New Jersey's Senator and Walter E. Edge as New Jersey's Governor as putting "big business representatives" in office "because many of us stayed away from the polls."

Carl Holderman.

"There has been a great deal of criticism from many sources, and even among our own members, about the CIO going into politics," said Mr. Holderman. "Reasons why," he continued, "CIO has decided to make political action No. 1 on the agenda for work during 1944: We found ourselves facing a crisis in American history this year. I find that that crisis has been built up for the past several years because big business in America has sought to capture the legislative processes of our democracy. In 1940 when the plan was first considered by the National Association of Manufacturers they planned to elect to the legislative halls, in the State and Nation, representatives of big business so that our great democracy would operate in the interest of big business instead of in the interest of the great number of workers.

"The entire complexion of our Congress," continued Mr. Holderman, "changed within the course of a few years. Today the majority of men in the Congress of the United States, instead of representing the people who elected them to office, instead of representing the great mass of American workers who live by their pay envelope, represent the coupon clippers of America who by power of wealth, have been able to impose their will upon the people of this country. They have outlined a program, part of which has been developed during the last couple of years. The program of big business calls for the gradual shifting of the tax burden

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The Real Issues At Bretton Woods

By PHILIP CORTNEY
Vice-Chairman and Treasurer, Coty, Inc.

Reader Maintains Most Serious Problem Concerns Britain's Balance On International Account—Predicts British Empire Economic Autarchy And To Prevent This Advocates U. S. Assume Responsibility For Large Part Of Foreign Deposits In English Banks, And Grant A Long Term Loan At Low Interest To British—Points To Need For Sound Domestic Policies For Monetary Stability

Mr. Walter Lippmann, in his column in the New York "Herald-Tribune" of July 13, writes the following:

"It has been impossible for the general public to obtain any idea of what the Bretton Woods conference is about. Though it is concerned with questions which will affect men's lives deeply, the language of monetary policy is understood by very few men in any country."

Philip Cortney

I fully agree with Mr. Lippmann. Disquieting as the apathy of the general public toward the international conference at Bretton Woods may be, it is understandable for the reason explained by Mr. Lippmann. What is more serious is the lack of constructive criticism directed at the plan. Whatever objections have been raised against it have consistently managed to elude the real issues. It will be impossible, we submit, to obtain either Congress's cooperation or that of the general public to whatever measures may be necessary to restore international cooperation and trade if the people are not enlightened as to the real issues at stake and their importance to the United States.

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Germany's Strength

By DR. MAX WINKLER

According to authentic advices regarding economic and financial conditions in Germany, the status of the Third Reich would appear to be much stronger than is believed or desired. For a number of years attention has been directed to the marked deterioration in the economic position of Germany. A great deal of this "information" emanated from groups acting as economic advisers and consultants to numerous instrumentalities both governmental and private. These, or at least a great number of them, are relatively recent arrivals from Central Europe. Upon arrival in the United States, they chose a profession which can be carried on with relatively greater ease than such professions as require special skill and training.

Dr. Max Winkler

The field they selected was that of economics, and they soon discovered that it is simple to pose and be accepted as an economist and expound economic dogmas with impunity. It was probably wishful thinking that they harped incessantly on the economic disintegration of Germany. It is not unlikely that mistakes may have been made because of such advice and action resulting therefrom.

A much more dependable insight into German's economic status may be gathered from a report made public recently by the Credit Suisse, the oldest of the large commercial banks in Switzerland. According to the report, the cost of living index in Germany at the beginning of the

(Continued on page 299)

"What's All The Shooting About?"

In the "NASD News" for June of 1944, an article appears bearing the title "Charges And Claims About NASD Cited And Answered" and the subheading "What is all the shooting about?" Therein an effort is made to justify the activities of the Board of Governors with respect to "mark-up practices."

Since we have done considerable of that "shooting" we feel an answer to be particularly within our province.

We regret that the article is unsigned, and that nothing in the contents is indicative of whether the text was submitted to, and approved by, every member of the Board before it was released.

We quote:

"The Board of Governors has chosen not to answer the attacks made by people entirely outside the Association. But individual Governors, the Officers and District Committees of the Association have met with numerous groups of members in various parts of the country and more such meetings are scheduled — all for the purpose of answering members' questions and to remove any cause of misunderstanding; inquiries from members on the October letter have been answered promptly and directly. Any reasonable demand for information has always been satisfied. The Board welcomes letters from members on this or any other NASD subject. It is anxious that its purposes and objectives be clearly understood by members at all times."

Is the Board so keen on furnishing information as the above paragraph would indicate? If so, let's have the proof. Again and again, through these columns, we have challenged the Board to disclose what conferences on the "5% spread policy" were held between

(Continued on page 302)

Half-Year Review And Forecast

Babson Says War Boom Is Over

BABSON PARK, MASS., July 14, 1944—Business volume has been maintained at such a high level since Pearl Harbor that it is hard for some to realize that there can be any slowing up. However, the past six months witnessed the beginning of the end of our current war boom. As we enter the third quarter the trend will continue downward. From this point on business will have to adjust itself to quite different conditions; with a gradual resumption of more normal activities.

Roger W. Babson

The Stock Market

During the past six months stock market averages of 30 industrials and 20 rails have risen from 86.04 in January to 92.69 in June. This is a rise of 7.7%. All things considered, the market has acted well during the first half of the year. Our taxes on capital gains and the double taxation on corporate dividends continue to be distinct drawbacks. London investors have no capital gains tax to contend with. Hence, the prices of English stocks are outpacing U. S. securities.

I have been bullish on stocks during the past six months and I now continue so. The coming third quarter is especially apt to show a rise in view of the Presidential campaign. It may seem odd for me to forecast a decline in the volume of business and at the same time to expect a rise in security prices; but the relief which investors are experiencing

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NSTA Advertising Notes

Your National Advertising Committee is pleased to inform our members we now have over $2,800 in advertising for our special supplement going in the "Chronicle."

President William Perry Brown's letter to the membership should speed up sales by our members. If you don't know of our participation in this advertising, we suggest you contact a member of your National Advertising Committee.

Added to the list of names given in these columns last week (as constituting our National Advertising Committee) is Bert Horning of Stifel, Nicolaus & Co., St. Louis, Mo.

We have received advertisements from Buffalo, Jacksonville, Miami, West Palm Beach, Memphis, New Orleans, St. Louis, Los Angeles, Louisville, Detroit, Toronto, Canada, New York, Cleveland, Cincinnati, Indianapolis and Chicago.

We are indeed very grateful to Hart, Smith & Co., New York, for the largest ad placed so far, being the back cover of our supplement.

You all now have contracts, so please endeavor to get them signed. Get other investment houses and firms outside the stock and bond business to come along, too. Many corporations can be prevailed upon by our members to take a full-page space for $350, or half-page for $200. It's up to you to give your Association a hand in getting business of this character, too. The advertising value is certainly there in a big way.

K. I. M.

Harold B. Smith, Chairman NSTA Advertising Committee, Collin, Norton & Co., New York, N. Y. A. W. Tryder, Vice-Chairman NSTA Advertising Committee, H. T. Greenwood & Co., Philadelphia.

"Mark-Ups"

By J. GENTRY DAGGY *

The Question Of "Mark-Ups" Is Largely Self-Regulatory Because Of Confidential Ties That Bind Dealer In Securities To Customer—Holds A "Full Disclosure" Rule Would Be Like "Compelling Macy's To Tell Gimbels"—Cost Factors And Dealer's Risks Determine Market Spreads And Mark-Ups

Inasmuch as profits in the securities business, as elsewhere, are directly related to costs, it would seem appropriate to discuss, from this viewpoint, certain fundamental differences in security transactions as executed on national exchanges and as negotiated in the over-the-counter markets.

J. G. Daggy

Certain types of securities lend themselves readily to auction trading and are properly dealt in on the national exchanges. We have seen that issues which fail to possess these characteristics — securities that can be distributed only by the employment of salesmanship and merchandising — properly belong in the over-the-counter markets where adequate sponsorship is available.

Both types of market are essential in their respective spheres of activity; they are closely related but with fundamental differences, and it is only when the lines of demarcation are indiscriminately crossed that trouble ensues.

Within the business, at present, there is a deal of heated argument and disruptive turmoil concerning the matter of allowable over-the-counter profits. There is not the slightest protest on the

*Taken from a report prepared by Mr. Daggy for the Investment Traders Association of Philadelphia. Mr. Daggy is associated with the trading department of the Philadelphia office of H. M. Byllesby and Company.

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J. Lewis Armstrong Co. To Be Formed In Phila.

PHILADELPHIA, PA.—J. Lewis Armstrong, member of the Philadelphia Stock Exchange, and John C. Rowland will form J. Lewis Armstrong & Co. effective August 1st. Both have been partners in E. J. Moore & Co. which is dissolving.

Attractive Situation

Common stock of Federal Water & Gas offers an interesting situation, according to a memorandum issued by Boenning & Co., 1606 Walnut St., Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of this memorandum may be had from Boenning & Co. upon request.

NY Bank Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have issued a most interesting quarterly comparative analysis of 17 New York City bank stocks. Copies of this analysis may be had upon request from Laird, Bissell & Meeds.

Howard E. Phillips Cooley Mgr. In N. Y. C.

George R. Cooley & Co., Inc. of Albany, N. Y. announce the appointment of Howard E. Phillips as Resident Manager in their New York office, 25 Broad Street, to develop a program to specialize in corporate issues of New York State.

Mr. Phillips' experience in the investment business covers a period of 25 years. His most recent connection was with Robinson, Miller & Co., Inc., as manager of their trading department.

Holds Subsidy "A Sugar-Coated Pill" Of Dictatorship

L. F. Whittemore Of Boston And Maine Railroad Says Tendency Is For Federal Government To Punish Those Who Are Willing To Risk Their Substance To Give Work

In an address before the Rotary Club, Barre, Vt., on July 12, L. F. Whittemore, Assistant to the President, Boston and Maine Railroad condemned the Government's anti-trust policy and expressed the opinion that reliance on Governmental subsidy by business is like taking a sugar-coated pill of dictatorship "which leads to the loss of individual freedom."

L. F. Whittemore

"When the war emergency is over," Mr. Whittemore remarked, "northern New England is going to have a large volume of workers, skilled in the various metal trades, who can only find employment if someone will put up the money to continue such industries. Those who do put up the money to continue existing industries and to start new ones have to have a great deal of courage. They have also got to have a good deal of help. There has seemed to be a tendency on the part of Government—particularly the Federal Government—to punish those who are willing to risk their substance to give work to other men. From the seat where I sit, it looks as if the Department of Justice in their zeal to enforce the Sherman Anti-Trust Law have gone far beyond the purpose of the law and are trying to discourage ownership in industry as a step toward socialization of our basic economy."

"If we are to have free enterprise, owned and operated by free men and employing free labor," continued Mr. Whittemore, "it is necessary that the individual person or company with money be encouraged to invest it in manufacturing industry. There has been a tendency, which I am sure is not satisfactory to Vermonters, to look to the Government for everything. *Reliance on Governmental subsidy is the sugar-coating which encloses the pill of dictatorship which leads to the loss of individual freedom.* In no dictator-dominated country has labor, organized or unorganized, anywhere near the advantages which it enjoys in a country where men are able to earn their livelihood by working in private enterprise—paid according to their abilities—the chance open to the individual to get ahead if he is willing to accept the responsibility which advancement entails."

Quotas & Voting Power In Monetary Fund

The Quota Committee of Commission I of the International Monetary Conference on July 15 agreed to recommend the following quotas that make up the contributions to the International Monetary Fund.

	—Quotas— In millions of dollars	No. of votes
Australia	200	2,250
Belgium	225	2,500
Bolivia	10	350
Brazil	150	1,750
Canada	300	3,250
Chile	50	750
China	550	5,750
Columbia	50	750
Costa Rica	5	300
Cuba	50	750
Czechoslovakia	125	1,500
Denmark	*	*
Dominican Republic	5	300
Ecuador	5	300
Egypt	45	700
El Salvador	2.5	275
Ethiopia	6	310
France	450	4,750
Greece	40	650
Guatemala	5	300
Haiti	5	300
Honduras	2.5	275
Iceland	1	260
India	400	4,250
Iran	25	500
Iraq	8	330
Liberia	.5	255
Luxembourg	10	350
Mexico	90	1,150
Netherlands	275	3,000
New Zealand	50	750
Nicaragua	2	270
Norway	50	750
Panama	.5	255
Paraguay	2	270
Peru	25	500
Philippine Commonwealth	15	400
Poland	125	1,500
Union of South Africa	100	1,250
Union of Soviet Socialist Republic	1,200	12,250
United Kingdom	1,300	13,500
United States	2,750	27,750
Uruguay	15	400
Venezuela	15	400
Yugoslavia	60	850
Total	$8,800	99,000

*The quota of Denmark shall be determined by the Fund after Denmark accepts membership in the Fund.

The Committee's recommendation was unanimous with the exception of reservations by China, Egypt, the French Delegation, India and New Zealand.

The Mexican Delegation agreed to relinquish $10,000,000 of its quota in favor of $5,000,000 each for Colombia and Chile. The above table includes these readjustments.

The Committee was composed as follows: Belgium, Brazil, Canada, China, Cuba, Czechoslovakia, Egypt, French Delegation, India, Mexico, New Zealand, Norway, United Kingdom, Union of Soviet Socialist Republics, United States, Chairman.

News And Views As Monetary Conference Draws To A Close

BRETTON WOODS, N. H., July 19.—Although no delegation here will refuse to sign the Monetary Fund agreement, there is plenty of private and not-so-private griping about special points. India is unhappy about blocked sterling balances, as are delegates for some other countries, and is also miffed about smallness of its quota, or line of credit, in the fund. Every country but the United States would like larger quotas, thereby enabling acquisition of scarce dollars and other exchange on credit, so to speak. French believe that, because of the deGaulle situation, their country's quota and hence voice on the executive committee should be greater. China complains it was "led to believe" its quota would be larger. As for the British, they wanted the headquarters of the fund to be in London. Russia begrudges the gold portion of her subscription and Mexico complains that in the fund, its voice will be heard merely to state the Mexican position.

Since an International Conference, like a Congress, is a meeting place of clashing interests, where concessions must be granted, these murmurings are but natural.

* * *

Andre Istel, French delegate, stated to me that he "feels that whatever happens the Bretton Woods Conference will have a very useful result by the fact that it has enabled the representatives of 44 countries to exchange views and to understand each other's problems. Both in the Fund's and in the Bank's proposals there are a number of excellent elements which have sometimes been unjustly criticized in several quarters. We have worked so hard in examining the detailed texts that it is difficult at the present juncture to get an over-all picture."

* * *

Latin America's two seats on the Executive Committee are expected to be rotated from time to time.

* * *

In an information gathering someone remarked that Greece has an able representative here, but that Britain controls what the Greek delegation says and does. This elicited from an American in the group the smart (?) remark that the United States, too, has some "Charley McCarthys" in Latin America.

* * *

Few of the foreign countries represented here included members of their parliamentary bodies in their delegations to Bretton Woods The Peruvians sent two senators and two deputies. Lord Keynes, of course, is a member of the House of Lords. The case of the United States was very special, becuse the Fund and Bank plans cannot go into effect unless this country participates, and that is not possible without the approval of Congress. In appointing four members of the Congress to the American delegation, the Administration hoped to make Congressional acceptance easier to obtain.

It is quite true that the American delegates as such—apart from the technical advisors and Dr. White—are not persons of the same economic and financial background as members of some of the foreign delegations, notably the British. But the presence at Bretton Woods of Senators and Congressmen has not been without benefit to the Conference. Through them the Conference was able to learn some of the things that the American Congress would not accept, and thus to avoid them. Secretary Morgenthau told the press on July 15 that there was no evidence among the members of the Congress here of any party attitude toward the work of the Conference.

* * *

The reticence of the Russians in some matters has occasioned pointed comment. It will be recalled that, at the time the experts' monetary plan was given out by Secretary Morgenthau in Washington in April, the Russians "came in" only

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James A. Hague Now With Adams-Fastnow

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—James A. Hague is now associated with Adams-Fastnow Co., 215 West Seventh St., members of the Los Angeles Stock Exchange. Mr. Hague was formerly partner in James A. Hague & Co., and prior thereto was with Boothe, Gillette & Co.

Public Utility Securities

Utility Bond and Stock Yields

The accompanying table compares yields on long-term government bonds (including taxable bonds in recent years) with average yields on utility bonds and common stocks. In the last two columns are shown the difference between utility bond yields and those of governments, and between the dividend yields on utility stocks and the interest yield on governments. Government bond yields are used as a convenient yardstick for the so-called "absolute" money rate—i.e., the rate investors are willing to accept where a minimum risk of principal is involved. The yardstick is not perfect, but it seems the best obtainable.

Obviously utility bonds have been in steadily increasing favor with investors since 1930, as the spread between utility bonds and Governments has steadily narrowed. Utility bonds used in the index are of AAA caliber. In recent years institutions have been willing to buy utilities at only a moderate yield premium over Governments, because of their confidence in the basic soundness of the industry and their desire to diversify portfolios. Much of this popularity of utility bonds is due, however, to the many safeguards developed in bond indentures, as well as the fact that bond interest coverage is figured both before and after Federal taxes. Since Federal taxes are, in general, based on income remaining after bond interest, the margin of safety is assumed to be reflected in earnings before taxes—though actually Federal taxes probably have a prior legal claim on earnings. It is unlikely that this priority will ever meet any practical test, however, so far as high-grade utility bonds are concerned.

The spread between utility stock yields and Government bond yields illustrates market psychology with respect to utility equities. In 1929-30 buyers were willing to disregard yields—which were below those obtainable on Governments—since they were interested mainly in appreciation possibilities. In 1932, when the present Administration came into office, many investors became alarmed, and the yield spread lengthened to a figure probably somewhat above that of the early 1920's (for which corresponding figures are not available). In 1936-40 yields fluctuated somewhat with the varying views taken of SEC policies of regulating utilities. In 1941-42 investors' fears were sharply increased, both with respect to the SEC and Federal taxes. In 1943-44, however, these fears were somewhat alleviated, although stock yields still appear to be somewhat above normal, as compared with long-term trends. The yields in the stock column are slightly below individual stock yields because of inclusion in the index of several non-dividend paying stocks.

Years—	Yield of Long-Term Gov. Bonds	Utility Bond Yields	Utility Stock Yields	Utility Bond Spread	Utility Stock Spread
1929	3.60%	4.96%	2.41%	1.36	—1.19
1930	3.31	4.83	3.10	1.52	— .21
1931	3.34	4.57	4.69	1.23	1.35
1932	3.70	5.04	6.70	1.34	3.00
1933	3.34	4.69	5.56	1.35	2.22
1934	3.14	4.19	6.09	1.05	2.95
1935	2.74	3.59	5.77	.85	3.03
1936	2.58	3.38	4.12	.80	1.54
1937	2.66	3.22	5.57	.56	2.91
1938	2.44	2.99	6.71	.55	4.27
1939	2.19	2.83	5.53	.64	2.34
1940	2.06	2.75	5.27	.69	3.21
1941	2.07	2.69	8.52	.62	6.45
1942	2.27	2.70	8.60	.43	6.33
1943	2.29	2.64	5.13	.35	2.84
July 5, 1944 (week ended)	2.39	2.62	518	.23	2.79

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

Growth Industry

Air transportation is America's fastest growing industry, White & Company, Mississippi Valley Trust Building, St. Louis, Mo., states in a discussion of Mid-Continent Airlines which offers interesting possibilities for appreciation currently and after the war the firm believes. Copies of this study and comparative figures on bank and insurance stocks may be had from White & Company upon request.

Philco Official Sees 40% Gain In Consumers Durable Goods Sales

James H. Carmine, Vice President Of Philco Corporation, Says People Are Not Only Going To Want Every Kind Of Appliance, But Will Be Able To Buy Them—Television Will Be Fastest Growing Of All Post-War Industries

A 40% increase in sales of radios, refrigerators, air conditioners, automobiles, and all other consumers durable goods, over the best pre-war year can be expected in the first 12 months of full production after victory, it was predicted by James H. Carmine, Vice-President in charge of merchandising for Philco Corporation, in an address before an appliance industry dinner in the Furniture Club of America at the American Furniture Mart in Chicago on July 14th.

James H. Carmine

"Once the war emergency is over, the fact that there has been no new production of appliances for a long time, is a sure guarantee of a period of extraordinarily good business for everyone connected with consumers durable goods, including dealers, distributors and manufacturers," Mr. Carmine said. "A virtual vacuum of all kinds of electrical appliances has developed, and it will take months to stock distributors and dealers, once production has been resumed, to say nothing of meeting the urgent demands of the public.

"People are not only going to want and need every kind of appliance, but will be able to buy them. It is estimated that by the end of 1944 the accumulated savings in the hands of the public in the form of cash, bank deposits and war bonds, will approximate $100 billion. In addition, installment credit outstanding has been drastically reduced, so that the credit standing of the American people is higher and their borrowing power is far greater than ever before."

In 1941, the last pre-war year, approximately $10,300,000,000 was spent by the American people on consumers durable goods, Mr. Carmine pointed out. In the first year of full production after victory is won, there is every reason to believe that we can look forward to a total national business in these lines of about $14,500,000,000—an increase of 40%.

"In the case of radio, Philco estimates that there will be a pent-up demand for between 20,000,000 and 25,000,000 sets at the end of 1944, as compared with the industry's alltime high production of 13,000,000 units in 1941," Mr. Carmine said. "In refrigeration, it is estimated that the pent-up demand will be upwards of 6,000,000 boxes, as compared with 1941 output of 3,600,000 units. Over and above this, there will be a tremendous demand for frozen food storage chests. Sales of single-room air conditioners should rise 400 to 600% over the pre-war level within a very few years.

"One of the fastest-growing of all post-war industries will be television," Mr. Carmine predicted. "After television standards have been set by the Federal Communications Commission, every major city in the United States will have a television station just as quickly as transmitter deliveries can be made at the end of the war. It may be possible to produce and sell table model television receivers for as little as $125 after the war, and larger 'projection-type' sets may cost up to $400. Television broadcasting facilities today are within reach of approximately 25,000,000 people, provided receivers were available. If as we expect, at least 42 more television stations are added in key cities in the immediate post-war period to the nine now in operation, the coverage would expand to about 70,000,000—or more than half the population of the United States."

Many People Will Wholly Miss This Entire Bull Market In Stocks

We are witnessing a major bull market in common stocks which is being fought all the way by a large percentage of investors, as well as quite a few investment advisers.

They started fighting it back in November, 1942, and have been doing so ever since. The main idea then was (and still is): the market has gone too fast and too far; we'll wait for the reaction. But such reactions as have come have been too mild to satisfy them. And probably if they did get a good reaction, they'd fear it was the beginning of something worse.

So they have missed, and probably will continue to miss, what has thus far been a very good rise—not to mention the income on their money.

Why is this? Is it merely because the public doesn't usually "come in" until the major portion of an advance has occurred? Or is something deeper than that involved this time?

We make no pretense at profundity, but we suspect that something deeper is involved.

Look at brokers' loans; still practically on the bottom. Look at "turnover" of bank deposits; still abnormally low. Look at savings; sensationally high. Look at new equity financing; practically non-existent. Look at the condition of the banks; most liquid in history. Look at corporate reserves; they've been set up for everything under the sun, including "contingencies we can't foresee but which may arise."

What we are getting at is that everybody remembers the bad times in the '30's so vividly, that his first thought is for safety, protection, security, liquidity, conservatism and every other term that means "NO RISK."

Look at the yields on so-called "risk-free" investments; they are the lowest in history.

On top of everything else, the property owner and the stockholder have been in a kind of social and political "dog-house" for so long they have an inferiority complex: they wonder if it is socially desirable to make a profit, and if it's the right thing for a patriotic American to be doing.

It is doubtful if American investors have ever been as conservative as they are today. Many of them are going to fight a rising price level as long as it lasts, because they have learned too well the lesson of 1932. Their minds are tied to that awful year, and to 1938, and they have great difficulty in looking to the future in any other terms.—From "Selections" of July 11 issued by Selected Investments Co., Chicago.

Tomorrow's Markets Walter Whyte Says—

Poor buying now seems to rule market. Selling still good but seems uncertain. Dow 151 looks like tough figure to overcome. Support indicated at 148.

By WALTER WHYTE

Since last week's column was written nothing has happened in the market to make me change my mind that the cream is off the top of the milk. The poor quality of buying for the past two weeks has, if anything, deteriorated to the point that only a technical position holds prices at present levels. I don't mean to belittle the technical position. On the contrary, it is that quality which makes for up and down moves long before the news on which they were presumably based become private property.

* * *

Unfortunately the expression "technical position" has been used so freely that to all intents and purposes it is meaningless today.

* * *

In the final essence a technical position is caused by the quality of participation in the market. When stocks are low and public interest is nil the chances are that this technical position is strong. When stocks are high, or in the midst of an advance, and public interest is at fever pitch, you can assume that nine times out of 10, the technical position is weak. To confuse you still further, weak and strong positions can exist at the same time.

* * *

Take the current market as an example: Here you see a market which has gone up almost without stopping from about 130 to 150. News during the advance was good, but no better than before the advance. In the last two weeks the public has come in. Somebody sold them the stock they were bidding for. Result: the buying was no longer as good as the selling. But while that adds up to a poor technical position there is still another factor to consider. For while the buying is poor and the selling good, the latter is uncertain of its position. A partial answer for this is lack of decision by the good sellers and is attributable in part to the war and its by-products, domestic as well as foreign. Also SEC restrictions prevent longs overreaching themselves. So while the local signs point to a poor technical position, which in turn means a reaction, other signs point to hesitation at worst.

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While on the discussion of technical indications it might be wise to explode some of

(Continued on page 302)

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)

CHICAGO, ILL. — **Hugh M. Brower** has been added to the staff of **Harris, Upham & Co.,** 135 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Louis C. Gutru** has rejoined **Merrill Lynch, Pierce, Fenner & Beane,** Board of Trade Building.

(Special to The Financial Chronicle)

CLEVELAND, O. — **William L. Strong,** formerly with J. S. Bache & Co., is now with **Blair Securities Corporation,** Union Commerce Building.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Ernest N. Gimble** has joined the staff of **Paul H. Davis & Co.,** Merchants Bank Building.

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — **Lloyd R. Arnold, G. M. Douglas,** and **Morris Geggie** have become affiliated with **Bankamerica Company,** 650 South Spring St. Mr. Arnold was previously with Fewell & Co.; Mr. Douglas with Revel Miller & Co., and Mr. Geggie with Nelson Douglass & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Marnee M. Hansell** is with **Butler-Huff & Co. of California,** 210 West Seventh St.

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — **Lawrence E. Erdman** has joined the staff of **E. F. Hutton & Co.,** 623 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Virginia H. Bailey,** formerly with Merrill Lynch, Pierce, Fenner & Beane, has become associated with **O'Melveny, Wagenseller & Durst, Inc.,** 626 South Spring St.

(Special to The Financial Chronicle)

PASADENA, CAL. — **Vernon Charnley, Jr.,** has become affiliated with **Thomas Kemp & Co.,** 210 West Seventh St., Los Angeles, Cal. Mr. Charnley was in the past with Griffith-Wagenseller & Durst.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**Maurice D. Bahnsen** has been added to the staff of **Foster & Marshall,** Porter Building.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA. — **George E. Sims** is with **Merrill Lynch, Pierce, Fenner & Beane,** Florida National Bank Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—**Ellsworth B. Burgi** is connected with **Bankamerica Company,** 300 Montgomery St.

(Special to The Financial Chronicle)

SOUTH BEND, IND.—**Paul B. Beamer** is associated with **Maxson Securities Co., Inc.,** 1408 Marietta St. In the past Mr. Beamer was with Arthur H. Wyatt of Indianapolis.

Wall Street War Bond Syndicate Goes Over Top

In both number of sales and dollar amount the War Bond Syndicate, comprising 467 investment dealers and brokers in the Fifth War Loan Drive, exceeded its quota by 25%, Gail Golliday of the Banking and Investment Division of the War Finance Committee for New York, announced. The final report for the four-week period of the drive which ended July 8, showed sales of war bonds to 49,891 investors for a total of $750,510,263. The goal had been set at 40,000 sales for a total of $600,000,000.

W. Fenton Johnston of Smith, Barney & Co., acting manager of the syndicate, reported to the Banking and Investment Division that 133 syndicate member firms had exceeded their participations in both numbers of subscriptions and dollar volume.

Of these 133 firms, the 20 leaders in number of sales, based on percentage of number allotted, were as follows:

DeCoppet & Doremus; Michel, Whitmer, Watts & Co.; F. S. Moseley & Co.; Wagner, Stott & Co.; Wood, Gundy & Co.; Weingarten & Co.; J. & W. Seligman & Co.; Spencer Trask & Co.; G. A. Saxton & Co.; Garvin Bantel & Co.; L. D. Sherman & Co.; Strauss Bros.; Holsapple & Co.; Kuhn, Loeb & Co.; Bacon, Stevenson & Co.; McLaughlin, Baird & Reuss; Thomson & McKinnon; Arnhold & S. Bleichroder, Inc.; Baker, Weeks & Harden; Friedman & Co.

In dollar volume of sales, the 20 leaders percentagewise were as follows:

Stryker & Brown; R. W. Proctor & Co.; Mercantile-Commerce Bank & Trust Co. of St. Louis; Slaughter, Horne & Co.; Friedman & Co.; H. G. Bruns & Co.; Dominion Securities Corp.; Hettleman & Co.; H. T. Carey, Joost & Patrick; Johnson & Wood; Schroder Rockefeller & Co.; H. L. Allen & Co.; Garvin Bantel & Co.; F. B. Ashplant & Co.; Lasser Brothers; S. B. Blumenthal & Co.; Wainwright, Luce & Willetts; F. S. Moseley & Co.; W. C. Langley & Co.; Wagner, Stott & Co.

At the end of the drive the following members of the syndicate led the field with subscriptions in excess of 1,000:

Kidder, Peabody & Co.; Dominick & Dominick; Harris, Upham & Co.; A. G. Becker & Co.; L. F. Rothschild & Co.; C. J. Devine & Co.; W. C. Langley & Co.; Smith, Barney & Co.; Hemphill, Noyes & Co.; J. S. Bache & Co.; The First Boston Corp.

Public National Attractive

Stock of the Public National Bank and Trust Company of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Unterberg & Co.

Railroad Securities

The reorganization railroad bond market has been distinctly spotty in recent weeks, characterized by periodic, but short lived, speculative bulges in individual groups of issues on specific reorganization developments. The St. Pauls and the Rock Islands each had its turn in conjunction with District Court hearings on their plans. Missouri Pacifics have had flurries from time to time on rumors that the Interstate Commerce Commission was going to come out with a plan in the near future. In none of these instances has the strength or speculative interest been sustained for any considerable period.

The most recent flurry has been in the Frisco bonds, and at the time of this writing this flurry is apparently going to follow the pattern set by the other roads. The occasion for the revival of speculative interest in Frisco liens was the filing, on July 13, of the long-awaited plan of reorganization by the ICC. Mere filing of the plan, however, does not give any promise of early consummation of reorganization. The Commission itself must now hold hearings on the plan before it can even be submitted to the Federal District Court. Even with the general accord there is among bondholders on the allocation of securities the mere mechanical details of reorganization under Section 77 are such that the most optimistic place the date of possible consummation some time in 1946.

Under certain conditions delays in reorganization prove most profitable to security holders. There are district advantages inherent in keeping the old debt and charges for tax purposes as long as possible. Thus during periods of high earnings cash accumulates rapidly. Distribution of such cash, either as interest on the old bonds or in part settlement of the claims, naturally enhances the status of the bonds. However, a delay during a period of low earnings is of questionable value, particularly if the delay means the possibility that the new securities may not be delivered until after the war boom is over. It is this factor that has induced a cautious attitude among speculators, now that the war has been progressing so favorably on virtually all fronts.

The terms of the plan just released by the ICC caused no surprise. Treatment of the various liens is that proposed in the compromise reached among the major creditor groups many months ago. Treatment of the major speculative bonds of the Frisco is proposed as follows:

	1st 4s	Income 4½s	5% Preferred Shares	Common Shares	Cash
Prior Ln. 4s	$219	$171	3.22	6.67	$15.36
Prior Ln. 5s	233	182	3.53	7.10	25.39
Consol. 4½s	221	158	1.74	3.48	21.05

At the time of this writing the 4s are selling at 45, the 5s at 48 and the 4½s at 37. Allowing for an arbitrage spread of 25%, which is the minimum that would be expected with the date of possible consummation so distant, this would indicate prospective values of the securities to be received of 56¼, 60 and 46¼, respectively.

One may take any specific bond to see how this calculation would work out. Taking the old prior lien 4s, they are to receive $234.33 in cash and new 1st mortgage bonds which may be evaluated at par. Therefore, the junior securities to be received must have a theoretical prospective value of $328.14 to justify current prices for the old bonds. The new income bonds might be evaluated at 65, or $111.15 for the amount allocated to the old prior lien 4s, which would leave $217 to represent the value of the new equities. This would work out to prices of 40 and 12⅜, respectively, for the new preferred and common stocks. Considering the time element, these appear as too liberal evaluations of the new securities. On the basis of their reorganization treatment, then, the bonds cannot be regarded as offering any particularly attractive potentialities at this time.

The one aspect that may lend some measure of speculative appeal to the bonds at this time is the possibility of additional substantial cash payments in the interim to consummation of the plan. In this respect the plan is very well drawn, leaving the door wide open for distribution of cash, when and if available, at the discretion of the court. Speculators would do well to keep a sharp eye on the company's cash position.

J. Robert Lindsay & Co. To Admit Mason L. Carroll

GREENVILLE, S. C.—Mason L Carroll will be admitted to partnership in J. Robert Lindsay & Co., Franklin National Life Building, members of the New York Stock Exchange, as of August 1st. Mr. Carroll will make his headquarters at the firms Shelby, N. C. office, Webb Building.

Thomas Hutchinson With Merrill Lynch, Pierce Co.

SAN DIEGO, CALIF.—Thomas A. Hutchinson has joined the staff of Merrill Lynch, Pierce, Fenner & Beane, San Diego Trust & Savings Building. Mr. Hutchinson in the past conducted his own investment business in San Diego and was with the First National Trust and Savings Bank of San Diego.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument: Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Purolator; Brockway Motors; Mohawk Rubber, Moxie, Scovill Mfg., and American Export Airlines.

Sinclair In War And Peace

Sinclair Oil Corp. has prepared an attractive 40-page illustrated booklet entitled "Sinclair in War and in Peace." This describes Sinclair's facilities in the fields of production, refining, transportation and distribution, and tells about new equipment built for the refining of 100-octane gasoline and synthetic rubber components. Copies of this interesting booklet may be had upon request. Write to Sinclair Oil Corp., Dept. D, 630 Fifth Ave., New York 20, N. Y.

Attractive Situations

Laclede-Christy Clay Products Co. common, which is listed on the St. Louis Stock Exchange, offers an interesting situation, according to a memorandum issued by Herzog & Co., 170 Broadway, New York City. Copies of this memorandum and also circular on Bartgis Bros. and Federal Screw Works may be obtained from Herzog & Co. upon request.

Real Estate Securities

By JOHN WEST

What About Hotel Bonds Post-War?

There has been quite a lot of conjecture as to whether or not the conclusion of the war will adversely affect hotel bonds.

One theory advanced is that hotels in New York City have seen their peak earnings because rentals cannot be raised on account of OPA regulations and that operating costs have been mounting.

Another theory is that New York City will have a boom post-war instead of a depression. The theory is advanced on the basis that New York City's greatness at present and post-war will not depend upon continued operation of a few large plants, but rather upon a vast number of small manufacturing units that will lend themselves to quick conversion to civilian production.

Current high earnings of hotels are due in a larger measure to high occupancy rather than increase in rates. Will this occupancy continue after the war? Pro-arguments include the following:

Removal of restriction of travel is expected to flood New York, the wonder city, with visitors.

Resumption of consumer goods manufacture is expected to bring thousands of buyers into New York to replenish the stocks of out-of-town stores.

Return of the armed forces is expected to increase the demand for living quarters. Many soldiers' wives now living with their mothers will want to establish their own living quarters with their husbands. A furnished apartment in a hotel will solve the necessity of an immediate outlay for furniture and besides, there are very few regular apartments of small size obtainable.

One of the leading Statistical Services has recently advised the consideration of liquidating hotel bonds. The advice to liquidate hotel bonds was based on the fact that prices of some of these securities were three or more times the pre-war level and the fact that the rise was influenced by the improved earnings occasioned by the war.

The writer sharply disagrees with the theory that because a security has had a large price-appreciation that necessarily means that high yields should be sacrificed and the security be sold. He agrees that the rise in prices were *partly* influenced by improved earnings, but is also of the opinion that the better prices were also occasioned by the realization that the security behind the bonds was worth more than the market price of the bonds.

As an example, 870—7th Avenue general mortgage bonds (Park Central Hotel) have risen 38½ points since Pearl Harbor—from a price of 24½ in November 1942 to 63 at the present time. Well, let us look into this current price of 63. In the first place, it is anticipated that a payment of 3 points will be made on August 1st to clean up all accumulated interest. This will reduce the cost of the bonds to 60% and will open the way for future sinking fund operations of the bond issue. Bonds pay 4½% fixed interest, so that at a price of 60 a yield of 7½% is obtainable. As to whether the 4½% interest can be maintained after the war, the earning experience on the bonds before depreciation, during the past eight years, is interesting, viz:

1943	12.67%	1939	4.20%
1942	5.65%	1938	3.88%
1941	4.40%	1937	5.66%
1940	4.93%	1936	6.71%

You will note that in three of the eight years, the interest requirements were not met. We believe this will now be corrected by lower real estate taxes, resulting from reduction in assessment. For instance, in 1941 when interest was not quite earned, the property was assessed at $6,750,000. In 1942 the assessment was reduced to $5,700,000—a savings in taxes of about $30,000 a year or about ¾ of 1% on the bond issue.

Now as to the value of the property securing the bond issue:

Present funded debt consists of a $1,161,786 institutional first mortgage and the subject $4,055,200 bond issue, a total funded debt of $5,216,986, but the bond issue is now selling at a 40% discount bringing it down to $2,433,120. This puts a market value on the funded debt of only $3,594,906. Let us compare this figure with some other facts to see whether these bonds are over-priced. In the first place, it is a very small part of the original funded debt, which was as follows: first mortgage $8,500,000; second mortgage, $2,000,000; notes, $378,103—a total of $10,878,103. Secondly, it is less than the assessed value of the property, which as stated before is $5,700,000. Thirdly, its comparison to annual gross income is interesting. During the past eight years the lowest gross income was in 1938—$2,080,245; the highest in 1943—$3,259,916.

Added to all these facts is the advantage of the bonds carrying stock representing a share in the ownership of the property.

The writer, after studying all these facts, concludes that the bonds of this 1,600 room hotel do not appear over-priced and that the high yield afforded warrants the retention of these bonds.

We would recommend a complete study of the value behind your hotel bonds before letting the fear of peace-time influence your selling this type of security.

Rail Situation of Interest

Grand River Valley Railroad first 4s of 1959 offer interesting possibilities according to a circular being distributed by Adams & Peck, 63 Wall Street, New York City. Copies of this circular may be had from the firm upon request.

Interesting Situation

H. R. Baker & Co., Russ Bldg., San Francisco, Calif., have available an interesting report on Rohr Aircraft. Copies of this report may be had from the firm upon request.

Says Monetary Conference Swayed By Managed Paper Currency Policy

Robert S. Palmer, Managing Director, Colorado State Mineral Resources Board, Claims That "A Few Ambitious Treasury Experts" Seek End Of Monetary Use Of Silver, and Plan Steps "Towards Demobilizing Gold"

Expressing concern that the American delegation at the Bretton Woods Monetary Conference is moving away from the traditional hard money policy, based on gold and silver, and toward a worldwide system of managed paper currencies, Robert S. Palmer, Managing Director, State Mineral Resources Board of Colorado, declared last Friday that it is not too late to halt new experiments with untried monetary devices.

Mr. Palmer, who was at the International Monetary Conference as an observer, on July 14 issued the following statement:

The American people, traditionally devoted as they are to a sound monetary system based upon the firm twin foundations of gold and silver, have good cause for alarm over the trend of the discussions at the International Monetary and Financial Conference at Bretton Woods, N. H.

After attending the Conference for several days, I feel that I can summarize its attitude towards gold and silver, as indicated by a number of delegates to whom I have spoken, as follows:

1. Gold is to be retained in a nominal role, rather than as a true monetary standard. The International Monetary Fund will hold some gold, and it will exchange foreign exchange for gold for member countries for the time being. But the traditional gold standard, under which the monetary system of a nation is tied to a gold reserve, would in effect be abolished, and at a later date gold may be completely demonetized because it is only a "relic of barbarism."

2. Silver is to be ignored completely, as if it plays no monetary role whatever. Whenever a proposal is advanced to recognize that silver does have an important monetary part to fill in the modern world, and could be of infinitely greater usefulness after the war by the adoption of international bimetallism through the International Monetary Fund, the American delegation meets it with cynical snickers. Laughter is to take the place of logical argument when the monetary role of silver is brought up, the higher strategists of the American delegation have decreed.

When the war is over a large part of the world will be in the throes of a runaway paper money inflation. The large majority of the people of this country believe in gold and silver, and not in managed paper currencies. There is every reason to believe that the peoples of other countries will feel the same way, even more strongly because they will be suffering the aftermath of severe paper money inflation in so many cases.

The Conference now meeting at Bretton Woods has a great opportunity to do good or evil. The choice is up to the delegates, and the governments which they represent.

The Conference can set up an International Fund which will peg the prices of gold and silver in each country, and then assist individual nations whose international payments are temporarily unbalanced to maintain the gold and silver parities of their currencies. That is the kind of plan the people of the United States, and our Congress, would accept, in my opinion.

Or the Conference might embark the world upon the seas of managed currency experimentation, with or without the cloak of a nominal gold standard to conceal what is really being done. Unfortunately, the Conference is moving rapidly in this dangerous direction today. Cut off from contact with the people, at a remote mountain resort, the American delegation has been taken in hand by the Treasury "experts" who drafted the original monetary stabilization plan and is being shepherded along the managed currency path. The delegation was handpicked to begin with to leave out any advocate of silver and international bimetallism. Foreign delegations, filled as many of them are with advocates of sound money, know that they are so dependent upon American military or economic aid today that they dare not oppose our Government with a firm stand on any point, regardless of their real beliefs.

The American people should recognize this comedy for what it is. A few ambitious Treasury "experts," doubtless convinced in good faith of the worth of managed currency, would end the monetary use of silver and take a long step towards demonetizing gold as well. Only the rejection of this plan by Congress, backed by an outraged public opinion, can prevent the adoption of another dangerous monetary experiment on a world-wide basis. A rejection of the plan now being drafted will be necessary to pave the way for a return by mankind to currencies soundly based upon gold and silver.

July 14, 1944.

SEC Rules On Open Contracts In Finnish Securities

Following the announcement on June 30 by the New York Stock Exchange and the New York Curb Exchange of their suspensions of trading in Finnish securities, the SEC made public the text of a letter which was sent to the two exchanges and to the National Association of Securities Dealers, Inc., in identical form, requesting that all brokers and dealers refrain from effecting any transactions in such securities, whether by way of closing and consummating open contracts or otherwise, without first obtaining Commission approval. The text of the letter follows:

"The New York Stock and the New York Curb Exchanges have suspended trading in Finnish securities.

"We have been advised that there may be open contracts in some of these securities which require the effecting of a purchase or sale to close and consummate. It may be that some of your members hold such open contracts and wish to effect offsetting purchases or sales of these securities. The Commission requests that its approval be obtained before any such transactions are effected in them. The Commission further requests that all brokers and dealers refrain from making any other transactions in these securities without prior Commission approval.

"Will you, therefore, kindly advise your members, who may wish to make offsetting purchases or sales of these securities, to inform the Commission of all the relevant circumstances relating to their positions and open contracts before closing them by a purchase or a sale. Your cooperation will be appreciated.

Very truly yours,
James A. Treanor, Jr.,
Director."

The Real Issues At Bretton Woods

(Continued from page 283)

An understanding of the problems under discussion at Bretton Woods is the more essential, as their solution will necessarily imply short-term sacrifices on the part of the American people in order to achieve long-term results. Maybe what follows will cast some light on this subject and help people to realize what it is all about.

The Two Protagonists

The two protagonists of the conference at Bretton Woods are the United States and England. Both are interested in the success of the current negotiations, if for different reasons peculiar to each of them. To the assertion of American bankers that "Financial Problem No. 1 is the pound sterling," the English bankers rejoin: "Financial Problem No. 1 is the dollar" (read: the world lacks dollars). The truth is, there are two problems: the pound sterling and the dollar. **And as if these questions were not sufficiently complicated in themselves, the solution to one of them does not necessarily constitute a satisfactory answer to the other.**

The United States have the preoccupations of a wealthy people; England, the worries of an impoverished one. The United States are thinking mostly of their social equilibrium and of world peace; England is fighting to ensure to her people the means of existence: *primum vivere*. The social equilibrium of the United States is best assured when agricultural prices are high; the economic and financial equilibrium of Great Britain rests on her ability to obtain abroad agricultural products at low cost. The United States are happy when booming, sweeping along in their prosperity those countries supplying raw materials; England breathes and lives more easily when she can buy her raw materials cheaply. The United States are still strongly individualistic and convinced that free enterprise is the necessary condition of all liberty; England, not exactly by preference, is resigned to accepting collectivist formulas for her economic and social organization. The United States have become conservative; England does not fear adventure.

To better follow the debates at Bretton Woods, one must keep in mind the two following situations of recent origin, with which the world is now confronted:

(1) It is the first time that a big country—the United States—whose economic weight is considerable, is at the same time a creditor nation in its international accounts and an exporter of both industrial and agricultural products.

(2) Due to the war, England has been forced to liquidate a large part of her investments abroad, and her invisible income will also be reduced. If she wishes to maintain her imports at the prewar level, she will have a find new export openings for an additional amount of 300,000,000 to 400,000,000 pounds sterling. As a matter of fact, the war has merely precipitated the British crisis, the symptoms of which already had been apparent for some time. The premises and foundations upon which the economic equilibrium of England had been established in the XIXth century, have greatly changed. The attendant increase in her population to its present figure of 45,000,000 has created a serious problem of subsistence under circumstances now existing. (England imports 3/5 of the agricultural products she requires.) For England—and not for Germany, who spreads the slogan mainly for her military and political ends—the alternative "export or die" is true to the letter. The fears expressed by Malthus might end by finding their justification in his native land, as was the case for Ireland in the XIXth century. Many Englishmen, fearing they might not be able to expand British exports sufficiently to pay for their imports, recommend the organization of a "sterling area" which would include Great Britain, the British Dominions (except Canada) and the British colonies, as well as a few countries of western Europe who might find it to their interest to join, and Argentina. This solution of the British problem—if indeed it is a solution, which we doubt — would hardly suit either American economic-social interests, or the aims of American policy. It is, moreover, objectionable in that it would foster economic nationalism and would be contrary to present political ideals.

The Four Major Objectives

Four main considerations or objectives have dominated the general structure of the plan which is serving as a basis for discussion at the international conference at Bretton Woods:

(1) Owing to the tremendous sacrifices imposed upon her by the war, England, a creditor nation, has become a debtor nation. Not only has she liquidated a part of her long-term assets, but she has also incurred a short-term indebtedness, already amounting to more than $8,000,000,000. Moreover, to pay for her imports, at the 1937-to-1939 level, England will have to nearly double her pre-war exports.

(2) The plan accepts the principle of responsibility of the countries whose balance of international accounts is chronically creditor. The means for remedying such a state of affairs, admittedly detrimental to international equilibrium and trade, is not defined. The plan merely states that in such circumstances the Stabilization Fund will have the task of making its recommendations with a view to ending it.

(3) Unemployment is not to be tolerated. "Full employment" has become a sort of categorical imperative. All the other desiderata—such as stable currency, balanced budget, and even social progress—must give away to this objective.

(4) As a corollary to Point (3) above, Lord Keynes announces the triumph of his dictum, "Gold is a barbarous relic," and he stated in a recent speech before the House of Lords that the plan under discussion was exactly the opposite of a monetary plan based on the gold standard. It explicitly provides that the external value of a national currency should be altered if necessary so as to conform to whatever de facto internal value results from domestic policies, which themselves shall be immune from criticism by the Fund. Relieved of the monetary experts' jargon, all this simply means the adoption of "elastic" currencies. One hardly needs to be unduly discerning to foresee that this elasticity will serve only to devaluate currencies and never to revaluate them with respect to gold.

American Objections

What are the objections of American bankers and the American press to the plan which is being used as a basis for discussion at the conference? They may be summed up and formulated as follows:

(1) The first and the most important objection is that the Stabilization Fund will foster rather than discourage monetary instability. If each country is free to devaluate its currency, after a short notice to the Stabilization Fund, in order to help its internal economy (and without the Fund's having the right to criticize the internal policy), what kind of monetary stability may we expect from this plan?

(2) What is most important for monetary stability is that all countries have sound domestic policies from an economic, budgetary and credit standpoint. The Stabiliaztion Fund is incapable of remedying evils due to poor domestic policy. And if the principles at the root of the countries' domestic policies are sound, a large monetary fund is useless. The greatest contribution the United States can make after the war to currency stability will be to stabilize their own currency by balancing their budget. Other nations might do well also to give up inflation as a remedy to their internal disequilibrium. A nation cannot have both stable currency and inflation at the same time.

(3) The only effect of the plan will be to make the sound currencies support the weak currencies, and to allow the continuance of unsound domestic policies until the credit to which the countries are entitled in the Stabilization Fund has been exhausted. Furthermore, the borrowers will control the lenders' policy.

Conclusions

However valid may be the objections expressed by the American bankers and press, we reproach them for completely ignoring the problems facing England, the dollar problem, and that of "full employment"—this latter actually accepted by almost all peoples and their governments, as a categorical imperative. All thoughtful people are in favor of currency stability. But this monetary stability, however desirable it may be, is not in itself an end, but a means to one or several objectives. These objectives are today more than well-known. They can neither be eluded nor passed over in silence. What positive measures of international cooperation are proposed to replace the rejected plan? The business of a world as unbalanced as will be the post-war world will hardly take care of itself.

Positive and constructive answers must be given to the following questions, among others, lest the world drift into chaos, anarchy, or totalitarianism:

(1) It is a stubborn fact that the peoples and their governments have accepted the doctrine of full employment as imperative. How are we to reconcile this imperativeness with the individualistic free enterprise system and with free international multi-lateral trade?

(2) What are the answers to the English problem and that correlated to it, namely, the dollar problem?

If we do not contrive to reintegrate the British Commonwealth into a world economic multi-lateral system, the alternatives for Great Britain are either to decline and become a second-rate country and power, or else, in self-defense, to choose economic autarchy as the only way out of her predicament and the problem of providing the means of subsistence to the British people. **Neither one nor the other alternative is, we submit, to the interest of the United States.**

What is the answer to the British problem? We do not profess to have the right, or the only, answer, but we suggest that one of them might be sought in the following ideas: The United States should undertake to negotiate the conditions under which they would assume the responsibility for a large part of the foreign deposits in English banks. Furthermore, the United States should grant England a big loan on a long-term basis and at a nominal rate of interest. It will also be necessary to reserve, for a period of time, certain markets, preferably within the British Empire, to British goods.

For the moment we have but one deep and firm conviction: none of the great problems facing the world after a victorious peace can be solved without intimate, loyal and intelligent collaboration between the United States and England. If these two countries cooperate with one determined will, all our hopes of a better world are permissible. If, by ill fortune, demagogy, prejudice, ill-advised egoism, or just plain stupidity, should prevail, we strongly fear that mankind will not escape the doom prophesied by the cassandras. The English writer, Norman Angell, whose intelligence is so evident, has published in "The Saturday Evening Post" of May 23 an important article entitled suggestively: "What the British Empire Means to America." In this article British pride gives way to intelligence and political wisdom, and the author does not hesitate to write of England, "that American base and bridgehead known as Britain." This frankness will be useful in helping Americans understand the real issue involved and their true interests, and will serve the English cause better than many subtleties. In the democracies especially, evasion and demagogy must be done away with, for nothing can be built without the support of enlightened public opinion.

Peter P. McDermott To Admit

Peter J. McDermott will become a partner in Peter P. McDermott & Co., 65 Broadway, New York City, members of the New York Stock Exchange, as of August 1st. In the past Mr. McDermott was a partner in the firm.

The Business Man's Bookshelf

Investment Companies and Their Securities—Fourth Annual Edition—Arthur Wiesenberger & Co., 61 Broadway, New York City —$10.00.

Scientific Developments From The Investor's Viewpoint—Leslie Havergal Bradshaw—National Securities & Research Corp., 120 Broadway, New York City—paper —$1.00.

Eighty-Sixth Annual Report of The Trade and Commerce of Chicago For The Year Ended Dec. 31, 1943—Chicago Board of Trade, 141 West Jackson Boulevard, Chicago 4, Ill.—cloth.

Source List of Selected Labor Statistics, A.—Special Libraries Association, 31 East 10th St., New York 3, N. Y.—paper—$1.50.

What Is The Truth About The Cotton Textile Situation?—The Cotton-Textile Institute, Inc., 320 Broadway, New York City—paper.

Rothschild & Co. To Admit

CHICAGO, ILL.—Rothschild & Co., 135 South La Salle Street, members of the New York and Chicago Stock Exchanges, will admit Gertrude R. Karger to partnership in the firm on August 1.

Connecticut Brevities

Three of Hartford's four leading banks showed a decided improvement in earnings in the first six months of this year over the results for the corresponding period of 1943. Following is a tabulation of indicated earnings per share (not taking into consideration charge-offs for banking premises):

Six Months Ended June 30—	1944	1943
First National Bank	$4.12	$6.10
Hartford-Connecticut Trust Co.	3.36	1.98
Hartford National Bank & Trust	1.10	.68
Phoenix State Bank	14.57	8.80

During this period, charge-offs were as follows: **First National Bank,** $50,000 or $4.35 a share compared with $3.48 a year ago; and **Hartford National Bank & Trust,** $75,000, or 19c a share against 12c the first half of 1943. No deductions were made by **Hartford-Connecticut Trust Company** or **Phoenix State Bank.**

* * *

As of June 30, 1944 the First National Bank of Hartford had approximately two-thirds of its total resources invested in United States Treasury obligations and other securities. United States Government securities alone represented one-third of the total assets. Cash and due from banks, together with total investments account for more than 94% of all assets.

* * *

A comparison of the balance sheets of the **Hartford-Connecticut Trust Company** for the six months ended June 30, 1944 with that for the year ended Dec. 31, 1943 shows a decline in total deposits of $6,102,442 or slightly in excess of 6%. United States Government securities advanced to $40,378,191 which represents 39% of the total assets. Book value increased from $47.50 per share to $49.36.

* * *

For the same period, **Phoenix State Bank & Trust Company** likewise showed a decline in deposits amounting to $2,416,405, or roughly 3%. Commitments in United States Government obligations now total $55,515,403 which is approximately 63% of the bank's total resources. Book value of $272.37 per share showed an increase of $9.57.

* * *

The Hartford National Bank & Trust Company as of June 30, 1944 had total assets of $212,915,118—an increase of $16,945,366 since Dec. 31, 1943. Cash and due from banks and United States Government securities totalling $188,879,347, comprised 88% of the total assets. Book value per share as of June 30 was $22.62.

* * *

Connecticut may well be proud of the record of achievement of the United Aircraft Corporation.

It is particularly interesting to note that in terms of total horsepower in all planes produced in the United States in 1943, Pratt & Whitney engines accounted for 51%. The Division in East Hartford surpassed any one of its licensees in horsepower production.

* * *

As of July 1, the Scovill Manufacturing Company of Waterbury called for Sinking Fund operations $988,000 of their 3¼% debentures due July 1, 1950. The redemption of these bonds leaves outstanding $4,512,000 of the original $10,000,000 issue.

* * *

While approximately 90% of the present business of **Landers, Frary & Clark of New Britain** is represented by either direct or indirect war contracts, the company is giving considerable thought to research developments for the post-war period. Already plans are under way to reconvert the plant for peacetime production. When normal operations are resumed, it is expected that considerably wider use will be made of stainless steel than in the past. This item will be utilized in the manufacture of their pressure cooker.

In accordance with new regulations established by WPB's special program, Landers expects to manufacture electric irons at its Verplex plant in Essex, Connecticut.

* * *

Fifty of Connecticut's most widely known companies paid out dividends totalling $18,557,081 during the first half of this year. This represents a curtailment in payments of approximately $1,000,000 — disbursements for the first six months of 1943 having been $19,626,037.

The major portion of this decline was due to reductions in the industrial group. **Colt's** failure to pay any dividend, plus the omission of an extra by New Britain Machine Company, and the reduction in payments made by North & Judd and Peck, Stow & Wilcox, accounted for the principal decrease.

In the utility field, **Connecticut Power** was the only company to cut dividends.

No change was made in the rates in the bank and insurance groups.

OUR REPORTER'S REPORT

The total of prospective new issues in sight, between now and the close of the year, has been swelled substantially by reports that the Great Northern Railway Co. is again actively considering a vast refinancing program.

At any rate there is reason to believe that investment banking interests are expecting the road to be in the market since it is learned that two large groups are being organized to bid competitively for the new securities.

This operation, which has been in the wind before but delayed for several reasons, most important perhaps to await the ruling of the Interstate Commerce Commission on the matter of competitive bidding, is expected to run around $100,000,000.

Although nothing official has yet been indicated as to the probable setup of the new financing reports have it that it will be done partly through the medium of serial bank loans and the balance in the form of term bonds of mixed maturities.

The road has total funded debt of $290,873,909 on the basis of the latest available balance sheet, with two issues, the series G and series H 4s, both convertible, and outstanding in the combined amount of $58,247,000, scheduled to mature in July, 1946.

Portfolio Man's Headache

Plans of Bethlehem Steel Corp., looking toward retirement of some $60,000,000 of outstanding bonds, fall into the category of events which pose serious problems for the managers of institutional investment portfolios.

Of course they have a ready "out" these days, that is a shift of the resulting cash into government securities. But the aim of institutional investors continues as it has in the past, that of seeking a degree of diversification in holdings.

Bethlehem is consummating details now looking toward the sale of $70,000,000 of new notes, through bankers direct to institutional investors. Should current holders secure the bulk of the new issue, which of course is likely, their problem would be solved.

Investors Are Around

Pressure of funds seeking investment has not lost any of its force, judging by the popularity of preferred stock issues. Yesterday's offering of 50,000 shares of 5% cumulative preferred stock of the Marathon Corp., successor to Marathon Paper Mills, encountered good response. This company has plans also for issue of $5,000,000 debentures in the near future.

On Tuesday a group of bankers negotiated the sale in a secondary operation of a block of 25,000 shares of the cumulative 4½% preferred stock of the Sunray Oil Corp., within a short interval.

Today brings on the market another preferred stock offering involving 36,218 shares of series A 4% cumulative preferred stock of Johnson & Johnson, also by way of a secondary. And reports indicated a ready reception for this issue.

Two Utility Preferreds

Northern Indiana Public Service Co., which last week rejected a single bid made by a New York banking group looking toward replacement of its outstanding 7, 6 and 5½% preferred stocks, is reported now to be negotiating with a group of Chicago bankers to undertake the business on a revised basis.

New York bankers had sought the business on a plan which called for the retirement of the outstanding stocks through an exchange for new 5% shares.

At the same time, New York bankers were reported forming groups to compete for an issue of $18,000,000 of new preferred stock of the New York Power & Light Co. which would provide the bulk of funds needed to retire outstanding 7 and 6% preferreds.

Michigan Brevities

In a stirring talk Walter S. McLucas, Chairman of the Banking Division of the War Finance Committee and Chairman of the National Bank of Detroit gave out the final figures which revealed the splendid job the local unit had done in the Fifth War Loan drive.

"The State quota for corporations, unions, estates, etc., was $250,000,000," he said. "This was far surpassed and the final figure showed $370,183,231 worth sold.

"The State quota for individuals —other than E bonds—was $107,000,000 and although only $99,517,775 worth were sold, this particular group on Wayne County topped its individual quota of $53,661,000 by 25% and sold $67,627,000 worth."

Mr. McLucas added that Wayne County's corporate quota was also far surpassed. W. S. Gilbreath, Ernest C. Harris and John W. Watling were State Vice Chairmen; E. K. Hoover, State Director. Heading the Wayne County division were: McPherson Browning, Chairman; Fred A. Bargman, Harry W. Karr and Alvin McAuley, Jr.

Stockholders of the Detroit and Cleveland Navigation Co. received notice of a special meeting to be held at the Company's offices on July 31, at 10:30 a.m. At the meeting directors will be elected.

In the management's solicitation for proxies it was stated that President James T. McMillan's entire 1943 remuneration, including director's fees, totaled $20,160 only $14.15 above the 1942 figures. Total paid to all officers and directors aggregated only $43,326.

H. Russell Hastings of Detroit has been named on the National Securities Traders Association Committee. Ivor Bryn was promoted to Vice President in charge of manufacturing of the McLouth Steel Corporation. Joseph M. Dodge, President of the Detroit Bank and also head of the Michigan Bankers Association has been named to the ABA's Post-war Small Business Committee. Al Wallace, prominent Detroit financier, is credited with being the man who brought Ward Canaday of Willys and Charles Sorensen together.

Shortly after public announcement that a merger of the International Detrola Corporation and the Universal Cooler Company was contemplated, officials of both companies said that plans had been called off. No reason was given.

The Detroit Stock Exchange announced the following proposed transfers of memberships:

From the Detroit Stock Exchange — To Edward T. Bennett, Jr., Melvin G. Kingstrom, Earle W. Parcells and Robert Reed Stoetzer.

Election to membership and registration on the Detroit Stock Exchange of John M. Williams was also announced and notice of partnership of Bollinger, Harris & Company listed.

Thomas Paddock With Merrill Lynch Firm

DETROIT, MICH. — Merrill Lynch, Pierce, Fenner & Beane, Buhl Building, have announced that Thomas F. Paddock has become associated with them. Mr. Paddock has been in the investment business for twenty years. He was President of the Bond Club of Detroit in 1938-39.

Custom Duties Temporarily Suspended For Metropolitan France

(By cable from Algeria, delayed)

Urgent need for imported merchandise and determination to hold down living costs has brought about temporary suspension of custom duties and fiscal taxes on imports to metropolitan France. The Provisional Government of the French Republic in Algiers has made adequate provision within the present ordinance for reestablishment of duty for certain groups of products or for modification of rates upon recommendation of the Ministry of Supply and Production.

G. N. Miles A Partner

PEORIA, ILL.—George N. Miles is now a partner of Herbert B. White, Commercial Merchants Bank Building. Mr. Miles has been associated with Mr. White in his investment business for the last ten years.

W. A. McDonnell, Little Rock, Joins Mercantile-Commerce, St. Louis

W. L. Hemingway, president of the Mercantile-Commerce Bank and Trust Company of St. Louis, has announced the election of William A. McDonnell as vice president. Mr. McDonnell will take up his new duties on Aug. 15, and will have supervision of the following divisions of the bank: General Operations, Banks and Bankers, and Savings. He comes to the St. Louis institution from the Commercial National Bank of Little Rock, Arkansas, where he has been executive Vice-President since 1933.

Wm. A. McDonnell

Mr. McDonnell graduated from Vanderbilt University, where he was awarded the Founders Medal in the School of Law. He served overseas as a capitain in the Field Artillery during the last war, and on his return entered the practice of law in Little Rock. In 1927 he became Vice-President of Federal Bank & Trust Co., Little Rock, the following year joining the Bankers Trust Co. in the same capacity, and in 1933 he became Executive Vice-President of the Commercial National Bank. He is a director of the Little Rock branch of the Federal Reserve Bank of St. Louis.

Long active in civic and financial affairs, he has served as President of the Little Rock Chamber of Commerce; Chairman of the Arkansas Victory Fund Committee; director of the Arkansas Economic Council, and in other important posts. He has been President of the Arkansas Bankers Association and of the Little Rock Clearing House. He is Chairman of the Bank Management Commission of the American Bankers Association. He is an Executive Councilman of the ABA from Arkansas, and was Chairman of the Resolutions Committee, 1943 ABA convention.

Democratic Convention Opens At Chicago

President Roosevelt Advises Chairman He Would Vote For Renomination Of Wallace, But Says "Convention Must Do Deciding"

With the bringing under way of the Democratic National Convention in Chicago yesterday (July 19) major interest centered in the choice of Vice President, as well as in the platform to be adopted. President Roosevelt had previously (July 11) indicated that if the convention should "nominate me for the Presidency, I shall accept. If the people elect me I will serve."

This statement of the President was contained in a letter to Robert E. Hannegan, Chairman of the Democratic National Committee, and was referred to in our issue of July 13, page 201.

At that time it was noted in our item of a week ago, the President gave no inkling as to whether he expected that Vice President Henry A. Wallace would be renominated with him. The President delayed until July 17 making known his attitude on the question of the Vice Presidential candidate, when he said "I personally would vote for his [Mr. Wallace's] renomination, if I were a delegate to the Convention." The President added that "obviously the Convention must do the deciding. And it should . . . give great consideration to the pros and cons of its choice." Four years ago, when President Roosevelt was nominated for a third term, he had indicated Mr. Wallace as his choice for Vice President.

The views of the President at the present time were conveyed in a letter under date of July 14 from Hyde Park, N. Y., to Samuel D. Jackson, of Indiana, permanent Chairman of the Democratic National Convention, made public as follows on July 17:

THE WHITE HOUSE
Washington

Hyde Park, N. Y., July 14, 1944.

My dear Senator Jackson:

In the light of the probability that you will be chosen as permanent chairman of the convention, and because I know that many rumors accompany all conventions, I am wholly willing to give you my own personal thought in regard to the selection of a candidate for Vice President. I do this at this time because I expect to be away from Washington for the next few days.

The easiest way of putting it is this: I have been associated with Henry Wallace during his past four years as Vice President, for eight years earlier while he was Secretary of Agriculture, and well before that. I like him and I respect him and he is my personal friend. For these reasons I personally would vote for his renomination if I were a delegate to the convention.

At the same time I do not wish to appear in any way as dictating to the convention. Obviously the convention must do the deciding. And it should—and I am sure it will—give great consideration to the pros and cons of its choice.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Honorable Samuel D. Jackson,
Stevens Hotel,
Chicago, Ill.

On July 18 Vice President Wallace left Washington for the convention to take personal charge of the campaign in his own behalf at Chicago, where, it was stated by the Associated Press, a host of rivals for the Vice Presidential nomination have developed apparent strength.

Interesting Situations

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have prepared interesting memoranda on Associated Electric Co., Cleveland-Cliffs Iron, Giant Portland Cement, Interstate Bakeries, National Fireproofing, New England Power Association, and New Orleans Great Northern Railway. Copies of these memoranda, and the current issue of the firm's "Preferred Stock Guide" containing comparative figures on public utility preferred and common stocks, may be had upon request.

Harvey, Kline & Co., Inc.

ST. LOUIS, MO. — Harvey, Klein & Co., Inc., 320 North Fourth St., is continuing the investment business of Seddon, Morfit & Harvey, Inc. Officers are: Thos. U. Harvey, President; Collins Thompson, Vice-President, and Elmer B. Klein, Secretary and Treasurer. All were formerly officers of Seddon, Morfit & Harvey, Inc.

Harvey, Klein & Co., Inc., will be members of the St. Louis Stock Exchange, with Mr. Klein holding the membership.

Missouri Brevities

St. Louis Breweries Important Contributors To Local Industrial And Investment Activities

Home of "The World's Largest Brewery" and by that fact known internationally as an important brewing center, St. Louis in addition has developed a number of smaller, well-entrenched units in the industry whose earnings and dividends have attracted an ever widening investor interest in recent years. Wartime restrictions on bottle purchases, capping materials, shipping containers, malt consumption, transportation and delivery coupled with shortages in certain substitute ingredients used in brewing have been met intelligently and aggressively by St. Louis brewery managements as reflected in the comparative statements of these companies covering the period since our entry into the war. Statistical highlights covering the companies whose stocks are publicly traded follow:

Anheuser - Busch, Incorporated had net earnings of $6,081,789 in 1943 equal to $6.76 per share on 900,000 shares of capital stock compared with $6,439,818 or $7.15 per share in 1942. Book value $54.71 per share. Dividends of $4.00 per share paid in 1943 and $2.75 distributed to date in 1944. No bonds, bank loans or preferred stock at Dec. 31, 1943. Cash and Governments (excluding $3,000,000 U. S. Certificates in deferred capital expenditure fund) totalled $8,310,784 compared with total liabilities of $3,693,275. Market 81-85. In addition to world famous "Budweiser," "King of Bottled Beer" the company also produces "Michelob," a premium draft beer. Other products include yeast, baker's malt, yeast vitamin extracts, corn syrup, ginger ale, root beer, starches, dextrines, corn products, animal feeds, etc.

Falstaff Brewing Corporation had net earnings of $853,772 in 1943, equal, after preferred dividends, to $1.80 per share on 450,190 shares of common compared with $760,319 or $1.58 per share in 1942. Book value $8.00 per share. Dividends of $0.90 per share paid in 1943 and $0.30 to date in 1944. No bonds, no bank loans at Dec. 31, 1943. Common preceded by $711,248 6% Cumulative Preferred stock $1 par. Current assets of $2,921,874 versus Current Liabilities of $2,162,645. Cash and Governments totalled $1,164,602. Produces "Falstaff"—"The Choicest Product of the Brewer's Art" in its three plants located in St. Louis, Omaha and New Orleans. Market 16-17.

Hyde Park Breweries Association, Inc. had a net profit in the fiscal year ended Mar. 31, 1944 of $522,866 equal to $5.23 per share on the 100,000 shares of $10 par value common stock compared with $486,634 or $4.87 per share in the preceding 12 months. Dividends paid totalled $3 per share in the calendar year 1943 and $1.75 has been distributed to date in 1944. Company has no bonds, preferred stock or bank loans outstanding. As at Mar. 31, 1944 Current Assets totalled $1,718,346 including Cash and Governments of $1,012,523 and compared with Current Liabilities of $696,629. Book value is $28.66 per share. Produces "Hyde Park" — "Seldom Equalled—Never Excelled." Market 45-48.

Griesedieck Western Brewery Company, plant located at Belleville, Illinois, had net earnings of $369,123 in 1943 equal, after preferred dividends, to $5.36 per share on the 62,814 shares of no par common outstanding. This compares with $243,586 and $3.36 per share in 1942. Dividends of $2.00 per share were paid in 1943 and a total of $1.00 to date this year. No funded debt or bank loans. Common is preceded by 23,580 shares of $25 par 5½% Cumulative Preferred stock, each share being convertible into two shares of common. As at Dec. 31, 1943 Current Assets of $1,126,391 including $554,927 Cash and Governments compared with Current Liabilities of $664,304. Book value of common $29.05 per share. Produces "Stag." Market 32½ bid.

Columbia Brewing Company had net earnings of $221,459 in 1943 equal to $1.85 per share on the 120,000 shares of $5 par com-

(Continued on page 294)

Joseph A. Manion With Slayton & Company, Inc.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Joseph A. Manion has become associated with Slayton and Company, Inc., 111 North Fourth Street. Mr. Manion in the past was an officer of Ryan-Nichols & Co.; prior thereto he was Manager of the sales department of Friedman, Brokaw & Samish and was Trading Manager for Taussig, Day & Co.

With B. C. Christopher Co.

(Special to The Financial Chronicle)

JOPLIN, MO.—Fred R. Doescher is now with B. C. Christopher & Company, 118 West Fourth St.

Mutual Funds

Looking Ahead

It has been more than a year since we ventured the prediction that the post-war era would witness such growth in the investment company field as to produce a single company—perhaps several—with assets of more than a half-billion dollars.

This may have sounded like wild speculation to many persons closely associated with the industry. And yet the events of the past year have, we believe, materially increased the prospect of a half-billion dollar investment company in the post-war period.

What has happened to justify this confidence? A year ago there was only one open-end company with assets of more than $100 million. Today that is still the case. But another company which a year ago had assets of approximately $60 million is presently approaching the $100 million gold.

One medium-sized company has more than doubled its net assets in the past year. A number of others have also shown phenomenal growth. And this in a year of wartime restrictions and uncertainties. Consider the possibilities in a year of post-war boom proportions!

More significant and also more encouraging than growth figures alone is the fact that in the past year the volume of investment company sales has steadily risen in proportion to total sales on the New York Stock Exchange. This trend is clear indication of the widening acceptance of investment company shares by American investors.

In view of the great dispersal of wealth which has occurred in this country during the past five years, the major market for investment company shares (small and medium-sized investors) has been vastly enlarged. Depending on post-war market levels, there may be $100 billion of listed corporate securities outstanding in the post-war period and it does not seem unreasonable to assume that as much as 10% of this amount will eventually be held through the open-end investment companies.

* * *

Brevits makes out a case for common stocks from the figures in an article published in the June issue of "The Exchange." The article reveals that out of 4,808 bond issues examined, 27.2% were in default or partial default during the depression of the early 1930's.

Comments the article: "It is true that many, even good-grade stocks cut or passed or paid irregular dividends for a time, but there was always the chance of higher dividends later. It is also true that years of litigation over numerous bonds caused expenses to accrue against assets . . . and the holders frequently received in exchange securities of less value and drawing less income than the original investment produced."

* * *

"128 Billion Idle Dollars" is the title of the current issue of **Keynotes.** A chart of the nation's liquid funds reveals that bank deposits and currency in circulation have risen from $57 billion in 1937 to $128 billion in February of this year.

"On average, Americans have cash reserves equal to more than one year's normal income!

"Rising prices for securities—stocks as well as bonds — depend upon two factors: (1) the capital with which to buy and (2) the desire to buy. Liquid funds are available in unprecedented volume. The public's urge to put this money to work by buying stocks has quickened since the Invasion."

* * *

"In just the past 60 days," writes Kenneth S. Gaston, President of **Distributors Group,** "investment dealers like yourselves have sold for us $2,680,557 worth of the best-known listed steel stocks — and have made $160,833 by doing so. . . .

"This was only a fraction of the business we have been doing in leading listed stocks and bonds—all of it through dealers."

This letter — mailed to NASD member dealers not already doing business with Distributors Group —goes on to point out the advantage to the dealer in handling mutual fund shares. Included in the mailing were samples of Distributors Group sales literature on **Steel Shares of Group Securities, Inc.**

* * *

Manhattan Bond Fund, in its monthly report of investment holdings, gives the growth record of the fund. From total assets of $36,014 on July 1, 1938, it has grown to $19,658,851 as of July 1, 1944.

* * *

Insuranshares Certificates, Inc. reports net assets of $4,421,596 as of June 30, 1944, equal to liquidating value per share of $9.80.

Mutual Fund Literature

Selected Investments Co.—The current issue of "These Things Seemed Important" . . . **Distributors Group**—Investment Report on **Group Securities, Inc.** for July, portfolio folders on **Railroad (Bond) Shares, General Bond Shares** and **Low Priced Shares . . . Keystone Corp.**—The June issue of the **Keystone Investor.**

Dividends

Boston Fund—A quarterly dividend of 16 cents per share payable Aug. 21, 1944, to shareholders of record July 31.

Former NYSE Employe Killed In Action

Word has been received from the War Department that Charles G. Coleman, who was an employee on the trading floor of the New York Stock Exchange prior to his entering the Service, was killed in action during a recent bombing mission over Germany. He was 26 years old. At the time of his death he was a First Lieutenant serving with the 96th Bomb Group, 413th Squadron, as a bombardier. Surviving are his widow, Mrs. Charles G. Coleman, Jr., and his grandmother, Mrs. Charles O. Coleman, who reside at 189-38 46th Avenue, Flushing, and his parents, Mr. and Mrs. Charles G. Coleman, who reside in New Jersey. He is the second employee of the Exchange in the Armed Forces to make the supreme sacrifice and in his memory the Exchange flag was flown at half-mast.

Thirty-six other members of the New York Stock Exchange community have also given their lives in this War: 2 members of the Exchange; 1 Stock Exchange employee; 6 partners of member firms and 27 member firm employees. The Service Flag of the community, which flies from the Broad Street building of the Exchange, records the community's armed service representation of 6,000.

Insurance Supervision—Where Draw The Line?

(Continued from page 282)

broadly construed, insurance is interstate commerce. The fact that Congress has not legislated in all these years, but has permitted the States to control this great enterprise, and that Federal officers have never before sought to enforce these statutes against insurance companies, is in itself very strong proof that the Sherman Anti-Trust Law was never intended to apply to insurance contracts.

Whether the supervision of the future is by Federal or State officials or a combination of both, one thing is certain, and that is that the insurance business cannot be conducted with intelligence, with safety, or in an orderly fashion if the anti-trust provisions are to be enforced against it. There must be price-fixing, fair both to company and public, in many of the important branches of the business. Otherwise there will be confusion, chaos and bankruptcy. We have gone through this before, and certainly no representative body of law makers will want us to go through it again.

The fire companies are more concerned with the immediate future than other lines, since the decision affects them directly. It is unfortunate that the problem of the regulation of the most important business in the country should be forced upon us for discussion and action in the most trying period of the most terrible war in history. It is encouraging that the Attorney General has indicated that no effort to enforce the anti-trust laws against rating agreements will be made until Congress has had an opportunity to act.

Need for a Truce

Congress would do well to content itself, as has been suggested, with passing legislation which will remove State-sponsored insurance agreements from prosecution under the anti-trust Acts and leave general regulation to the States as heretofore, until we can catch our breath, have time to think, and decide wisely for the future. During this period the States will have an opportunity to assume control of rates, where not already exercised, and improve supervisory control where, from the national point of view, it has proven ineffective. The fixing of fair and reasonable rates for large concerns having property and employees located in a number of States is certainly one of the problems which must be promptly met and solved by State supervisors.

The companies contend that a State had no control over the fixing of rates or prices in another State. In the New York State Department of Insurance we were of the opinion that where a risk in another State was charged only a nominal amount, in order to indirectly effect a substantial reduction of premium in New York, we did have power to act. Some companies were fined for flagrant violations of the rating structure, even though the rebates occurred in other States. But whether the States have such legal power or not, it is admittedly difficult for them to control the price for insurance upon plants under common ownership and control but located in many jurisdictions. It could be accomplished through national rating organizations, supervised by the National Association of Insurance Commissioners. While the National Association is voluntary, it has very great power through suggestion and publicity over the actions of the companies, and even more through the fact that each State does have power to secure the enforcement of the rules of the National Association within its own borders.

Were it not for some 80 years of experience during which State supervision has been built up and perfected, logic would call for Federal supervision of this great industry.

State supervision began in the States along the Eastern Seaboard because something had to be done to control the solvency and practices of insurance companies, and the States which chartered them were naturally called upon to safeguard the policyholder and the company.

In *Freedom from Fear,* written a few months before the Supreme Court decision but published at about the same time, I say:

"The threat of Federal regulation of insurance always hangs overhead like the sword of Damocles. If we were to start anew to devise a system of regulation without our background of State supervision, it would undoubtedly be partly Federal in character. Insurance is a great national and international institution and cannot be viewed solely from the viewpoint of the individual States. But we have had over 80 years' experience with State supervision. It has been constantly improved and should not now be scrapped. While there are some things which must be rectified in order to procure effective control on a national basis, in the main, State supervision not only has been efficient but has given satisfaction to the policyholders who are most concerned and should have most to say about it."

While States have made very great progress, they have not fully appreciated the necessity for regarding supervision of the business as a national as well as a local problem. There are still too many differences in laws and methods among the States and not sufficient effort has been made to create a supervisory structure suited to the nation's business as a whole. Companies sometimes defend the short-cutting of State rules and requirements because they do not always provide a practical and workable national pattern. It is more difficult for the States to act together in securing adequate control than it would be for the national Government, but it is by no means impossible, and the decision of the Supreme Court will give impetus to substantial progress in that direction. It is encouraging that several of the leaders in Congress have indicated a desire to help the States create a more effective supervision rather than take it away. There is undoubtedly great possibility of sound and useful progress in Federal legislation which will coordinate State control and make it more effective.

Investments Safe from Government Ideologies

The greatest fear of Federal supervision on the part of policyholders as well as persons connected with the industry was stressed by J. Ruben Clark Jr. in his address before the American Bar Association in Philadelphia in 1940—the danger of Federal meddling with the huge investments of these companies. No matter how stable the dollar or how sound is Government finance, it is undoubtedly the desire of the great mass of the people whose future is so dependent upon the assets of these companies that the insurance principle be preserved; that the funds in reserve be held intact; that there be no interference by Government ideology in the selection of the best possible legal investments by those in charge of the companies. There is no immediate danger that the Federal Government will in any way influence or interfere with the investments of insurance companies, but there is undoubtedly fear of what may happen in the future if the trend toward centralization continues.

In 1903, when President Theodore Roosevelt suggested the creation of the Bureau of Insurance in the Department of Commerce, there was much greater support of Federal supervision than there is today.

There is only one bulwark upon which State supervision can permanently depend, and that is the constant improvement of its efficiency. It must be more and more responsive to the needs of the public. It must correct those weaknesses which from time to time arise. It is service and service alone which can make permanent the supervision of the States.

To quote again from *Freedom from Fear:*

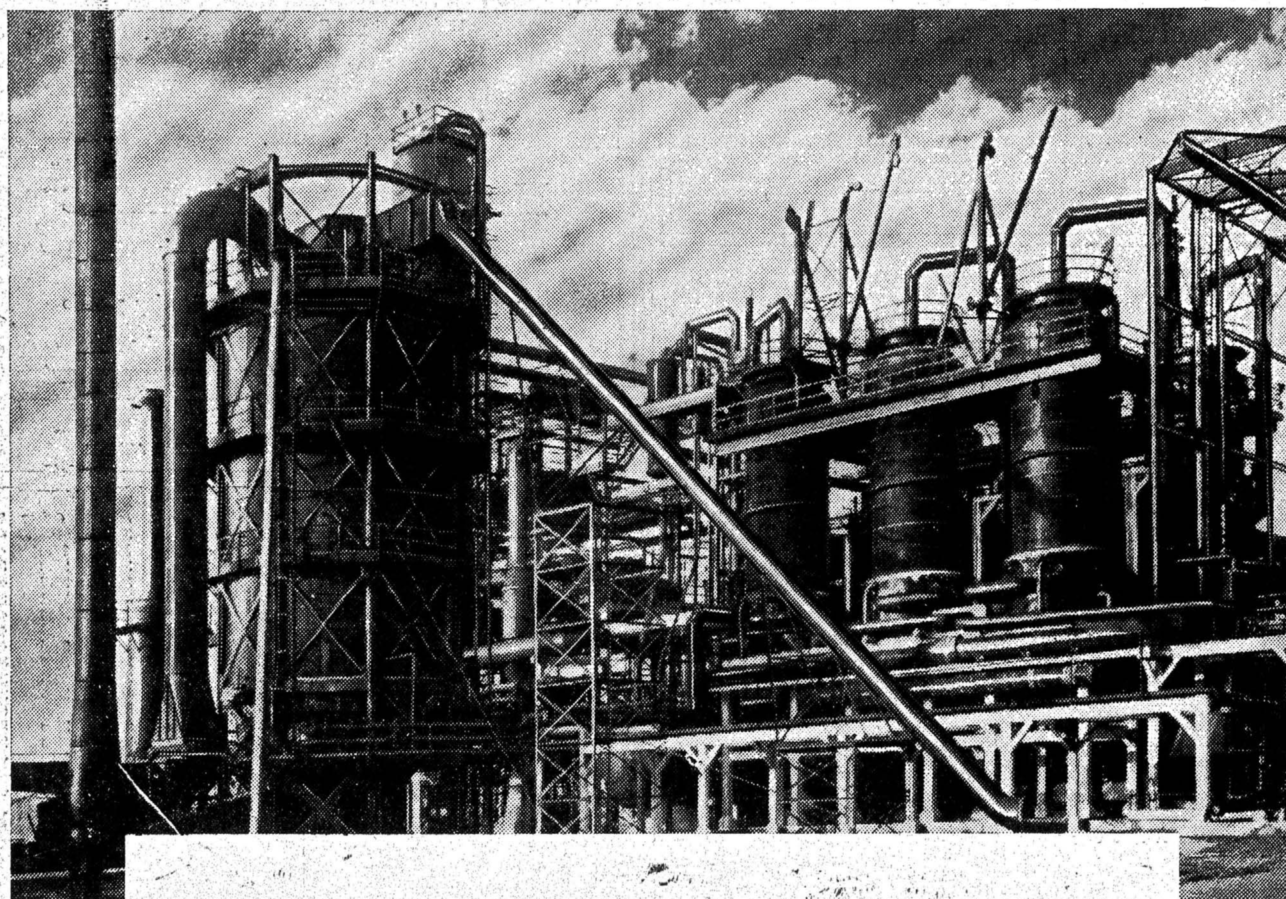
"Most of the people who die in this country have little or nothing to leave their families except life insurance. They depend upon it for the protection of their loved ones; above everything else they want it to be safe and sound. As policyholders they are not interested in party or national ideologies: they are interested in security. The only substantial protection which the States have against Federal control is the desire of policyholders to keep supervision where it is. The States can retain this important administrative power, which brings revenue as well as prestige only if their supervision gives satisfaction and confidence."

Canada as a Pattern

The worst thing that could happen would be double supervision. This would be expensive as well as confusing and would be a hardship to the companies and the public. If the Federal Government is to supervise in any important respect, its efforts should be directed along a few main lines, looking toward the financial solvency of interstate companies and any interstate rating problems which cannot be effectively handled by the States. It is impossible to take all control away from the States because there are many companies which do not operate outside of State limits and many relationships between companies, agents and policyholders which are subject to local regulation. As has been said in Canada, where there is both Dominion and Provincial supervision, it would be possible for the Provinces to carry on all of the supervision, but it would be impossible for the Dominion Government to effectively supervise without the aid of the Provincial departments. If the Congress decides that the Federal Government take an important part in the supervision of insurance, the Canadian system has much to commend it.

The Dominion Superintendent of Insurance has control of the licensing, examination and financial solvency of all companies which do business in more than one Province. When licensed by the Dominion, these companies are permitted to do business in the Provinces without further question as to financial condition. On the other hand, the Provinces examine their own local companies, license and regulate agents and brokers, prescribe the kind of contracts and coverages, have charge of the relationship between the company and the policyholder. While there has been some overlapping in Canada, on the whole the system has worked well.

If the Federal Government does elect to assume part of the responsibility for the supervision of insurance, it should confine itself to those national problems which it is most difficult for the States to solve. It should not add unreasonably to the dangerous swing toward centralization which is taking place in this country, and even more so in many other nations of the world. It is of first importance for all of us that local self-government and a close relationship between the people of each locality and their Government be preserved.



Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

Fifteen representative stock fire insurance companies, as a group, approximately doubled their holdings of United States Government securities during the past five years. On Dec. 31, 1938 their total holdings aggregated $97,668,000, and on Dec. 31, 1943 they aggregated $193,901,000, an increase of $96,233,000 or 98.5%. The largest increase was made by Insurance Company of North America with 211.8%, and the smallest by National Fire with 20.6%. Eight of the fifteen companies more than doubled their holdings, as shown below in Table I:

TABLE I

HOLDINGS OF U. S. GOVERNMENT SECURITIES

	12-31-38	12-31-43	Increase	
Aetna	$13,290,000	$17,158,000	$3,868,000	29.1%
Agricultural	2,338,000	2,901,000	563,000	24.1
Continental	6,655,000	15,270,000	8,615,000	129.5
Fire Association	2,726,000	6,466,000	3,740,000	137.2
Great American	2,213,000	3,469,000	1,256,000	56.8
Central Hanover	3,548,000	6,291,000	2,743,000	77.3
Hartford	13,576,000	35,799,000	22,223,000	163.7
Home	9,693,000	27,407,000	17,714,000	182.8
Insurance Co. of North America	4,850,000	15,122,000	10,272,000	211.8
National Fire	16,563,000	19,976,000	3,413,000	20.6
North River	6,349,000	8,952,000	2,603,000	41.0
Phoenix	8,370,000	13,997,000	5,627,000	67.2
Prov. Washington	2,251,000	4,662,000	2,411,000	107.1
St. Paul F. & M.	1,302,000	5,138,000	3,836,000	294.6
Springfield	3,944,000	11,293,000	7,349,000	186.3
Total	$97,668,000	$193,901,000	$96,233,000	98.5%

The fact that total investments in Governments doubled does not mean, however, that the percentage which they bear to total invested assets also doubled. On Dec. 1, 1938 the average percentage of Governments for the fifteen companies was 16.6%, while in Dec. 31, 1943 the average was 25.7%, or 55% greater. This difference is explained by the fact that total invested assets of the fifteen companies also expanded, having increased from $588,361,000 at the end of 1938, to $754,479,000 at the end of 1943, a gain of $166,118,000 or 28%.

Table II shows the percentage holdings of each company, as to Government bonds and total bonds, for Dec. 31, 1938 and Dec. 31, 1943.

TABLE II

BOND HOLDINGS: PERCENT OF INVESTED ASSETS

	12-31-38			12-31-43		
	U. S. G.	Other Bonds	Total Bonds	U. S. G.	Other Bonds	Total Bonds
Aetna	30.3%	26.9%	57.2%	30.8%	16.0%	46.8%
Agricultural	18.0	14.9	32.9	20.9	14.2	35.1
Continental	7.4	19.4	26.8	14.4	17.6	32.0
Fire Association	14.0	12.4	26.4	27.9	4.0	31.9
Great American	5.1	20.7	25.8	7.3	16.3	23.6
Hanover	24.3	17.6	41.9	35.0	12.9	47.9
Hartford	15.7	21.3	37.0	29.2	11.3	40.5
Home	9.9	12.9	22.8	27.2	13.0	40.2
Insurance Co. of N. A.	5.1	14.5	19.6	12.8	5.6	18.4
National Fire	36.5	13.3	49.8	39.8	6.1	45.9
North River	32.0	4.7	36.7	42.5	7.4	49.9
Phoenix	15.3	10.6	25.9	22.5	5.7	28.2
Prov. Washington	17.6	16.3	33.9	31.9	3.4	35.3
St. Paul F. & M.	3.5	56.7	60.2	10.5	51.0	61.5
Springfield F. & M.	14.1	27.5	41.6	33.1	10.4	43.5
Averageg of 15	16.6%	19.3%	35.9%	25.7%	13.0%	38.7%

There are a number of points of interest in the table, particularly when studied in conjunction with Table I. For example, Aetna's Government percentage remains substantially unchanged, though the dollar volume increased 29%. The Government percentages for Home and St. Paul approximately trebled. In the case of Home, a rather drastic change in investment policy occurred for, as will be noted in Table III, Home's percentage in common stocks, excluding bank and insurance, dropped from 46.9% to 26.5%. As regards St. Paul, its percentage in Governments still remains next to lowest in the group, while it holds an unusually high percentage in state and municipal bonds. Six companies, viz:, Continental, Fire Association, Hartford, Insurance Co. of North America, Providence Washington and Springfield, have each approximately doubled their percentage holdings of Governments. Great American, with 7.3%, shows the lowest Government percentage in the group.

With regard to stock holdings of the companies, the relative percentages for preferred and common for each company are shown in Table III, as follows:

TABLE III

STOCK HOLDINGS: PERCENT OF INVESTED ASSETS

	12-31-38				12-31-43			
		Common				Common		
	Preferred Stock	Bank & Ins.	Other	Total	Preferred Stock	Bank & Ins.	Other	Total
Aetna	7.8%	26.1%	7.0%	33.1%	5.7%	39.2%	5.0%	44.2%
Agricultural	14.9	20.4	22.4	42.8	13.5	17.4	23.4	40.8
Continental	14.1	31.7	25.5	57.2	11.1	31.5	25.2	56.7
Fire Association	25.2	18.5	21.3	39.8	18.6	22.6	20.7	43.3
Great American	18.5	31.5	24.2	55.7	17.0	30.3	29.1	59.4
Hanover	9.4	19.6	27.9	47.5	10.4	18.1	23.6	41.7
Hartford	10.7	40.7	6.0	46.7	13.2	38.3	4.9	43.2
Home	15.1	15.2	46.9	62.1	11.8	17.3	26.5	43.8
Insurance Co. of N. A.	23.4	27.6	23.4	51.0	23.3	27.6	26.2	53.8
National Fire	10.6	27.4	10.5	37.9	12.3	27.7	7.3	35.0
North River	13.2	4.1	44.5	48.6	13.0	4.1	32.5	36.6
Phoenix	5.1	51.6	15.6	67.2	8.2	53.0	9.5	62.5
Prov. Washington	11.6	24.4	29.3	53.7	14.0	20.1	30.0	50.1
St. Paul F. & M.	3.9	24.3	3.2	27.5	6.0	26.7	2.8	29.5
Springfield F. & M.	6.6	31.8	14.9	46.7	8.6	33.5	10.9	44.4
Average of 15	12.7%	26.3%	21.5%	47.8%	12.5%	27.2%	18.5%	45.7%

From this table it will be observed that comparatively little change has occurred, when considered as a group. The average percentage for preferred stocks is now 12.5% compared with 12.7%; bank and insurance stocks are slightly higher at 27.2% compared with 26.3%. The greatest change has occurred in "other common stocks", which have declined from 21.5% to 18.5%. Individual companies, however, show fairly marked changes. Aetna, for example, shows quite a jump in bank and insurance stocks, while Home, North River, Phoenix and Springfield show substantial percentage drops in "other common stocks". It is also of interest to call attention to North River's unusually low percentage in bank and insurance stocks, and Phoenix's unusually high percentage.

By and large, the investment portfolios of leading fire insurance companies are excellently balanced as between bonds, preferred stocks and common stocks, and their equity risks are well diversified among the industries of the nation. Hitherto, it has been possible to class companies, in accordance with the predominant character of their portfolios, into two general groups, viz: "bond holding" and "equity holding". Latterly, however, heavy war costs have made it imperative for these companies to support the Government's financing plans and to buy bonds to such an extent that the line of demarcation between "bond" and "equity" companies has been somewhat dulled, though not obliterated. For example, we can still classify Continental, Great American, Insurance of North America, Phoenix and Providence-Washington as "equity holding" companies, since their percentages in common stocks well exceed the average. Also Aetna, Hanover, Hartford, National Fire, St. Paul and Springfield are still classed as "bond holding" companies, with bond percentages well above average. Home and North River, however, which formerly were in the "equity" class, this year fall into the "bond" class.

Missouri Brevities

(Continued from page 291)

mon outstanding versus $222,232 and $1.85 per share in 1942. Dividends of $1.00 per share paid in 1943 and $0.50 per share to date in 1944. As at Dec. 31, 1943 the company had outstanding $155,000 Serial 3¼% Notes due Jan. 15, 1947. Current Assets totalled $751,991 including $324,060 Cash and U. S. Tax Notes compared with Current Liabilities of $228,786. Book value $13.83 per share. Produces "Alpen Brau"—"It's the Tops."

Chain of Rocks Bridge Report —Possible Refunding

Chain of Rocks (Kingshighway Bridge) acquired in 1939 by the City of Madison, Illinois has released its annual report for the fiscal year ended Apr. 30, 1944. Gross revenues of $167,592 were off $46,920 from the preceding year; however, due to lower expenses resulting from the absence of painting costs and removal of guards during part of the year, net income totalled $103,271, a drop of only $28,476. Interest charges on the $2,100,000 Revenue 4's due 1964 were earned 1.23 times compared with 1.57 times in the year ended Apr. 30, 1943.

Lower revenues were caused by rationing of automobiles, tires, and gasoline as well as flood waters which necessitate closing the bridge for a period of 50 days from May 23 to July 12, 1943. Balance sheet as at Apr. 30, 1944 shows total cash in banks or on hand of $221,099 compared with current liabilities of $44,712. No bonds were retired during the year; however, $80,000 par value were redeemed June 1, 1944, leaving $2,020,000 still outstanding. It is reported that the City Council has authorized the signing of a contract with the Sarjem Corporation, Chicago, to refund the issue with new bonds bearing 4% interest for three years and 2¾% thereafter.

Jefferson Hotel Amended Plan Expected To Be Filed

The original reorganization plan of the Jefferson Hotel Company, St. Louis, held invalid by U. S. District Judge Hulen on the grounds that "inaccurate, erroneous, and misleading information" had been furnished to bondholders, is expected to be amended with more liberal treatment for the senior security. Hearings are scheduled for the week of July 17. Quotations on the bonds have moved up several points during the past month.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was concluded July 17 by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of $27,455,000 0.90% consolidated debentures dated Aug. 1, 1944, due May 1, 1945. The issue was placed at par. The proceeds, together with cash funds, were used to retire $28,345,000 of debentures due Aug. 1, 1944. As of Aug. 1, 1944, the total amount of debentures outstanding will be $288,275,000.

"Time To Re-Stock"

Strauss Bros., 32 Broadway, New York City, have issued an interesting bulletin entitled "Time to Re-Stock," which discusses the question of what are the most strongly situated types of investments to benefit from the insatiable demand for civilian goods that will grow to enormous proportions before war production has ceased. Copies of the bulletin, which reviews specific securities of interest to retail dealers, may be had from the firm upon request.

Visit N. Y. Stock Exchange

I. M. Weinstein, President of National Linen Service Corp.; J. B. Jacobs, Executive Vice-President; S. H. Vicknair, Secretary-Assistant Treasurer, together with Jacob Landau, Counsel for the company, were guests on July 17 of Emil Schram, President of the New York Stock Exchange, upon the occasion of the admission to trading of the corporation's common shares. The guests visited the trading floor and had luncheon at the Exchange with Mr. Schram and other Exchange officials.

Now Proprietorship

CHICAGO, ILL. — William M. Wadden, Jr., is now sole proprietor of Wadden & Company, 208 South La Salle Street. Mr. Wadden was formerly a partner in the firm.

"Unconditional Surrender"

(Continued from first page)

quence of the way we were maneuvered into the war by steps which we were told led to peace and of the substitution of the phrase "unconditional surrender" for any realistic program for the peace.

I find that some Americans who were originally skeptical of "unconditional surrender" are now inclined to accept it for the simple reason that the progress of the war will make it comparatively easy to enforce against a completely defeated Germany. That, however, does not substantially alter the case against the phrase as a comprehensive war aim. That case rests upon three irrefutable arguments.

1. It masks, without solving, differences of opinion among the Allies and in the Allied countries. It substitutes, temporarily, the gratification of power for the solution of problems. It makes issues worse by postponing them. Neither the hysteria of victory nor the post-war reaction will provide a climate for their easy solution.

2. The phrase is misleading. Even in, or after, total victory our military and civilian leaders will be negotiating with somebody. In Italy unconditional surrender really meant secret armistice terms arrived at not by negotiations with the democratic forces but with the King and Badoglio, the very men who had made fascism possible.

3. The inevitable effect of unconditional surrender is to unite the enemy peoples, perhaps in despair, more closely to their rulers, and so prolong the war. The boastful phrase is not worth the life of one more American boy, dying in the tortured agony of battle, or of one European town or village which might otherwise have been spared the destruction which war, even for liberation, brings upon them.

In place of unconditional surrender as a war aim, the Allies ought to be conducting a political offensive based on a reasonable statement of peace aims. That does not mean appeasing Hitler. The preliminaries to any sort of peace must be the end of Nazi power. If that could come from within Germany so much the better. Peace will require the disarmament of Germany and Japan, the restoration of loot, wherever possible, and recompense to refugees. It will require some arrangement under which the economy of Europe can be operated for the benefit of Europe.

But even then there will be no lasting peace if the Allies go beyond these terms to blind vengeance against the whole German or Japanese people as distinguished from the war criminals. The disarmament of enemy peoples will not guarantee peace of itself unless the end of aggressive armaments and universal military conscription is rapidly made world-wide. And that requires the assertion of two principles: (1) recognition of the right of all people to self-government, a principle altogether inconsistent with the maintenance of imperialism and especially white supremacy; and (2) the beginnings of organized cooperation, economic and political, between the peoples of the world freed from any foreign yoke.

I recognize the difficulties in the way of making a satisfactory beginning along these lines. A difficulty made greater because the United States has never clearly stated these principles to her Allies or to the world. But great as the difficulties are, they are as nothing to the certain perils of new war in, for instance, Walter Lippmann's latest scheme of peace by alliance between a so-called "Atlantic Communtiy" and a "Russian Orbit" in which self-determination is outlawed except for the strong.

I refer to Mr. Lippmann because of the discussion attending his recent book. Actually both the Democratic and Republican Parties are likely to settle verbally on President Roosevelt's vaguely described "great design," which calls for a revised League of Nations, completely dominated by the Big Four—in reality the Big Three—and tacitly committed to the impossible task of underwriting each other's imperialism. That way lies war and, and only war. I challenge Messrs. Dewey and Roosevelt to prove the contrary.

And I challenge every proposer of every plan for peace to show one reason why we should expect so great a boon unless consciously we will direct the technology which has so marvelously produced for war to the universal destruction of unemployment and poverty, across the lines of race and color. It will be the Socialist insistence in this campaign that plenty, peace, and freedom are bound together, and that to achieve them requires us, beginning at home, not only to support a peace based on mutual forgiveness, the end of imperialism, and the beginning of true cooperation, but also upon a fraternity of races in winning economic security, while still preserving and increasing liberty.

Appreciation Possibilities

Common stock of Consolidated Textile appears to possess considerable appeal for price appreciation possibilities as a radical speculation, according to a study of the situation issued by Newburger & Hano, 1419 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting memorandum may be had from the firm upon request.

Canadian Securities

By BRUCE WILLIAMS

Country-wide elections bring to the fore all the burning problems of the virile, young democracy of Canada. Broadly speaking, they fall under three headings:

(a) the growth of the left-wing cooperative-minded C. C. F.,

(b) the isolationist tendencies of French-speaking Quebec, and

(c) doubt as to the future of Canada's war-inspired spectacular industrial development.

Let us briefly consider these questions with the object of assessing their possible impact on the future of the Dominion.

(a) In a healthy democracy such as Canada the world-wide swing to the left must inevitably be followed. Its influence is noticeable in all parties in the Dominion but its most extreme expression is exemplified by the C. C. F. Although the movement naturally attracts the most rabid radical elements in the country, happily the main body of its adherents is composed of a solid class of citizenry—farmers, clerics, school teachers and, of course, the expanding category of industrial workers.

The movement was born in Saskatchewan in the depths of the depression of the early thirties, but it is now maturing in an entirely different atmosphere. Never before in its history has Canada been more prosperous, and as there is every reason to believe that the Dominion is on the threshold of a still greater future, the logical conclusion is that, as always, prosperity is the finest antidote for any form of extremism.

Above all the solid character of the Canadian people, with its strong Scottish influences, should preclude any violent swing to the left.

(b) The Province of Quebec has always represented a major problem for all Canadian governments. Mr. Mackenzie King, although accused of weak-kneed appeasement of the province, has nevertheless done much to bring Quebec nearer to the rest of Canada. From the province itself, there are signs that French-Canadians are seeing the advantages of learning English and sharing more in the prosperity of the country. This in itself will tend to bring about a better understanding with English-speaking Canada, but a greater factor is likely to be a future large scale immigration from the British Isles and this country.

Owing to its rapid growth of population, Quebec has always attempted to challenge its minority position in relation to English-speaking Canada, and the realization of the futility of endeavoring to contest this question will undoubtedly lead to a policy of greater cooperation with its other partners in the Dominion.

(c) Canada's industrial future should not constitute a cause for worry. On the contrary, no other country in the world will emerge from the war better equipped to look ahead with confidence. Canadian industry has commenced where the older industrial nations left off. It has been able to adopt the best of our own and British methods, and can draw on huge undeveloped natural resources.

The exigencies of war have also called for extreme flexibility and it will be an easy matter to adapt the brand new Canadian war plants to peacetime requirements.

The greatest single asset, however, is the Canadian empire of the North. No other area on earth offers a greater challenge to the youth of Canada and other countries returning from war than the Canadian North West. After the last war, demobilized Canadian pilots turned their energies to bush-flying, which resulted in the discovery of radium on the shores of Great Bear Lake, of oil in the Mackenzie Basin, and gold in the Yellowknife district of the North West territories. Long before this war, Edmonton was the world's largest air-freight port, and in the post-war period its development should be spectacular. Thus it can be foreseen that the full exploitation of the northern areas of the fabulous Laurentian Shield will mark a new era in Canadian history.

Turning to the market for the past week, there was very little material for comment. Activity was at a minimum and in general there was a further slight decline in prices. There was again a disinclination to operate until a better opinion can be formed as to election prospects in Alberta, Quebec and New Brunswick.

There were a few offerings of internal bonds and the Canadian dollar in the "free market" declined to 9⅞% discount, but there was again feverish activity in gold shares on further reports of favorable diamond-drilling results in the Yellowknife area of the North West territories.

With regard to possible future developments, it is difficult to see anything but a quiet and dull market generally until the uncertainty caused by the forthcoming provincial elections ceases to be the most important factor.

Monetary Chaos

(Continued from first page)

not certain whether prices will rise substantially. As to commercial credit expansion after the war, its dangers may be minimized by the kind of credit control which we have developed, and which is likely to survive the war as well as the Democratic Administration.

The Present Inflationary Potential

Assuming that the national deficit will be rapidly reduced after the war—an optimistic assumption not altogether warranted—the central problem is that of the disbursement of pent-up cash funds. Two years ago the raising of this problem was regarded as unnecessary pessimism. By this time, all competent authorities, public and private, agree on one thing: that the unspent savings are hanging over the post-war markets as a Damocles' sword. Lately, Chairman Eccles of the Federal Reserve System brought this out with all clarity: "The inflationary potential which, it is estimated, will exist on June 30, 1944, measured by demand deposits and currency, savings deposits in the banks and Government securities held by business concerns and individually, but excluding Government securities held by life insurance companies and banks, will amount to 194 billion dollars; 113 billions held by individuals and 81 billions by business. This compares with liquid holdings as of June 30, 1941, of 48 billions held by individuals and 31 billions held by business, a total of 79 billions. In other words, there will have been an increase in the three-year period of 115 billion dollars."

Note that government bonds held by life insurance companies are not counted. But what about the cash surrender value of life policies, totaling well over $30 billions, some of which may also be transformed into actual cash? Nor are the deposits in savings and loan associations mentioned, amounting to almost $6 billions. All told, we have a total of cash or convertible savings of approximately $1,500 per capita of the American population as against $400 to $500 in June, 1933, and about $900 two years ago.

There is no way of escaping Mr. Eccles' conclusion: "This tremendous volume of liquid holdings of individuals and business constitutes the inflationary potential, and this does not take account of the billions of additional dollars that would be added if consumer credit and other forms of credit, which have been largely liquidated during the war, were to expand."

The Real Potential

Nor does it take account of the fact that the process of inflating the potential shows no sign of stopping. Even if the war ends soon, we may just as well figure on a $50 billion annual deficit for the next three fiscal years, including the final liquidation of war contracts. Virtually every cent of this deficit is added to the national income and permits boosting the volume of pent-up purchasing power by an equal, if not larger, amount. In other words, it is safe to predict that by the middle of 1947—if and when demobilization and reconversion are definitely over—we will have a total national debt of $350 billions or so, and a total of cash savings ready for disbursement of probably more than $350 billions, or some $3,000 per capita of every American, man, woman and child. After which, the process may still not stop, but is likely to be slowed down—provided in the meantime prices do not get "out of hand."

Pent-Up Demand

The argument that this country's "unlimited" capacity to produce will offset the pent-up volume of purchasing power is becoming the more silent the more that volume is growing. So is the other argument that the accumulated savings will not be disbursed to any major extent. However, it may be worth-while to re-state briefly the essentials:*

1. The volume of cash savings is out of all proportion to the normal demand of the public and of corporations for "liquidity." The more so since private and corporate debts have been reduced by many billions. As a matter of fact, per capita cash savings have outrun, for the first time in history, the per capita annual national income, and the former continues to increase faster than the latter. It is most unlikely that such an extraordinary level of liquidity should be maintained for any length of (peace) time.

2. As the war ends, acute shortages of durable goods will confront both consumers and producers. Industrial demand for capital goods cannot be postponed because it is essential to carry out reconversion. Voluntary postponement of consumers' demand for durables will be impeded by psychological factors (such as the desire to live the good life "earned" through the war effort) and by the need for proper housing, transportation, etc., so as to maintain living standards and individual earning power. In addition, municipalities will press for the carrying out of long-delayed public works. (Some $3,000 millions may have to be spent on urgent road repair and road building jobs alone, as against an annual $1,400 millions expenditure on similar purposes in the 1920's.)

3. On the other hand, it will take probably six to twelve months before industrial reconversion is completed, and several years before even the most urgent pent-up demand for durables will be fully satisfied. It will take years, e.g., to produce 20 million automobiles, which is the minimum demand to be expected if full production will not get under way before 1946, to be compared with the maximum out-put of less than 6 million cars in any single pre-war year. This time lag alone spells rising prices. True, in the long run everybody may acquire the car or house he wants—provided he doesn't ask for a second helping—but the intervening years of adjustment are more than sufficient to carry a runaway inflation from beginning to end.

4. The disparity between over-expanded demand and lagging supply will be further emphasized by the demand of the outer world for American products, such as automobiles, farm and railroad equipment, etc. Unless exports are strictly controlled—or rather embargoed—the gold and dollar reserves of foreign countries, plus lend-lease, open and concealed credits, American charity and tourist expenditures, etc., will provide a world of deflated productive capacity with a volume of dollar exchange that is bound to drive upward the American price level.

5. Reconversion, the disbursement of pent-up cash reserves, export demand, etc. (to say nothing of public works and military requirements) will maintain a high level of employment and will keep up wages or even raise them further. This will tend naturally to raise prices from the cost side as well.

6. If employment and national income are maintained on a substantially high level, the purchasing power created each year will absorb the current production of goods, leaving little for the satisfaction of the pent-up demand.

7. Lastly, the incentive to produce goods to satisfy current income receivers as well as wartime savers, will lead to plant expansion, thus lengthening the process of reconversion and adjustment. The allocation of labor and materials for plant expansion will reduce temporarily the resources available for the production of consumers' goods.

Briefly, the danger is that the more we shall try to out-produce the inflated volume of savings, the greater and the more persistent will be the discrepancy between consumers' demand and the supply to satisfy it.

Imaginary Savings

All of which boils down to a proposal in elementary economics. The money spent to finance the war lands largely in private and corporate hoards of bonds or cash. In either case, the purchasing power thus represented is, or should be, "entitled" to buy battle-ships, machine-guns and other munitions, the production of which it helped to finance. But the owner of the bond or currency expects goods which were not produced. He can get them only if someone else is willing to produce them free of charge, or to keep his current income unspent. If so, the owners of the war-time savings may get what they are asking for. Otherwise, they will have the choice between desisting from buying, or else paying rapidly inflated prices.

The financial cost of the war is measured only in part by the taxes raised during the war. A major part of the cost will appear in the inability of war-time savers to exercise their nominal purchasing power by dishoarding. Their hoards represent savings in monetary terms, but not in real goods.

That is the very essence of the inflation problem: to keep savers, for many years to come, from using their imaginary purchasing power. This power is purely fictitious, because the output it financed consists of goods and services which will either be gone or will be largely unwanted. But how are we going to make the saver understand (and tolerate!) that his money is only a crisp piece of paper, not convertible into the good things of life?

The False Cure

That brings us back to Mr. Eccles who represents a moderate or conservative wing of the New Deal ideology. After having made the correct diagnosis of the under-

*Cf. our articles in the "Commercial and Financial Chronicle of Nov. 18, 1943, and Mar. 23, 1944.

lying trouble, he proceeds to the most primitive cure and the one that is bound to fail. His method is to continue with price fixing, rationing of consumers' goods, export licensing, bank credit control (regulation to hold down installment loans), etc. This raises at once two questions. Does the Chairman realize, what he doesn't mention, that price regulations are only effective if they are comprehensive, covering all commodities as well as labor, prices as well as wages? Obviously, a boom in housing, automotive and equipment industries, etc., will create such demand for certain categories of labor as to inflate the wage bills. Unless we control wages as well as manpower—and it is a basic weakness of the present wage control that it is not combined with the proper manpower allocation policy—costs and prices would soon break through the ceilings. A strait-jacket has to be an over-all strait-jacket, for which there will be little sympathy in the country.

But would it work if it were accepted and applied? In other words, is there any way to keep a capitalistic economy under control when the war-time moral pressures vanish? What if consumers are willing to take refuge in black markets? Whether or not the British, whose post-war planning the New Dealers try to inject in the American scene, will be able to carry out effectively the all-round controls they plan, the success of such a bureaucratic regime in this country under a free entrepreneurial system (and a free union system!) is more than doubtful—when "Remember Pearl Harbor" will have lost its restraining effect.

Apparently it is not being realized how different the problem of price control is in peace-time as against war conditions. The essence of price control is to keep a ceiling effective by keeping the buyer from buying. In war-time this is done by allocating priorities to business, and ration cards to consumers. But priorities are based on the importance of the demand for war purposes; in peace-time, one demand is as important as another and all priorities become purely arbitrary, subject to political football.

The same applies to consumers' goods. Rationing of perishables in a uniform fashion is a comparatively simple matter, even though it may become ineffective if the consumer has plenty of purchasing power and does not get the amount of goods he asks for. But the real difficulty arises with regard to consumers' durable goods, such as houses, automobiles, and also farm implements. Rationing has to be applied to whole units; it is not a matter of getting a pound more or less of sugar, but of getting or not getting a car. What, then, should be the peace-time criteria of deciding who is going to be served in the first year, the second, and the third? Once war-time standards of importance and urgency are gone, the allocation will have to be based on a haphazard drawing of names or on the arbitrary choice of persons—on criteria which are barely rational from the point of view of the consumer who has to go without.

In short, a system of price and allocation control is senseless for a peace-time capitalistic economy because such an economy cannot distinguish between more important or less important, desirable or undesirable, buyers and their needs. The nature of war economy compels to and permits the classification of demands into higher and lower categories since the whole economy serves a comparatively simple and uniform purpose as its primary objective. (It isn't quite simple, as a matter of fact, nor uniform, except compared to the peace-time manifoldness of individual objectives.) The logic is inescapable: that we will have either to abandon controls or to abandon the entrepreneurial system, the free choice of the consumer and the free mobility of labor. Totalitarianism is the only way to maintain the controls (and war economy is totalitarianism); it is the way of subordinating individual desires to the arbitrary decisions of the ruling power.

No Control Without Deflation

But the choice is not merely between run-away inflation and all-round totalitarianism. There is a third alternative: Deflation.

Let's be clear about it: Balancing the budget is deflationary, because it reduces expenditures and/or raises tax-revenues. In both ways, it reduces the spendable national income and creates the presumption of more deflation to come.

Non-spending of savings is deflationary, too. The problem is to persuade the saver to hoard—not to spend. This can be accomplished by proper measures, of course at the risk of lowering prices and reducing nominal wages. But which is the lesser evil: to let people indulge in saturnalia of spending in which they will not receive real value for the money spent; or to lower their nominal incomes with the prospect of safeguarding for the future the purchasing power of their savings and keeping the price structure in reasonable equilibrium? Unfortunately, the present political course runs irresistibly in the inflationary direction.

Big Business Accused Of Seeking Control Of Legislation

(Continued from page 282)

for the bulk of this war from profits of industry on to the pay envelope of the worker. In 1943 they partly succeeded in doing that by imposing the 20% withholding tax while reducing the taxes of big corporations. In 1943 the so-called grass roots conference in Michigan called by the Republican party and many of the good friends of the workers, Clare Hoffman and others of his ilk, talked about sales tax in order to pay off this war and thus further reduce taxation of the big corporations. A study of the record will show that never in all its history, never since it began to produce, did industry make as large profits as it did during the last couple of years.

"We find that in addition to these things, big business has another program. In 1942 they started the program of the post-war period by sabotaging the National Resources Planning Board. That agency was set up by the President to study the problems of post-war employment and make some plans so that when these war industries begin to reduce their employment as the result of cancellation of contracts, that the workers in the country would not suffer but would be gradually absorbed by industries that would be set up to make the products of peace. Big business did not like that. You will remember in 1943 that the CIO announced its program of objectives and asked the Government to make it their objective to plan for economy of full employment; that when the war ends, industry will have developed some kind of program to guarantee workers against the ravages of this war. Big business sabotaged the National Resources Planning Board, because they did not want that kind of economy. They were also talking about full employment. In 1943, however NAM gradually changed the tone of the talk about the post-war period, and instead of continuing to talk about full employment, be-employment." There are probably a good many people who do not realize that there is a great deal of difference between NAM propaganda for a high level of employment and the demand of the CIO for full employment.

"I would like to explain the difference to you: The CIO program of full employment says that the natural resources of this country; that the great wealth of this country, can be developed so that every man and woman who is able to work can have a job. We are today making the engines of destruction, products of war. There is not a single man or woman who is able and wants to work, who can not get a job. The CIO says that there is no reason why the present economy of full employment should not continue in the post-war period, if some intelligent program is developed and if industry is compelled to make their objective — full employment of people.

"It is now coming to light that industry does not want every person to have a job, that industry wants to continue unemployment so that they can pick and choose people whom they want to work in their plant—a condition that we had in the early 1930's. Some people will say that that is a very shortsighted view for business to take. Certainly we recognize the fact that it is to the best interest of the country that we have full employment.

"The President of Studebaker has said: We do not want full employment. The Treasurer of Eastman Kodak begins to say in public speeches that we do not want full employment, we have to give further interest to what big business wants. Paul G. Hoffman, President of Studebaker Co., says in a public speech before a group of employers: 'A job for every person willing and able to work, is absolutely incompatible for free enterprise.'

"There is a difference in having every able-bodied person employed and having prosperous conditions and contented people with job security, living useful and happy lives, as against the millions of unemployed with all the uncertainties of the pay envelope. Because of the difference the CIO has realized that it must develop a strong political organization because of the differences in the program of those who seek to want war by making peace with Hitler and those who want complete unconditional surrender of Germany and the other Axis powers. The difference is winning the peace with an era of good will and peace throughout the world, with every nation, and a reasonable chance of having peace for many generations, against the kind of people who will inevitably make another war and kill off millions more who today are wearing diapers.

"Unless we are able to develop a strong political organization as a defense against the encroachment of big business; unless we are able a build a big political organization of free workers of the trade unions of America, then the future of the American worker is very dark indeed. So the CIO this year has put Political Action as No. 1 on the agenda.

"Too many of our members feel that with passage of a resolution to reelect President Roosevelt, their duty to the political movement is done and there is no need of doing any more. I want to say to those people who feel that way, that if we learned nothing else in the last several years, one thing we did learn — that resolutions of the trade unions do not elect people to public office.

"If people would translate their energy into some kind of action; if they would put energy into going out and ringing door bells of neighbors and talking about why the CIO program is right; going to homes of fellow workers and telling them to come down to vote for the candidates we have introduced, there would be no question about the outcome of New Jersey elections or the United States of America. Workers would then give real expression to political desires.

"In 1942, Albert Hawkes became an office holder who at no time has represented anybody else than the people who put him in the U. S. Senate—the NAM; he voted for the NAM program consistently. In 1943 a member of Standard Oil Co. ran for Governor of New Jersey. We sat home and permitted him to be elected.

"There are two things that have to be done in the CIO program; which every delegate here ought to do:

"The delegates here when they go back to their local unions should make recommendations for $1.00 from each member of the CIO in order to insure political activity.

"Man Power: If we are going to be successful to get the vote in 1944, we have to have responsible people to knock on doors and ring door bells and sell the CIO program to other workers in the neighborhood.

"Delegates should volunteer service to do that work."

Orin Burley Is With Cleve. Reserve Bank

(Continued from first page)

duction to Business Management," published in 1941 and now in its fourth printing.

Graduating from Oklahoma Agricultural and Mechanical College in 1928 with a Bachelor of Science degree, Mr. Burley obtained his Master of Arts degree at Ohio State in 1930 and the degree of Doctor of Philosophy at the same university in 1938.

For two years following his graduation he taught economics and statistics at Alabama Polytechnic Institute, Auburn, Ala. He has been a member of the faculty of the College of Commerce and Administration at Ohio State since 1930.

Mr. Burley is a member of Alpha Lambda Tau, social fraternity, and of three honorary fraternities, Beta Gamma Sigma, Alpha Kappa Psi and Phi Kappa Phi.

Quarterly Comparison

The New York Hanseatic Corp. have prepared an interesting quarterly comparison of New York bank stocks. Copies on this comprehensive comparison may be had from the firm upon request.

Ira Haupt Adds Reccius

H. T. Reccius has become associated with the Investment Service Department of Ira Haupt & Co., 111 Broadway, New York City, members New York Stock Exchange.

Monetary Conference Near End

(Continued from first page)

Bank have been agreed upon, and the final plenary session of the Conference has been set for Saturday, when Secretary Morgenthau, who planned to visit Washington, is scheduled to return. The main stumbling block appears to be the fixing of the individual contributions to the capital of the Bank, the total of which has been set at 10 billions of dollars. The problem of Great Britain's "blocked balances" may require some "gesture" toward a settlement before the Conference finally adjourns.

The agreement on Saturday night to increase the total contributions to the International Monetary Fund from eight billions to $8,800,000,000 places the United States quota at $2,750,000,000, Great Britain's at $1.300.000.000 and Russia's, at $1,200,000,000. Altogether, these three will have more than one-half of the total and a corresponding voting control. The Russian Delegation won out in its demand for an increased quota, but failed to receive approval of a reduction of the portion of its quota that is payable in gold. The gold contribution of each country to the Fund remains at 25% of its quota or 10% of its official gold holdings. Russia all along has been averse to revealing the amount of its "official" gold holdings, and has not published any statement of the amount. The increase of the total amount of the Fund by eight hundred million dollars is not expected to result in any substantial change in the total gold contributions of the members.

It is evident that the Russian delegation, desiring to keep as much of their gold as possible outside of the proposed Fund, won a partial victory when they were given a five-year period of grace from the Conference, during which their new gold production need not affect their relations with the Fund. They will now be free to use their new gold production to buy goods abroad, without drawing on the Fund. There is an impression here that all the delegations at the Conference appear desirous to hold their gold rather than contribute it to the Fund, but this is only partly true. In many cases it is not that they merely want to keep the gold, but rather they want to be the sole arbiters of its use. Actually, they want to have the gold handy for making purchases abroad. Suspicion exists here that Russia's gold stock may be larger than the Russians would like to have us believe it is.

The British finally withdrew their objections to the provision in the operations of the Fund which makes it obligatory on a member country, whose currency shall have become scarce, to buy gold offered it by the Fund in exchange for its own currency. Why the British, whose pound sterling is at the moment anything but scarce, wanted to avoid the obligation of buying gold from the Fund has not been officially explained. Had the language been left as vague as the British wanted it, with no obligation of member countries to buy gold offered by the Fund, the purpose of putting gold into the Fund at all would have been defeated. The only object of having gold in the Fund is to enable the Fund — to the extent of its gold holdings — to acquire scarce currencies. Accordingly, had the British desired interpretation prevailed, the gold-holding feature of the Fund would have been of greatly reduced importance.

The credit for the clarification of this point in the controversy reportedly goes to the delegates from India. The India representatives appear to have very keen minds. However, they do not appear to have been successful in pressing their main objectives. Apart from the failure to get a solution of India's blocked sterling balances, they have been disappointed with India's quota—$400,000,000—and its dia's quota — $400,000,000, and its corresponding low voting power in the Fund. They regard the subordination of India as due primarily to political considerations connected with the British Empire's total vote on the Executive Board of the Fund. Under the plan, as the Indians figure it, India is bound to have at least one member on the Executive Board.

This Executive Board, according to the revised set-up of the Fund plan, will consist of twelve directors, five to represent the nations having the largest quotas, two to be elected jointly by Canada and the Latin American countries, and the remaining five by other member countries of the Fund. Under the voting-control set-up, the United States will have 27,750 of the total of 99,000 votes, against 13,250 for Great Britain and 12,250 for Russia. Thus the voting power of the United States will exceed that of Great Britain and Russia combined.

When the final draft of the International Monetary Fund was under consideration by Commission I of the Conference, the Chairman of the Mexican delegation, Antonio Espinosa de los Monteros, made a statement protesting against the power that the Fund will have in changing the gold parities of member countries' currencies. He pointed out that this question concerned "one of the fundamental sovereign rights of nations," and asserted that "Mexico is strongly opposed to the formula, according to which a uniform change in the gold parities of all currencies can be effected by the decision of the three major parties."

"We are opposed to it," he continued, "firstly, because should it be approved, the smaller nations would thereby surrender a maximum of their monetary sovereignity to the three largest countries. This, in the opinion of the Mexican Delegation, is entirely uncalled for and unjustifiable. What reasons are there to submit small countries to the absolute will of the larger ones? How can we help cooperation by the blind submission of small nations?"

Here is an indication of the "small nation" attitude in matters which may limit their freedom to conduct their own monetary affairs, and their likelihood of "jumping out of the harness,' whenever it suits their convenience.

Another argument for opposition to the parity formula, expressed by Mr. Monteros, is that it is unacceptable to "a community of self-respecting nations." "No one here can seriously believe," he stated, "that small countries would be willing to have the gold parities of their currencies changed at will by the largest nations. Certainly, not a single one of the major powers would be willing to relinquish to a foreign agency the right of fixing the value of its currency. This is, indeed, one of the attributes of sovereignty, which they are prone to guard most jealously."

Mr. Monteros reiterated his previous stand against a "rigid gold standard". "We know," he stated, "that no country would be ready to submit once more to the rigidity of the gold standard. All of us want a great degree of flexibility. But why should we, in order to attain such flexibility, set aside the sovereignty of small countries, while respecting that of the largest ones. We hold this is entirely unnecessary. For in any case the major powers will be able under the proposed agreement to change the gold parities of their own currencies all at once, if they so decide, inasmuch as they have a majority of the aggregate votes. By so doing they would naturally change the international price of gold."

In line with Mexico's attitude on rigidity of the gold standard, some of the Latin American countries, according to an official spokesman of the Conference, want to be assured that they could continue to subsidize their gold mining industries. This is reported to be the explanation of the fact that the Conference is approving a provision that will enable member countries to give their gold-mining industries tax concessions, bonuses, etc. What this amounts to is that, internally, member countries are allowed to pay more for newly-mined gold which, for a gold producing country, means the equivalent to an internal devaluation of its currency, or in other words, a lowering of the currency unit's gold-parity. For the Soviet Union, whose internal affairs are conducted away from the gaze of the world, this subsidy proviso probably means nothing. But one may only speculate regarding what it may mean to a large gold producing country like South Africa, or to lesser gold producers, such as the United States and Canada.

The Conference acted today in the matter concerning the hidden assets of Axis countries and their nationals. This was in the form of a resolution calling upon neutral countries to divulge the character and amounts of assets owned and controlled by enemy nations.

It is the purpose of the resolution to restore such wealth to their rightful owners in the occupied countries.

Full text of the resolution will be found on page 301.

One effect of the creation of the International Monetary Fund will be more work for experts and statisticians in figuring out balances of international payments. The work along these lines by member countries, including even the United States, will have to be increased and improved. The help of American technicians for this work is already being sought. Some 16 Latin American countries will have experts visit Washington next month for guidance. Article V, Section 7 (F) of the Monetary Fund plan requires the member countries to calculate precisely their bilateral exchange transactions, because if a member's holding of another member's currency is found to have increased by reason of transactions with other members, it must use such increased holdings to buy its own currency from the fund, and this requires careful recording of foreign exchange transactions.

It should be borne in mind that the Fund does not effectively eliminate exchange controls during the "transition period," which may extend for a five-year period, but it is required that members must consult the Fund regarding retention of any exchange restrictions and the Fund may make recommendations if it disagrees with further retentions.

The "question of silver" is still before the Conference. The special "Silver Committee" has received at least a half dozen suggestions, according to its official spokesman, but none has been acted on as yet. A facsimile of Senator Elmer Thomas' letter to President Roosevelt, dated June 21, which was endorsed by 25 other members of the "silver bloc," was apparently sent to every delegate here. The letter was unaccompanied by a covering letter and was mailed under the Oklahoma Senator's frank. This led one of the foreign delegates to remark that the letter should be returned to Senator Thomas, with the notation, "misaddressed." This methodical effort to convey to the delegates assembled here the idea that Congress would not approve any monetary plan not making a place for silver is understood for what it is worth. At this writing there appears to be no disposition of the foreign delegates to allow themselves to be high-pressured into "doing something for silver."

However, the agitation for silver recognition is likely to continue. The Mexicans here are now asking for a resolution recommending a supplementary conference to investigate the world status of silver. It is meeting with opposition on the grounds that it would imply that the Conference recognizes the importance of silver, and therefore, is in favor of "doing something for silver." The signs point to an adoption by the Conference of a resolution stating that other problems prevent sufficient attention being given to the silver status, and recommending "further study by the interested nations." This will keep the doors open to further propaganda activities for bimetallism.

The controversy between the American and the British delegates regarding the location of the headquarters of the Monetary Fund and of the Bank is apparently, for the time being, settled. The British wanted London as the Bank's headquarters but finally yielded to the American claim to preference because of the United States' predominant part in the bank's capitalization, though this is said to be merely a temporary arrangement and is subject to approval of Congress. Lord Keynes maintains, in a published statement that "His Majesty's Government may find it necessary at some later date to ask that all such inter-related questions should be considered between governments, rather than in a technical conference.

Commission II of the Conference is busy drawing up the final draft of the plan for the International Bank of Reconstruction and Development.

The problem of fixing the quotas of contribution to the Bank's capital has been a difficult one. Russia, and the other "devastated countries" are claiming a right to a reduction in their quotas on the ground that they will need all their available capital at home for reconstruction purposes. Thus Russia, which demanded a larger quota in the Monetary Fund, reverses its position in the international bank set up, since the loans to be made by the bank to the member countries are not to be apportioned in any way to the individual contributions made to the bank's capital.

The Polish delegation has taken the same position as the Russians. They have requested that the advances by the bank should be made "with due regard to the extreme urgency of immediate post-war reconstruction of the war-torn areas." In a statement supporting this proposal, the Polish representative on Commission II, spoke as follows:

"We fully appreciate the necessity of creating an International Institution for the purpose of the development of all countries and of expansion of the productive capacities and for raising the standard of living.

"We are well aware of this fact because our future, too, depends on the help we receive in expanding the productive capacities of our country. But being fully conscious of the wounds, which already have been and which still are being inflicted daily upon the economy of the countries whose territories now serve as battlefields, and which are being systematically looted by the enemy, of not only their stocks but also of their means of production, we must bear in mind the immediate effects of the war and the appalling conditions caused by warfare and occupation. The countries which suffered most for the common cause of the United Nations, have a right to demand that help be extended to them, first of all so that their wounds may be healed and a possibility be given to them to have an even start for future development. We share the opinion that the development of each country is of interest to all nations. However, I fear that the countries devastated by war cannot postpone their reconstruction until productive capacities, developed with the help of the Bank, will assist them, and, therefore, it is imperative to emphasize the priority for reconstruction.

"We wish that from Bretton Woods should emanate a message to all the occupied countries of assurance of solidarity of all the United Nations, as well as a message of hope that the heavy wounds inflicted upon the countries through war and occupation, will be speedily healed by a collective effort.

"I believe that, should this matter be left without any clear statement regarding priority for reconstruction, the aim of this message would not be achieved."

As the Conference draws to a close, some considerations and prognostications are being made regarding Congressional reaction to the proposed plans. It is unlikely that Congress will act on either the Fund or the Bank before election, and therefore it is up to the new Congress to decide what policy will be followed. My own impression is that if Congress should not accept the Bretton Woods recommendations, the other countries would drop the Fund idea, with Britain taking the lead in developing her "sterling bloc," with emphasis on her European leadership. Perhaps such "bloc" would operate along the lines of the Keynes' plan, of an international clearing organization without membership subscriptions to a monetary fund.

Congressman Brent Spence, Chairman of the House Banking Committee, a United States delegate, told your correspondent last night: "I firmly believe, even as a demonstration of international goodwill, the Conference has justified its existence. The good feeling and the evident harmony and cooperation among the 44 delegations has been splendid. I think Congress will approve the work of this Conference when it considers it," and he added: "Among the American delegates there has been complete harmony."

Another United States delegate, Edward E. Brown, President of the First National Bank of Chicago, said: "I think the Fund, as finally hammered out, is workable. In spite of all the seeming confusion and cross arguments of the Conference, the Fund has come out much better than many thought possible and much improved from the April 21 statement of principles. While the work of the Fund is practically finished, that of the Bank still remains to be completed. From the progress made so far, I am confident that before the Conference ends it will produce a Bank that will be both workable and useful in reconstructing shattered national economies and advancing the progress of countries not yet fully developed. The Conference has justified itself."

Pension Trust Plan

Massachusetts Mutual Life Insurance Co., Springfield, Mass., have prepared an attractive, easy-to-read booklet entitled "The Pension Trust Plan," answering questions on the pension trust. Copies of this booklet may be had upon request from Massachusetts Mutual Life Insurance Co.

Reorganizat'n Potentialities

McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange, have prepared an interesting circular discussing the reorganization potentialities for selected securities of the Missouri Pacific System. Copies of this circular may be had upon request from McLaughlin, Baird & Reuss.

Silver And The International Monetary Fund

By ING. MANUEL A. HERNANDEZ
Editor, El Economista

Mexican Financial Journalist Proposes That Silver, To The Extent Of 25% Be Made A Part Of The International Monetary Fund—Holds There Is Not Sufficient Gold For Monetary Stabilization

The future peace of the world must rest on the firm foundation of an economy characterized by mutual solidarity, manifest reciprocity and international understanding, an economy which in turn will rest on the cooperation which is now being sought for the purpose of unifying financial and economic operations in all the United and Associated Nations, which are to enjoy better living conditions through general wealth.

The entire movement for financial and economic reform will be guided by the plan for monetary cooperation which was published by "El Economista" in its issue No. 127 of June 1, 1944. The aims and the monetary policy under consideration, embodied in six main points, show the trends, the motives and the objectives the achievement of which is sought by means of the establishment of the International Monetary Fund, which will fluctuate between eight and ten billion dollars, depending upon whether only the United and Associated Nations or the whole world will contribute.

The main points involved are: (a) creation of a permanent institution for the solution of international monetary problems; (b) achievement of the most important objective of a good economic policy, which is to maintain a high level of employment and of real income by means of the expansion and development of international trade; (c) facilitation of an adjustment with respect to countries the balances of payment of which may have been affected "without their having to resort to measures likely to destroy national or international prosperity"; (d) stabilization of exchanges, a very important item in preventing depreciation by operations of international competition; (e) assistance to the service of payments on a multilateral basis, with the elimination of restrictions which obstruct the growth of international trade; and (f) reduction of the periods and amounts of unbalance in international payments.

As can be seen, this is a broad and intensive program, for which the unlimited cooperation of the nations participating in its development is sought because, in order that the contemplated permanent institution charged with the management of the international monetary fund may operate without hindrance in its bookkeeping, liquidation, credit, consultation and control, there must be complete harmony in its functions, maintained by the participating countries which are, at the same time, contributors in the proportion determined by said plan and generally specified as follows: "The obligatory gold subscription of a member country shall be fixed at 25% of its subscription (quota) or at 10% of its gold assets and foreign exchange which can be converted to gold, whichever is the smaller."

The proposed plan is apparently based exclusively on gold, although the door is left open for some flexibility, for the inclusion of other types of contributions, with no mention of silver. This is surprising to those who are cognizant of the possibilities and the power of silver to support gold or to provide a satisfactory backing, permitting an economical use of gold in international transactions.

The first article of the Silver Purchase Act of June 19, 1934, states: "We hereby declare to be the policy of the United States to increase the proportion of silver with respect to gold in the monetary stocks of this country, with the final object of having silver represent one-fourth of the monetary value of the said stocks."

Why not therefore elect to welcome silver, other conditions being equal, as collateral support for gold in the International Monetary Fund, in a proportion similar to that of the monetary stocks of the United States, and to have in the form of silver 25% of the $8,000,000,000 which the United and Associated Nations will contribute?

The countries which, with Mexico, are the chief producers of silver, hope that they will be given consideration, as regards their silver interests, when the final procedure of the operation of the stabilization plan is determined. Otherwise the plan might bring adverse results by affecting their export markets and injuring their international trade and domestic economy.

If one examines carefully and impartially the world production of gold and silver during the long period of time covered by statistics accepted as accurate, it can be seen that, in comparison, the production of gold has increased more than that of silver.

Over a period of 449 years, that that is from 1492 to 1941, the world production of these precious metals has been 1,416,008,138 fine ounces for gold and 17,515,963,164 for silver, the proportion being therefore 12.37 ounces of silver to each ounce of gold. However, the proportion has been 6½ ounces of silver to one ounce of gold during recent years. For example, while gold production increased to 40,332,204 ounces in 1941, silver production fell to 262,854,226 ounces.

It is recognized that, for the purposes of monetary stabilization, there is not sufficient gold in the world; that is why there must be some flexibility in the stabilization plan. It would certainly be easier to carry out those purposes if silver were included to the extent of at least 25% of the monetary value of the Fund.

The silver of Mexico, together with that of all the other silver-producing countries, can serve the purposes of monetary stabilization. Our country alone has been supplying to the United States between 80% to 90% of its silver, which is estimated at between 70,000,000 and 80,000,000 ounces per year and amounting to 86,000,000 ounces in 1943. Furthermore, it must not be forgotten that the plan for monetary cooperation will be formulated with a view to its use during the post-war period; that is to say, that its application relates to a period of peace and not to the period of war. Therefore, consideration must be given to the reasons and arguments in favor of silver as a supporting metal for international monetary stabilization.

If silver is deprived of a chance to take its place alongside gold as a most effective aid in the task of stabilization, such a course would probably place an obstacle to the achievement of the aims pursued at the Bretton Woods Conference; that is, maintaining a high level of employment and effecting a real improvement in the economic systems of all nations, because the silver-producing countries, including Mexico, will be unable to use their production and possession of silver as an effective contribution in support of the services of the Fund.

To ensure the existence and the development of a prosperous economy, a strong and improved currency is indispensable, and such a currency can only be obtained on the basis of a timely and full acceptance of silver as a metal supporting gold. The superiority of metallic currency over inconvertible fiduciary currency has been demonstrated throughout all the periods of history. There is not enough gold to serve as hard money, but its use can be supplemented with silver. Thus silver will become as good as gold for monetary uses if its price is maintained and increased, as was done with gold.

Germany's Strength

(Continued from page 283)

current year stood at 111 (taking August 1939 as 100). In 1942 the index stood at 108, and in August 1941 at 106. It is of interest that the cost of living index in the United States, which also stood at 106 in 1941, advanced to 117 in 1942 and to 123 in 1943. The index of wholesale prices showed equal stability: Taking August 1939 as 100, it stood at 105 in 1941, rose to 108 in 1942, and to 109 in 1943. During the same period the wholesale price index in the United States advanced from 120 to 132 in 1942, and to 137 in 1943.

Paper money in circulation increased from RM.11,278,000,000 in August 1939 to RM.17,432,000,000 prior to Germany's entry into war with the United States, and to RM.30,922,000,000 in October 1943. During the same period paper money in circulation in the United States showed almost an identical percentage increase as in Germany, advancing from $7,171,000,000 in August 1939 to $10,364,000,000 in 1941 and to $19,019,000,000 in October 1943. During the same period the increase in paper money in France was much more pronounced, rising from Fcs.142,349,000,000 in August 1939 to Fcs. 255,684,000,000 in October 1942, and to Fcs.475,868,000,000 last October.

The official discount rate in Germany remained unchanged during the past two years at 3½% compared with 2% in Great Britain, and 1¾% in France. Although subject to very rigorous restrictions and regulations, the German mark continues to be dealt in officially on the Swiss money markets, recent quotations of about 40 cents showing practically no change compared with previous years. The French franc was quoted at the time at only about ¾ of a cent per franc.

Trading in securities on the German stock exchanges was very active last year, and prices were generally higher. The demand for equities was particularly pronounced, and owing to a diminished supply, prices advanced rather sharply. In order to arrest the unduly upward trend, the government introduced ceiling prices for securities and reduced trading facilities and the number of hours. A further regulation was the compulsory reporting of ownership of stocks in the amount of RM.50,000 or more. Since the majority of German shares have a par value of RM.1,000, the ruling means that any purchase of 50 shares or more must be reported to government authorities. Volume was particularly marked in shares of shipping and colonial companies.

Some "experts" on German economic affairs contended that the advance in stock prices foreshadowed the imminence of a collapse in the German exchange situation. Here again, the wish may be father to the thought. The rise in stock prices was accompanied by a substantial demand for and an increase in the price of bonds, with some of the obligations of industrial concerns reaching new highs.

If Germany's economic status were in reality as desperate as is believed by some "experts" or as is desired by most of us, how can one explain the following:

Last year, Germany and German-controlled European countries exported to Sweden merchandise valued at Kr.1,294,235,000, equivalent, at prevailing rates of exchange, to $308,675,000. In 1942 such sales aggregated Kr.1,250,077,000, or $298,143,000. A country which is in a position to sell within two years substantially in excess of $600 million, should not be regarded as in a state or on the verge of collapse. Furthermore, it is dangerous in the extreme to so regard the enemy. Some of the more important products sold to Sweden by Germany last year are detailed hereunder:

Item—	Amount Sold (in tons)	*Value (in Kroner)
Coal	3,581,000	------
Coke	1,240,000	------
Rubber (buna)	1,060	------
Soda	27,825	
Sodium Sulphate	45,120	116,000,000
Salt	211,629	
Other chemicals	------	------
Machinery	------	118,000,000
Stable fiber	4,575	
Rayon	1,312	90,000,000

*The Kroner is worth about 23.85 cents.

To be sure, German sales to Sweden are offset to some degree by imports from the Kingdom. However, a country at war, cut off from the principal sources of vital raw material, which can manage to export hundreds of millions of dollars worth of products is still a most formidable foe.

Conditions in the Reich should be appraised not on the basis of sentiment or desires, but on the basis of fact, and even if unpleasant to all liberty- and democracy-loving nations, conclusions should be drawn from facts rather than fiction.

One must not lose sight of the fact that the German economy is strictly controlled and regimented, and no appreciable changes are permitted within the German economic structure. This is possible so long as contact with the outside world is relatively restricted. It must be borne in mind that neither from the military nor from the economic point of view, the Allied Nations should permit themselves to consider Germany on the verge of collapse. The military and economic resources of the country are still strong, and there is no excuse for any slowing down in our war efforts.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

Wm. H. Burr In Syracuse

SYRACUSE, N. Y.—William H. Burr is engaging in a securities business from offices at 428 South Clinton St.

DIVIDEND NOTICES

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET NEW YORK, N. Y.

The following dividends have been declared:

Preferred Capital Stock

One and three-quarters per cent (1¾%) payable October 2, 1944, to the holders of record at the close of business September 21, 1944;

Common Capital Stock

Two dollars and fifty cents ($2.50) per share payable October 3, 1944, to the holders of record at the close of business September 21, 1944.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *Chairman*

July 17, 1944 HOWARD C. WICK, *Secretary*

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable Sept. 15, 1944, to stockholders of record Aug. 31, 1944.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
July 14, 1944

MAKERS OF PHILLIES

CHICAGO GREAT WESTERN CORN BELT ROUTE RAILWAY COMPANY

CHICAGO GREAT WESTERN RAILWAY COMPANY

Preferred Stock Dividend

A dividend of 62½c a share has been declared on the 5% Preferred Stock of this Corporation, payable on September 29, 1944, to stockholders of record at the close of business September 14, 1944. Checks will be mailed.

B. F. PARSONS,
Secretary
Chicago, Illinois, July 11, 1944

THE FIRST BOSTON CORPORATION

Boston, Mass., July 13, 1944

At a regular meeting of the Board of Directors of **The First Boston Corporation** held on July 13, 1944, a dividend of $1.20 per share was declared on the capital stock of the Corporation payable July 31, 1944 to stockholders of record as of the close of business on July 22, 1944.

JOHN C. MONTGOMERY,
Vice President & Treasurer

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on August 1, 1944, to stockholders of record on July 15, 1944. The transfer books will not close.

THOS. A. CLARK
June 22, 1944 TREASURER

Half-Year Review And Forecast

(Continued from page 283)

over the war's progress, together with the constructive oratory of Dewey, Bricker and other Republicans, is being reflected in the stock market.

Wages

In spite of controls, wages have risen a little more during the past six months. Union leaders have worked hard for pay increases and will continue to do so in order to hold their own jobs. However, the heyday of the industrial worker is rapidly passing. Production cutbacks are resulting in the laying off of thousands of workers. This has gone relatively unnoticed as such layoffs have occurred in widely separated geographical areas.

Too many wage workers have not saved a fair proportion of their wartime earnings. They are bound later to feel the economic effects thereof. Many of the latter will lose their jobs between now and the end of the war. They will find it hard to get new ones. I anticipate that the average demobilized service man will not only find his old job waiting but if he wishes he will be financially able to enter business on his own account. When demobilization comes, soldiers and sailors may be in better financial shape than are the wage workers who remained home.

Retail Trade

Retail trade has steadily gone ahead during the first six months of the year. Wartime wages have been the deciding factor in spite of the scarcity of goods, price controls and luxury taxes. Merchants have done a wonderful job in keeping their shelves stocked to the extent that they have. More goods will become available as we enter the third quarter, but both the volume of retail business and the value of goods sold may decline to somewhat lower levels. I am not sure about this.

With retail trade at an all-time peak, but with a general drop expected in employment; with higher costs and lower profit margins and with a generally more cautious spending tendency, a reaction in the retail field is possible. Despite this, I continue bullish on well-selected merchandising stocks. I particularly like the chain stores which can easily adapt themselves to almost all changes.

Commodity Prices

During the first six months of the year commodity prices held up. I expect them to hold around current levels for the time being. Buyers should continue to keep moderately protected. Price controls have helped all. Food requirements will continue heavy, but we shall have the largest crops in our history. Hence, food supplies will remain ample; but will not be excessive.

Both hard and soft goods will continue scarce until we can revert to production for civilian requirements. Retail prices after the war may average 15% or more above pre-war prices. Certainly, when new automobiles are available, they will be priced higher than pre-war levels. Building costs will also be up sharply.

Conclusion

We are now definitely in the transition period from war to peace. Hitler will probably collapse sometime between Nov. 7, 1944, and March 7, 1945. The coming six months will bring more adjustments in business and in living than we have witnessed for sometime. Yet these headaches are the necessary prelude to peacetime activities. Despite them, I am sure we shall all breathe more easily in the near-term future than we have in the recent past.

"Mark-Ups"

(Continued from page 284)

part of any reputable dealer against the provisions of the Securities & Exchange Act or of the Rules of Fair Practice of the National Association of Securities Dealers which effectively prohibit deceptive and manipulative practices and the taking of unconscionable profits. These rules possess teeth, as has been repeatedly and effectively demonstrated.

As a matter of practice, by far the large majority of dealers keep well within the general limitations of what is "fair and equitable," not because it is the law, but because their continuance in business depends upon the observance of proper principles of trade. No tie other than satisfaction binds the customer to the dealer. If the dealer's performance is unsatisfactory in any way, he loses the customer. If he violates the law, he is subject to criminal prosecution.

Thus the question of mark-ups, among conscientious dealers, is largely self-regulatory. Most firms adhere to carefully worked-out profit schedules based on known factors of cost and overhead.

It must be admitted, however, that, in the securities business as in all other fields of endeavor, there is a fringe of knaves and rascals. Dishonest practices are far less common today than formerly, largely to the credit of the SEC, the several state regulatory bodies and self-regulation within the industry. Crooks are finding it increasingly difficult to escape detection and prompt conviction.

It is quite proper and to a certain inescapable extent necessary that vigilance be maintained, although, upon occasion, the methods employed have appeared needlessly capricious and indirect. Two years ago, the SEC drafted a bizarre rule, under the title of X-15C1-10, which provided that customers' confirmations carry the inside quotation of the specified security as well, of course, as the price at which the customer had bought or sold. The proposed rule was submitted to the industry for comment and evoked an immediate, voluminous and caustic response. The rule was almost universally alleged to be a slick and lefthanded, but nevertheless baldfaced, bid for full disclosure. There was and is no law which compels Macy's to tell Gimbel's. Dealers resented what they considered to be an affront to their integrity. The rule was pigeon-holed.

The 5% Philosophy

At the present time, a full-furied tempest is raging over the 5% profit limitation "philosophy" of the Board of Governors of the National Association of Securities Dealers. In a letter to its members, dated Oct. 25, 1943, and supplemented by a "directive" dated Nov. 9, 1943, the Board "interpreted" its own Fair Practice rule to include this limitation. But the By-Laws of the N. A. S. D. provide that all rules, or amendments thereto, be submitted to the membership for vote. By "interpreting" an existing rule, the Board of Governors is accused of by-passing this provision. A substantial portion of the N. A. S. D. membership is something more than indignant not only at the manner in which the rule, or interpretation, was imposed, but equally so in respect to the attempt to establish any rigid profit limitation. The SEC has been petitioned to determine whether the directive is a non-mandatory interpretation or an enforceable rule, and, in the latter event, to require its submission to a membership vote.

The above two instances are cited as examples of the type of controversial technicalities which the industry could well do without.

Listed and Unlisted Profits

Let us look briefly at the reasons for the substantial difference in stock exchange commission rates and the larger percentage mark-ups to which over-the-counter dealers feel they are entitled.

The execution of a stock exchange order is a simple matter. Basic requirements consist of membership on the exchange, the services of an order clerk and a means of communication to the exchange floor. The same ready-made auction market is equally available to all. The operation is mechanical throughout. Elaborations of service to include quotation boards, stock and bond tickers, news tickers, the effusions of market commentators, etc., ad infinitum, are accessories designed to woo customers and to stimulate transactions but are presumed to confer no special or discriminatory privileges and certainly have no bearing whatever on stock exchange prices. Under these circumstances, it is proper that stock exchange commissions be relatively moderate. Profit derives largely from volume, although most member firms possess additional sources of revenue. Among these may be mentioned interest on debit balances, odd-lot commissions, service charges on small accounts, underwritings, participations in secondary and special offerings and operations for the firm account.

Contrast this with the cost of doing business over-the-counter. First, the dealer must select his merchandise. This usually involves study and research that may include compilation of reports by competent legal, accounting, engineering and statistical specialists. It frequently involves the taking of a substantial commitment and the risk of capital. Information and data must be carefully reduced to assimilable form. Salesmen must be informed of all pertinent facts and be checked in the matter of presentation. The responsibility for misstatements, exaggerations or the omission of material facts is borne by the dealer. All of the foregoing represents expense incurred before the actual offering of the security or a solicitation of sale. Ordinary selling expense follows. When it is considered that most salesmen operate on a 50-50 split of gross profits, it will be seen that the limitation to a 5% mark-up over cost might well, in many instances, represent a net loss to the firm.

The cost factors of research and merchandising, as well as the risks involved in placing securities in inventory, vary widely in different instances. In some cases they are extraordinarily high, in others, low. Many well seasoned issues in respect to which complete data is available, practically sell themselves. Others, more obscure but of comparable merit, require a full measure of negotiation. Every over-the-counter transaction is a case unto itself.

Regardless of the varying cost factors, the over-the-counter distributor must maintain complete facilities to service the extremely varied requirements of his customers. Most of such service is provided gratuitously. It includes quotations, appraisals, individual reports, recommendations, comparative analyses, tax studies, stock and bond transfers, dividend and maturity collections, disposition of rights and warrants, subscriptions and exchanges and the safe-keeping of securities. It is doubtful if any other merchant in the world offers so much on the altar of good will.

A further service frequently performed by the dealer, and worthy of note, involves his continuing interest in the securities he sells. Conditions in an industry change frequently, many times resulting in abrupt changes in security values. This is particularly true in instances of default and subsequent reorganization. In all such matters, the dealer maintains a continuing responsibility. There are many instances when, in the interest of his customer, the dealer sits in on reorganization proceedings and takes a prominent part in determining the distributions provided for under a plan of recapitalization. Likewise, when refunding operations are impending, the dealer must protect the rights and privileges of his customers to their best advantage.

Still another circumstance where the dealer serves his customers, in this case for no profit at all, is the execution of orders on a national exchange. Any dealer who holds a customer's account by virtue of the confidence and satisfaction reposed in his services, will, of course, execute the customer's listed transactions without charge. This is pure largesse to the member house receiving the business. The non-member dealer pays full commission to the exchange member and charges the same amount to his customer. The expense of handling the transaction represents a net loss.

In further considering the case for a flexible schedule of mark-ups on over-the-counter transactions, based on individual circumstances as they arise, attention is drawn to the general practice in respect to riskless and agency transactions.

The former term is applied in the instance of a transaction in a security in which the dealer, at the time, maintains no position. He buys or sells at the order of the customer, assuming no risk other than that of advancing his funds in anticipation of settlement. In such cases, his profit allowance is likely to be smaller than in a transaction where considerable risk is involved. However, determination of a fair charge is, and properly should be, based upon the expense involved in completing the transaction. To locate the best offering or the most advantageous bid for an inactive security frequently requires a comprehensive survey of widely separated markets, involving extensive use of the long-distance telephone, teletype or wire. These, as well as the time and effort expended, are definite factors of cost.

Most comparisons that have been made between stock exchange commissions and over-the-counter profits have ignored all instances of agency transactions performed by the over-the-counter dealer. As a matter of record, they constitute a substantial portion of every dealer's business. No dealer will refuse an order placed with him on an agency basis, nor, having accepted it, will he violate its terms and implications. In view of the dealer's higher overhead and the fact that he must divide the commission, however small, with his salesman, the net return is small, often negligible.

News And Views As Monetary Conference Draws To A Close

(Continued from page 285)

at the very last moment, after the Secretary reportedly had held a half-hour phone conversation with Moscow and had given every indication of readiness to go ahead without Russia. Here at Bretton Woods it developed that the Russians maintained a different understanding than our own as to what had been certain important points of agreement, and for several days the commonest remark to be heard in the hotel was: "Has there been any word from Moscow yet?" And no one seemed to know whether Moscow had replied, or whether the Russian delegation was just doing a bit of bargaining. There is no doubt that the foreign delegations here know the value of having something to yield in the international poker games that are euphoniously called international conferences.

* * *

The Union of Soviet Socialist Republics has pursued a thoroughly realistic policy here. Its only interest has been to strengthen the Soviet Union by means of foreign trade. The U. S. S. R., like China, is not concerned with sentiments of world welfare and the like. Both countries are simply interested in strengthening their own power and prestige.

There is a good deal of objection here to using the word "Bank" in the title of the institution which will make the long-term loans.

* * *

The Indians here have been outspokenly hostile to the British in committee meetings. They particularly resent the British and American stand, which was supported also by other countries, against the barring of consideration of blocked sterling balances. One may reason why this is the case. The blocked sterling owned by India cannot be included in India's monetary reserves, and its exclusion, therefore, reduces India's quota and India's voice in the Fund. Had India persisted in her stand, the French would have asked for the same privilege for French balances blocked in Germany.

* * *

Mexico has supported the United States again and again in committee meetings. Mexico's price for this was the Chairmanship of Commission III, the obtaining of two seats for Latin America on the 12-man Executive Committee of the Fund, and the obtaining of three mentions of silver at the conference. The mention of silver which will be made by this Conference is found in the waiver in a clause relating to the Fund. This is the clause which sets a limit of 25% to the increase in the Fund holdings of any member's currency during a period of 12 months. This clause may be waived, however, when the Fund may ask for collateral to secure the increased holdings. It is planned that the collateral may include silver. The waiver clause is objectionable to some delegates because they feel that it provides a temptation for member countries to use up their power of acquiring foreign currency in a given 12 months' period whether they need the currency or not.

* * *

Commenting on the Fund plan, Congressman Charles S. Dewey, Illinois Republican, cautions that "among a number of angles of the so-called monetary Fund which deserve more careful scrutiny from the standpoint of the American economy is the lack of American control over foreign expenditure of the dollars derived through the Fund. The total quotas other than our own equal over $5,000,000,000, one-quarter of which may be obtained in dollars in any one year, or $1,260,000,000 annually for four years.

"Assuming that the foreign member countries enter the American market to that extent, the additional demand for goods would come on top of our own pent-up demand, and create pressure for an increase in prices. This would necessitate maintaining price control and rationing long after The American public hopes such measures may be dispensed with."

* * *

The granting of two seats to Latin America on the Fund's Executive Committee is considered by Europeans as a very bad precedent. They ask "Why not regional recognition for Europe, too?" It is pointed out that the 20 Latin American countries may not be united forever. There may be different "blocks" in the years to come.

* * *

One of the principal criticisms of the Fund plan is that it attempts to foresee everything that may happen in the next 25 years. That is humanly impossible. What the Fund is trying to do, some of the delegates feel, is as complicated and as difficult as the economic controls which the Nazis introduced into Germany. In other words, according to this viewpoint, the balance is too perfect.

* * *

Some Latins here seem interested in Argentina's novel system of auctioning lots of foreign exchange allotted to specific classes of transactions.

Some who are familiar with Chinese monetary conditions regard Yuan's value as between 500 and 1,500 per American dollar.

Original White plan called for "Stabilization" Fund. The United Nations' plan omits word "stabilization," and is in deference to British gold-phobia.

Although China protested in 1935 Roosevelt Administration's Silver Purchase Act, Chinese here who had previously worked to get us to buy silver now express "no regrets," since China unloaded millions of unnecessary silver on us for American funds.

* * *

Mexicans and Cubans are rivals for places on the Fund's Executive Committee. Mexicans, as aggressive leaders among Latin Americans, will go home happy, having helped win for Latins two guaranteed places on 12-member Executive Committee, as well as two silver gestures. Mexicans realized from beginning their silver demands could not enlist interest of apathetic world, including Chinese and Indians. Contrary to general impression, it seems likely that American delegation's expected acquiescence in the two silver provisos was little motivated by any fear of American silver block, but merely a matter of usual international conference courtesy to another nation on a matter of minor importance compared with the conference's objectives. Noteworthy that private American producers contacted Mexican and other authorities pre-conference.

* * *

John Vincent Carter of State Department, who accompanied Wallace in Asia, has been here several days.

* * *

State Department and Treasury have been divided over question of whether Bank for International Settlements should be abolished. Here, Norway opened the question some days ago, but Dutch and British reportedly defended BIS. Now appears Norwegian view will be adopted by Bretton Woods conference.

* * *

As concrete recognition of sacrifices of devastated countries, the Bank plan will ease their required gold subscription to the Bank. This move was endorsed strongly by American delegates.

HERBERT BRATTER.

Monetary Conference Moves To Regain Axis-Controlled Assets

BRETTON WOODS, N. H., July 19.—The following draft resolution was considered by Committee 2 on "enemy assets, looted property, and related matters." The Committee decided to recommend to Commission III its adoption in principle and reference to a drafting committee to make certain technical changes.

"Whereas;

"1. In anticipation of their impending defeat, enemy leaders, enemy nationals, and their associates and collaborators are transferring assets through clandestine channels to and through neutral countries to be concealed and held at their future disposal. Success on the part of such persons in secreting and preserving under their control substantial amounts of assets in and through neutral countries will perpetuate their influence, power, and ability to plan a new future aggrandizement and world domination. The efforts of the United Nations to establish and permanently maintain peaceful international relations after the conclusion of the present war would thereby be jeopardized.

"2. Throughout the past 4 years enemy countries and their nationals have taken the property of occupied countries and their nationals. Enemy methods have ranged from open loot and plunder of currency, gold, securities, and other movable property, to subtle and complex devices, including the establishment of puppet governments in occupied territories, designed to give the cloak of legality to their robbery and to secure for themselves ownership and control of important financial and economic enterprises in the post-war period despite the impending defeat of their armed forces. To ensure their success and to frustrate the efforts of post-liberation governments to undo their work, they have, through sales and other methods of transfer, run the chain of their ownership and control through foreign countries, both occupied and neutral, thus making the problem of disclosure and disentanglement one of international character.

"3. Throughout the past four years, as the enemy has occupied additional countries, the residents, under duress, have been forced to turn over to him their assets. The United Nations have declared their intention to do their utmost to defeat the methods of dispossession practiced by the enemy and have reserved their rights to declare invalid any transfers of property belonging to persons within occupied territory. They have adopted special controls and other measures not only to protect and safeguard property, within their respective jurisdictions, owned by occupied countries and their nationals, but also to prevent looted property from being disposed of in United Nations markets or acquired by persons subject to their jurisdiction.

"Therefore;

"It is resolved that, in recognition of these considerations, the United Nations Monetary and Financial Conference;

"1. Calls upon the neutral countries to take immediate measures to prevent any disposition or transfer within territories subject to their jurisdiction of any

(a) Assets belonging to the Government or any individuals or institutions within those United Nations occupied by the enemy, and

(b) Looted gold, currency, art objects, securities, other evidences of ownership in financial or business enterprises, and of other assets looted by the enemy:

"As well as to uncover, segregate and hold at the disposition of the post-liberation authorities in the appropriate country any such assets within territory subject to their jurisdiction.

"2. Calls upon the neutral countries to take immediate measures to prevent the concealment by fraudulent means or otherwise within countries subject to their jurisdiction of any

(a) Assets belonging to, or alleged to belong to, the Government or any individuals or institutions within countries which we are at war;

(b) Assets belonging to, or alleged to belong to, enemy leaders, their associates and collaborators, and to facilitate their ultimate delivery to the post-armistice authorities.

"3. Recommends the establishment by the United Nations of appropriate machinery to assist the nations of the world in

(a) Uncovering, segregating, controlling, and making appropriate disposition of assets to which this declaration is applicable:

(b) Locating and tracing ownership and control of looted property and taking appropriate measures to make restoration to its lawful owners."

Situations Interesting In Conn. Companies

Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange, have prepared memoranda on Acme Wire Co.; Veeder-Root, Inc.; Scovill Mfg. Co.; Arrow-Hart & Hegeman Electric Co.; Landers, Frary & Clark, and United Illuminating Co., Connecticut situations which appear attractive at current levels. Copies of these memoranda may be had from Chas. W. Scranton & Co. upon request.

Louisiana Municipal Assoc. Endorses Boren Bill

The Boren Bill, introduced by Congressman Lyle H. Boren of Oklahoma on Jan. 23, 1943, and which aims to specifically exempt municipal securities from any control by the SEC, has recently been endorsed by the Executive Committee of the Louisiana Municipal Association. The membership of the Association comprises 75% of all incorporated cities, towns and villages in Louisiana. The Boren Bill, viewed as a first move toward preventing the exercise of regulatory functions by the SEC beyond the intent of Congress, has already been endorsed by the Municipal Securities Committee of the Investment Bankers Association of America, and by other organizations of security dealers and municipalities.

The resolutions of the Louisiana Municipal Association, as certified by J. McFord, its President, follow:

Be It Resolved by the Louisiana Municipal Association, whose membership includes 75% of all incorporated cities, towns and villages in the State, that the Resolution introduced in the House of Representatives of the Legislature of the State of Louisiana by Representative Ambrose M. Smith, and adopted, also concurred in by the Senate of the Legislature of the State of Louisiana, endorsing House Resolution No. 1502 by Congressman L. H. Boren of Oklahoma, be and the same is hereby approved and endorsed by this Association.

Be It Further Resolved that this Association send official copies of this action to the Clerk of the House of Representatives, to each Senator and Representative of the State of Louisiana in Congress, to the Speaker of the House of Representatives and to the President of the Senate of the Congress of the United States.

Mexico Wants International Bank to Give as Much Aid For "Development" As For "Reconstruction"

A proposal was made by the Mexican Delegation to the International Monetary Conference that the "Bank for Reconstruction and Development" provide, on an equal footing, for development of all member nations, as well as for reconstruction of devastated areas. This would permit the bank to extend loans to Latin American and other nations that have not undergone invasion or suffered material destruction during the war.

In support of the proposition, the Chairman of the Mexican delegation submitted the following statement, on July 11, at a meeting of Commission II, which has under consideration the form and functions of the international bank:

"On behalf of the Mexican delegation, may I be allowed to make a brief explanatory statement on the alternative provision submitted by us which is now before you.

"It may appear to some of you that our proposal would rather hamper the Bank's reconstruction operations during the first few years. But I wish to assure you, gentlemen, that it is very far from our purpose to place obstacles in the way of reconstruction. We are fully aware of the damage that the war has done to the productive capacity of our Allies in Europe and in Asia, and we realize also that, once liberated, the territories now occupied by our enemies will require a great deal of capital in order to be set afoot again. We are no less aware of the direct sacrifices undergone by all those nations. Therefore it is not with a spirit of denying them a substantial measure of the Bank's resources that we have introduced this—to our mind—important amendment.

"Our reasons for asking you to provide that 'reconstruction' and 'development' be put on the same footing are threefold:

"First, we believe that the agreement we are to reach here is to be embodied in a permanent, and not in a provisional, international instrument. Therefore it seems to us inappropriate that the document should not contain an equal emphasis on the two great purposes of the Bank, namely, to facilitate reconstruction *and* development. In the very short run, perhaps reconstruction will be more urgent for the world as a whole, but in the long run, Mr. Chairman—before we are all *too* dead, if I may say so—development must prevail if we are to sustain and increase real income everywhere. Without denying the initial importance of reconstruction, we ask you not to relegate or postpone development.

"Secondly, we believe that we and other nations not actually in need of funds for reconstruction, can greatly assist in the reconstruction of those who do require it, provided our economies be developed more fully at the same time as the rehabilitation of the war-torn nations takes place. We have resources which are still untapped. A large part of our population has not yet attained an adequate standard of living. And yet we have not hesitated to throw in our lot with our Allies, disregarding temporarily our own wide domestic problems. If we tackle these—and for that we require sums of capital we do not dispose of at home—we will undoubtedly benefit not only ourselves but the world as a whole, and particularly the industrial nations, in that we shall provide better markets for them and better customers. We submit, therefore, that capital for development purposes in our countries is as important for the world as is capital for reconstruction purposes.

"Third, and last—and we again wish to emphasize that it is with no unfriendly spirit that we make this reference—we should like to call your attention to an important provision of the draft (Article II, Section 5-A), which states that payments in gold shall be graduated according to a schedule that shall take into account the adequacy of the gold and free foreign exchange holdings of each member country. We believe that, having in mind the position in which the war-devastated countries are, this is only fair; and we have no intention whatever of grudging one ounce of our contribution in gold. But since we happen to have unprecedented holdings of gold and foreign exchange—we speak for the great majority of Latin American nations—and since we feel that we have before us an opportunity of devoting part of our holdings to the import of capital goods for our development, it is our considered opinion that in contributing part of them, ungrudgingly, to the Bank, for the benefit of all the nations constituting it, we should desire at least the assurance that our requests for capital for development purposes shall, in the words of our amendment, be given equal consideration as is given to reconstruction projects, and, further, the assurance that the resources and facilities of the Bank shall always be made available to the same extent for either kind of project.

"We do wish to make it perfectly clear, however, Mr. Chairman, that we do not desire to impose on the Bank a rigid 50-50 rule. We believe some discretion on the Bank's part should be provided for. Furthermore, what we ask is only that the Bank's resources and facilities be *made available*. Thus, in the event that countries requesting loans for development purposes do not use up the resources and facilities made available to them, countries requiring loans for reconstruction projects could have a claim on the unused funds.

"In conclusion, may we emphasize that we do not contemplate a rigid interpretation of the phrase 'to the same extent,' but that we do think it is a principle which *should* be embodied in the instrument we are endeavoring to draw up. We are perfectly willing to accept a better wording of our proposed amendment, so long as the same principle is preserved in it."

"What's All The Shooting About?"

(Continued from page 283)

representatives of NASD and SEC prior to the birth of that "philosophy." Who dealt with whom and what was said or done on each occasion? Has this challenge been accepted? Have NASD members received an explanation? No indeed. Will this phase of the activities of the NASD Board ever be publicized? We would be surprised if it were. Why is it surpressed? In our opinion because a complete disclosure would make it painfully clear that the 5% yardstick is the product of a liaison understanding between certain NASD officials and the SEC.

As a public duty we persist in pursuit of this line of information. Permitted to proceed unchallenged, such activities in camera, now visited upon securities dealers, may develop into a system of "regulation" affecting all industry and mark the ultimate extinction of that freedom in commerce which we know as the American Way.

The explanation that the Board of Governors "has chosen not to answer attacks by people **entirely outside** the Association" seems to us utterly senseless. The NASD was formed supposedly in the public interest for the protection of the public. Its excuses, or justifications, should be tendered to that public which it was organized to protect.

We continue to quote from the "NASD News":

"When study of the questionnaires was completed, the Board had before it for the first time unassailable facts as to the practice of members in principal sales to customers. It promptly presented these to the membership and offered them as the guides members had asked for. Thus, the views of the Board presented in the letter of October 25 were not arrived at either spontaneously or without facts to justify them. They were based solely on facts."

Was a complete breakdown of these so-called "facts" ever submitted to the members of NASD so that they could judge on the basis of the so-called facts? Since when may the Board create regulatory philosophies based upon its own inferences? In submitting the questionnaires, did the Board make clear to the members for what purposes they were intended? Were the members notified that behind the inquisition lay the desire to establish by Board fiat, a new trade practice on mark-ups?

Again quoting:

"One of the most vicious and wholly unjustified ideas fostered in the attack on NASD is that members who criticized the Association would suffer reprisals if their identities became known. This is hitting below the belt with a vengeance. Three years ago 700 members disagreed with the majority vote on minimum capital requirements for members of the Association proposed by the Board at the time. So far as is known, every one of these 700 firms, each of which signed its ballot, is still in business. We know of no untoward visitations of the majority upon those who disagreed with it then. There could be none then nor at any time."

Here is a bit of amusing inanity. To the fellow who in the dead of night shoots at a shadow believing it to be a burglar, that shadow is in fact a burglar. The test of fear is not in the number of reprisals made, but in the ability of NASD by reason of its powers to indulge in vengeful measures.

We have positive proof that fear of reprisals silences many NASD members. In most of hundreds of communications received by this publication from NASD members they ask that their names be withheld, or write anonymously. Many of these letters definitely bespeak their fear of reprisals. We are informed that the same attitude was taken by a number of those who are supporting the activities of the Securities Dealers Committee.

Retaliation is not limited to official NASD action. Some advocates of the 5% plan, control the parceling out of considerable business. The fanatics amongst these would not hesitate to withhold this business from their adversaries, nor to offer it as bait for the acquisition of proponents of the measure. This condition also silences much opposition.

THE BOARD REFERENCE TO "HITTING BELOW THE BELT" IS TRULY ANOMALOUS, FOR WE KNOW OF NO MORE FOUL BLOW THAN THAT STRUCK BY IT IN THE PROMULGATION OF THE "5% RULE."

"What is all the shooting about?" We have only scratched the surface and as you can see, already there is cause aplenty with more to follow.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 286)

the statements used so freely by market analysts. "I don't see any stock coming out on the reaction" and "volume dries up on the sell-off.' Both are meant to soothe the apprehensive holder into a feeling of security. Fact is that if Steel for example doesn't come out but your stock does, and at a loss, the trite explanations prove poor satisfaction.

To get back to the current market. Two weeks ago the statement was made here that 151 in the Dow averages would prove a stumbling block. Up to this writing that is just what has happened. Here and there some stocks managed to go through but by and large the first obstacle has proved itself. All of which leads up to the statement that new buying at this stage of the game is full of pitfalls.

Inflation may again take hold in the popular mind and in that case stocks will resume their advance. But until more signs of this possibility appear new buying is advised against.

In the meantime readers are still long of two stocks, Crane and National Gypsum. The first, bought at 22½, still has a stop at 25. Half of your Crane position was sold across 27 for a profit of about 4½ points. National Gypsum, part of which was also sold at 14 and a fraction was bought at 9¾. Remainder should be stopped at 12. Latter trade gave you about 4½ points.

Immediate possibilities point to a reaction to about 148. But if the whole rally which started last April isn't to bend over into a down spiral that 148 figure must hold. But if the urgent signs are missing the undercurrents that tend to pull stocks down are present.

* * *

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.]

Attractive Situation

H. H. Robertson Company offers an attractive situation (the issue is tax free in Pennsylvania), according to an interesting memorandum being distributed by Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this memorandum may be had upon request from Buckley Brothers.

Situations of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

N. Y. Stock Exchange Weekly Firm Changes

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

Privilege of William F. Luce to act as alternate for Charles H. Wisner, of Wainright, Luce & Willetts was withdrawn April 19th, 1944.

Morris L. Parrish, partner in Parrish & Co., died on July 18.

Post-War Possibilities

Moxie, Dumont Laboratories, and Majestic Radio offer interesting possibilities according to a circular on the situation issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this circular may be had from J. F. Reilly & Co. upon request.

Calendar Of New Security Flotations

OFFERINGS

AMERICAN MACHINE & METALS, INC. filed a registration statement for $2,000,000 4½% 15-year sinking fund debs., due June, 1959, and 68,450 shares of capital stock, without par value. The 68,450 shares of capital stock are to be offered for subscription to the holders of capital stock at the rate of one share for each four shares held. The subscription price as well as the record date and time when subscription warrants will be filed by amendment. The public offering price of the debentures will be filed by amendment.

The net proceeds from the sale of the debentures and stock will be applied, together with additional funds from the company's treasury, to repay a $3,000,000 temporary bank loan which was incurred in the purchase last March of control of the United States Gauge Co. Hornblower & Weeks are principal underwriters. Filed May 31, 1944. Details in "Chronicle," June 8, 1944.

Offered—The bonds by Hornblower & Weeks and associates on July 13 at 100 and interest. Stock offered for subscription at $9 per share to stockholders of record July 12. Rights expire July 25.

GENERAL PRINTING INK CORP. has registered 35,000 shares of $4.50 preferred stock, series A, cumulative (no par). Company is offering to holders of the 33,926 shares of outstanding $6 cumulative preferred stock the privilege of exchanging their shares on a share for share basis for the new $4.50 preferred stock plus an amount in cash per share equal to the excess of the redemption price per share of the $6 preferred stock, $105 plus accrued dividends from July 1, 1944, to the redemption date, over the initial public offering price of the $4.50 preferred stock. Cash proceeds from sale of any unexchanged shares, with treasury cash, will be used to redeem, at $105 per share plus accrued dividends, all unexchanged shares of the $6 preferred stock, and to the payment of the cash adjustment payable to holders of the $6 preferred stock making the exchange. Filed June 17, 1944. Details in "Chronicle," June 29, 1944.

Offered — Unexchanged shares (16,809) offered July 17 by Shields & Co. at $102.50 per share.

JOHNSON & JOHNSON have filed a registration statement for 36,218 shares of cumulative second preferred stock, series A 4% (par $100) and 77,252 shares of common stock (par $12.50). The preferred stock registered is issued and outstanding and includes 1,138 shares held by the company in its treasury, 19,587 shares held by Robert W. Johnson and 15,492 shares held by J. Seward Johnson. Of the 77,252 shares of common 21,252 shares are held by the company's treasury, and 28,000 shares each held by Robert W. Johnson and J. Seward Johnson. Proceeds to the company will be used for general corporate purposes. The underwriters of the preferred stock are Morgan Stanley & Co., Dominick & Dominick, Clark, Dodge & Co., Hemphill, Noyes & Co., Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co. The offering of common stock is not being underwritten. Applications for purchase of common stock may be made to Robert W. Johnson, J. Seward Johnson and the company in care of J. P. Morgan & Co. Incorporated. Filed June 30, 1944. Details in "Chronicle," July 6, 1944.

Offered July 20 by Morgan Stanley & Co. and Dominick & Dominick, at $106 a share.

ROTARY ELECTRIC STEEL CO., DEL. has filed a registration statement for 150,000 shares of common stock (par $10). The shares have been issued and are being offered by the underwriters. Company was incorporated in Delaware June 23, 1944, to acquire the business, physical assets and inventories and properties of the Rotary Electric Steel Co. (Calif.). On July 1, 1944, company purchased from the California corporation, all the physical properties of the latter for $650,000, plus inventories priced at cost or market whichever was lower. Pending a physical check, the value of the inventories was taken at $1,800,000. Contemporaneously or just prior to this transaction the company sold to the underwriters 150,000 shares of common stock at $11.375 a share, and sold to the New York Trust Co. $800,000 3% five year notes, and sold to Mutual Life Insurance Co., New York, $500,000 4% first mortgage bonds due 1956. The proceeds from the sale of these securities were used to purchase the California company and to provide initial working capital requirements. The common stock being offered is that purchased by the underwriters from the company on July 1, 1944, the net proceeds from the sale at that time were received by the company. Underwriters are W. E. Hutton & Co., 80,000 shares; Hemphill, Noyes & Co. and E. H. Rollins & Sons, Inc., 30,000 shares each, and Stein Bros. & Boyce, 10,000 shares. Filed June 29, 1944. Details in "Chronicle," July 6, 1944.

Offered July 19, 1944 at $13.25 per share.

STERLING ENGINE CO. has filed a registration statement for 204,075 shares of common stock, of which 23,225 are being issued by the company through underwriters and 180,850 shares by three present stockholders. Offering price to public on 204,075 shares is $3.75 per share. An additional 100,000 shares is reserved against the exercise of warrants to purchase 100,000 shares of common, at $4.50 per share, prior to three years from and after the effective date of registration statement. Warrants for 50,000 shares will be issued to Burr & Co., Inc., which will retain 25,000 thereof as manager of the underwriters and will distribute the remaining 25,000 among the underwriters and warrants for 50,000 shares will be issued to members of the management of the company. Proceeds for working capital. Burr & Co., Inc., Dempsey-Detmer & Co., Hirsch, Lilienthal & Co. are principal underwriters. Filed April 24, 1944. Details in "Chronicle," May 4, 1944.

Offered July 14 at $3.75 per share.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, JULY 20

MARATHON CORPORATION, successor to Marathon Paper Mills Co. by change of name July 6, 1944, has filed a registration statement for 50,000 shares of 5% cumulative preferred stock (par $100). The proceeds from the sale of the preferred stock, together with the proceeds to be received from the sale by the corporation, prior to Oct. 1, 1944, of $5,000,000 debentures, will be used principally to finance, through advances to the corporation's wholly-owned Canadian subsidiary, the erection of a bleached sulphate pulp mill at Peninsula, Ontario, Canada. The balance of the proceeds will be used to provide additional conversion facilities of the corporation's United States plants and to augment working capital. Underwriters with number of shares underwritten are as follows: Lee Higginson Corp., 10,000; Smith, Barney & Co., and the Wisconsin Company, 5,000 each; Blyth & Co., Inc., 3,000; Merrill Lynch, Pierce, Fenner & Beane, 2,500; Milwaukee Company, Eastman, Dillon & Co., Paine, Webber, Jackson & Curtis and F. S. Moseley & Co., 2,000 each; Clair S. Hall & Co., 1,750; Dean Witter & Co., A. C. Allyn & Co., Inc., Central Republic Co., Inc., and Harris, Hall & Co., Inc., 1,500 each; Reynolds & Co., Wertheim & Co., Bacon, Whipple & Co. and Loewi & Co., 1,000 each; Piper, Jaffray & Hopwood, Whiting, Weeks & Stubbs, Inc., Kebbon, McCormick & Co., Perrin, West & Winslow, Inc., and Tucker, Anthony & Co., 750 each; Farwell, Chapman & Co., and Scherck, Richter Co., 500 each. Filed July 1, 1944. Details in "Chronicle," July 6, 1944.

EMPIRE DISTRICT ELECTRIC CO. has filed a registration statement for $10,600,000 first mortgage bonds, 3½% series due 1969, and 350,000 shares of common stock (par $10). The shares of stock are issued and outstanding and are being offered for the account of Cities Service Power & Light Co. The net proceeds to be received by Empire District from the sale of the bonds, together with the net proceeds from the sale of 6,500 shares of 5% cumulative preferred stock, par $100, which the company expects to sell contemporaneously with the issue and sale of the bonds are to be applied to the redemption at 101¾ of $10,044,900 first mortgage and refunding bonds, 5% series, due March 1, 1952, and to the redemption at 105 of $851,200 of Ozark Power & Light Co. first mortgage sinking fund 5% bonds due March 1, 1952, assumed by Empire. Empire District Electric Co. which is controlled by Cities Service Power & Light Co. proposes to acquire by merger the properties of Ozark Utilities Co., Lawrence County Water, Light & Cold Storage Co. and Benton County Utilities Corp. In conjunction with this merger Cities Service Power & Light Co. is surrendering all the securities of the constituent companies owned by it in exchange for an aggregate of 350,000 shares of common stock, $10 par, of the Empire District Electric Co. Both the bonds and stock will be offered for competitive bidding under the Commission's competitive bidding rule U-50. Names of the underwriters will be filed by amendment. Filed July 1, 1944. Details in "Chronicle," July 6, 1944.

WEDNESDAY, JULY 26

MONTANA - DAKOTA UTILITIES CO. filed a registration statement for 20,894 shares of 5% series preferred stock, cumulative (par $100). Entire proceeds will be used to redeem company's outstanding $1,950,000 of 3½% serial notes, due serially at rate of $390,000 on March 15 in each of the years 1946 to 1950 inclusive, and, together with general funds of the company, to redeem outstanding $390,000 2½% serial notes due March 15, 1945. Underwriting group is headed by Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Beane. Filed July 7, 1944. Details in "Chronicle," July 13, 1944.

SATURDAY, JULY 29

MICROMATIC HONE CORP. has filed a registration statement for 75,000 shares 5% cumulative convertible preferred stock (par $10). The preferred is convertible into 75,000 shares of common stock (par $1).

Address—8100 Schoolcraft Avenue, Detroit, Mich.

Business—Manufacture of micromatic honing tools, abrasive honing sticks, workholding fixtures and honing machines.

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

Proceeds—Will be available for general corporate purposes.

Underwriting—Watling, Lerchen & Co., Detroit, is named principal underwriter with names of others to be supplied by amendment.

Registration Statement No. 2-5424. Form S-1. (7-10-44).

MONDAY, JULY 31

ACF-BRILL MOTORS CO. has filed a registration statement for 280,138 shares of common stock ($2.50 par).

Address—30 Church Street, N. Y.

Business—The company owns no physical properties, but is the sole stockholder of its operating subsidiaries, including J. G. Scott Motor Car Co., Brill Co., A. C. F. Motors Co. and Hall-

Underwriting—None.

Offering—Registration is in connection with proposal to merge the American Car & Foundry Motors Co. into the Brill Corp. to form the ACF-Brill Motors Co. The merger agreement provides for the issuance of 280,138 warrants to purchase 280,138 shares of common stock, par $2.50, of the merged company at a price of $12.50 per share prior to Jan. 1, 1950, and at a price of $15 per share on and after Jan. 1, 1950 and prior to Jan. 1, 1955, subject to adjustment in certain cases. Under the terms of the merger agreement published last month each two class B shares of Brill and each common share of the Motors company will receive a warrant to purchase one share of new common.

Registration Statement No. 2-5425. Form S-1. (7-12-44).

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.

ARDEN FARMS CO. has registered 35,714 shares of $3 cumulative and participating preferred stock, without par value. Company has offered to holders of its preferred stock rights to subscribe for shares of the new preferred at the rate of one share for each 2½ shares held at $45 per share. Company proposes to sell to the public any shares not subscribed. Net proceeds will be used to improve the cash and working capital positions of the company and to the acquisition of additional plants. No underwriters named. Filed June 21, 1944. Details in "Chronicle," June 29, 1944.

BEN-HUR PRODUCTS, INC. — $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

BROOKLYN UNION GAS CO. has filed a registration statement for $12,000,000 25-year sinking fund debentures due Aug. 1, 1969. Company plans to refinance its entire outstanding debt by the issuance and sale to the public of $12,000,000 debentures and the concurrent issuance and private sale of $30,000,000 general mortgage sinking fund bonds, 3¾% series, due Aug. 1, 1969. The net proceeds of the sale of the new securities will be applied together with approximately $6,000,000 from the general funds of the company to the following purposes: payment at maturity May 1, 1945, of $14,000,000 first consolidated mortgage 5% bonds; to pay at maturity $6,000,000 first lien and refunding mortgage bonds series A, 6%, due May 1, 1947; $10,000,000 to redemption on Nov. 1, 1944, of $10,000,000 first lien and refunding mortgage bonds, series B, 5%, due May 1, 1957, and $18,000,000 to redemption on Sept. 9, 1944, of 20-year 5% debentures. The last two redemptions involve the payment of $300,000 and $360,000 in premiums, plus interest, respectively. F. S. Moseley & Co., Boston, is named principal underwriter. Filed June 29, 1944. Details in "Chronicle," July 13, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% non-cumulative series 2 preferred, par $100. Price to the public $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLEMING COMPANY, INC., has filed a registration statement for 2,500 shares of preferred stock, 5% cumulative ($100 par). Price to public $103 per share. Proceeds will be used to increase working capital through the reduction of bank loans. Beecroft, Cole & Co., Columbian Securities Corp. and Seltsam & Co., Inc., are underwriters. Filed June 3, 1944. Details in "Chronicle," June 8, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

HAWAIIAN ELECTRIC CO., LTD., filed a registration statement for $5,000,000 first mortgage bonds, series D, 3½%, due Feb. 1, 1964. Proceeds will be used to pay company's $3,500,000 3% collateral promissory notes due June 1, 1948; to pay for additions, improvements and betterments of plant and properties to be made prior to the close of 1945. Dillon, Read & Co., New York, and Dean Witter & Co., San Francisco, underwriters. Filed May 23, 1944. Details in "Chronicle," June 8, 1944.

HAYES MANUFACTURING CO. has registered 100,000 shares of common stock $2 par value. Net proceeds will be received by Porter Associates, Inc. The moneys paid to the corporation by Porter Associates, Inc., on account of the purchase of said shares will, in the estimated amount of $187,500, reimburse the corporation in part for the $200,000 expended by it in purchasing such shares. Porter Associates, Inc., underwriters. Details in "Chronicle," May 31. Filed May 25.

IDAHO POWER CO. has filed a registration statement for 60,587 shares of 4% preferred stock, $100 par value. Underwriters are Blyth & Co., Inc., and Lazard Freres & Co., New York, 45% each, and Wegener & Daly, Inc., Boise, 10%. Company will offer to holders of its 32,130 shares of 7% and 28,457 shares of $6 preferred stock the opportunity to exchange their shares for new 4% preferred stock on a share for share basis together with $8 in cash and accrued dividends to Aug. 1, 1944. The exchange offer will be open from about July 1 to July 22. The new preferred stock will be cumulative from Aug. 1, 1944. Any shares of the 7% and $6 preferred stock not deposited for exchange will be redeemed on Aug. 1, 1944, at $110 per share plus accrued dividends to that date. The underwriters have agreed to purchase any of the 4% preferred shares not issued pursuant to the exchange offer. The price to the public will be $102 per share. Filed June 13, 1944. Details in "Chronicle," June 22, 1944.

JACKSONVILLE GAS CORPORATION has filed a registration statement for $1,745,000 first mortgage bonds, 4% series due June 1, 1969. Net proceeds will be applied to the redemption, at 100, of outstanding $1,745,000 first mortgage bonds, 5% series due 1967. Central Republic Co., Chicago is named principal underwriter. Filed June 20, 1944. Details in "Chronicle," July 6, 1944.

MIDLAND COOPERATIVE WHOLESALE has filed a registration statement for $250,000 subordinated debenture notes bearing interest at rate of 4% per annum and maturing in five and ten years from date of issue. Notes are to be sold at their face value, only to members of the issuing corporation and individual members of its corporate stockholders. Proceeds will be used to increase working capital and reduce bank loans. Filed June 12, 1944. Details in "Chronicle," June 22, 1944.

MORRISON-KNUDSEN CO., INC., has filed a registration statement for $200,000 series K 5% preferred stock and $300,000 series L 6% preferred stock, both $100 par value. Securities will be offered by Morrison-Knudsen Co., Inc., at par. Any part of the issue not sold by company officials will be sold through Wegener & Daly, Inc., Boise, Idaho, as underwriters. Company in an amendment filed June 10 proposes to offer $100,000 4% series P demand certificates and $100,000 4% series Y certificates at $100. Proceeds for working capital. Details in "Chronicle," May 31. Filed May 23.

NATIONAL AUTOMOTIVE FIBRES, INC., has filed a registration statement for 86,310 shares of common stock (par $1). Proceeds will be used to increase working capital for war purposes, and to place company in a position to carry additional inventories and additional notes and accounts receivable for anticipated post-war business, particularly in the automotive field. Reynolds & Co., New York, is principal underwriter. Filed June 30, 1944. Details in "Chronicle," July 13, 1944.

NEW ORLEANS PUBLIC SERVICE INC. has filed a registration statement for $34,500,000 first mortgage bonds series due 1974 and 77,798 shares of preferred stock, par $100. The interest rate on the bonds and dividend rate on the stock will be filed by amendment. The bonds and stock are to be offered for sale pursuant to the Commission's competitive bidding Rule U-50.

Net proceeds together with such additional cash from company's treasury as may be required will be used to redeem following securities: 77,798 shares of $7 preferred stock; $11,849,500 first and refunding mortgage gold bonds, series A, 5% due Oct. 1, 1952; $17,856,000 first and refunding mortgage gold bonds, series B, 5% due June 1, 1955; $4,625,380 6% mortgage gold income bonds, series A and series B, due Nov. 1, 1949; $392,000 Canal & Claiborne Railroad Co., 6% gold mortgage bonds due May 1, 1946, and $283,000 Saint Charles Street Railway Co. first mortgage 4% gold bonds due Jan. 1, 1952. The total required, exclusive of accrued interest and dividends, is $44,039,275. Filed June 22, 1944. Details in "Chronicle," June 29, 1944.

Bids for the purchase of the $34,500,000 1st mortgage bonds and 77,798 shares of preferred stock will be received by the company at room 2033, 2 Rector St., N. Y. City up to 12 noon EWT on July 25, the purchasers to fix the interest rate on the bonds and the dividend rate on the stock.

NORTHERN INDIANA PUBLIC SERVICE CO. has filed a registration statement for 220,078 shares of 5% cumulative preferred stock, par $100 per share. Company plans to issue the 220,078 shares of 5% preferred stock to effect the retirement by exchange or redemption of an equal number of shares of its 7%, 6% and 5½% preferred stock, the exchange to be on a share for share basis plus a cash payment to be filed by amendment. Filed May 17, 1944. Details in "Chronicle," April 27, 1944.

Exemption from competitive bidding rule denied by SEC in opinion issued May 5, 1944. Company on May 12 filed an amendment with the SEC proposing invitation of competitive bidding on the stock under rule U-50. Offering data to be completed by post effective amendment.

Proposals for exchange and purchase of the 5% preferred stock were received by the company up to 10 a.m. CWT July 10. Only one bid, made by Stone & Webster and Blodgett, Inc. and associates, was received, which the company rejected. The price named by the bankers was 101.

PERFEX CORP. has filed a registration statement for 21,803 shares of common stock, $4 par value. The shares are being offered for subscription to holders of common stock at the rate of one new share for each five shares held. The offering is conditioned upon the underwriters purchasing shares not subscribed by stockholders and the company procuring loans aggregating $550,000. Proceeds will be used for additional working capital. The Wisconsin Co. is named principal underwriter. Filed June 22, 1944. Details in "Chronicle," July 6, 1944.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on July 17 that the tenders for $1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated July 20 and to mature Oct. 19, 1944, which were offered on July 14, were opened at the Federal Reserve Banks on July 17.

The details of this issue are as follows:

Total applied for, $2,074,323,000. Total accepted, $1,206,577,000 (includes $59,701,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(53% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on July 20 in the amount of $1,013,435,000.

Next War Loan May Be "Victory Loan"

Stating that "the next War Loan Drive may provide a clue to what the Treasury thinks of the imminence of victory in Europe," Associated accounts from Washington on June 10 added:

"Treasury officials, it was learned today, have started planning for a 'Victory Loan.' If the military picture in Europe appears bright several months hence, the next drive probably will be pitched to a 'victory' theme. Otherwise there will be another 'war' loan.

"The goal may be larger than the $16,000,000,000 of the Fifth War Loan Drive just successfully completed.

"Some banking circles consider it probable that the larger 'Victory' bonds may carry somewhat higher interest than 2½%, with no change in the E bonds. The E bonds, if held for 10 years, bear interest of about 2.9%.

"Banking circles say a higher interest rate may be necessary to make post-war Government securities attractive from an investment standpoint, since private sources again will be in competition for money.

"Our Reporter On Governments"

By DONALD MacKINNON

(Mr. MacKinnon has been kind enough to act as guest writer this week. As is true of other contributors, the opinions expressed by Mr. MacKinnon are his own and do not necessarily reflect the views of the Chronicle.—Editor.)

Having bowed out after an excellent performance, the Fifth War Loan, from the wings, now watches the epilogue as portrayed by the perennial "Series" note and bonds. . . . That the Loan will exceed $20,000,000,000 is conceded by Treasury officials, who have announced tentative plans for the Sixth or "Victory" Loan. . . .

One cannot fail to be impressed with the price stability of almost all Treasury obligations during the course of the Fifth War Loan. . . . The following tabulation illustrates the record of bid prices:

%	Issue—	June 12	June 26	July 8	Change
1½	9-15-1948	100.13	100.12	100.13+	+1/64
2	12-15-1951-49	101.17	101.15+	101.15+	—3/64
2	9-15-1952-50	100.30+	100.30+	100.31+	+1/32
2	9-15-1953-51	100.14	100.13+	100.16	+2/32
2¼	6-15-1955-52	101.30	101.30	102	+2/32
2½	3-15-1958-56	103.19	103.17	103.16	—3/32
2½	9-15-1972-67	100.13	100.11	100.10	—3/32
2⅞	1960-55	112.7	112.14	112.13	+6/32
2¾	9-15-1959-56	111.15	111.28	111.29	+14/32
2¾	6-15-1963-58	111.13	111.27	111.28	+15/32
2¾	12-15-1965-60	111.20	112.4	112.7	+19/32

PRICE STABILITY

For the week ending July 15, the partially exempts declined about 4/32s to 6/32s; while almost all taxable issues registered small gains, with the 2½s of 70/65 up 4/32s, and the 2¼s of 59/56 up 5/32s. . . . It is quite obvious that the market is in good condition, and we feel that the underlying strength so clearly demonstrated, will continue. . . . But this condition didn't "just happen"; on the contrary, it is a very real tribute to all the executives who planned the Fifth War Loan, and to all the workers who aided the successful execution of those plans. . . . Lively interest on the part of commercial bankers who wished to round out or increase their allotments, plus active dealer demand, contributed to the initial premium of about 100.8 commanded by the new 2s of 54/52 when trading in this issue was permitted on July 10. . . .

While this was the anticipated price level for the 2s, the star who stole the show at the opening, and who has continued to dominate trading sessions to date, is the new 1¼ three-year note, which closed on July 10 at 100.8+ bid, and at this writing is bid 100.10+. . . . No one with whom we have talked, prior to July 10, admitted the possibility that the 1¼s would sell at a higher price than the new 2s—and neither did we believe that such market action would be the case. . . .

Current prices for the 1¼s of '47 are in marked contrast to bids for the 1½s of '48, offered during the Fourth War Loan, which issue closed at 100.5 bid on the first day of trading, March 2. . . . Unless there is a specific reason involved—such as maturity—holders of any one of the four longest notes might well consider the possible advantages of exchanging such notes into the new 2s, or into the 2s of 53/51; not only for material increase of income, but for greater possibilities of appreciation as well—viz:

	Issue—	July 18 Bids	Yield	
1½	12-15-1946	100.28	1.11%	
1¼	3-15-1947	100.10+	1.11%	
1½	9-15-1947	100.26+	1.22%	
1½	9-15-1948	100.15	1.38%	
		July 18 Offerings		Increase From
2	9-15-1953-51	100.17+	1.91%	.53% to .80%
2	6-15-1954-52	100.11+	1.96%	.58% to .85%

Of other taxable issues available to commercial banks, we like the 2½s of 72/67, and the 2½s of 58/56. . . . The former has been battered around somewhat, but we feel that moderate appreciation possibilities are present—about 4/32s to 6/32s—with relatively stable future market performance probable, at least until the influence of the Sixth War Loan begins to exert itself. . . . In less than two years, the latter issue will have moved into the classification of Treasuries which may be called in 10 years, and thus more acceptable for purchase by commercial banks who wish to keep to a 10-year range. . . . We believe that this issue will appreciate to a level higher than that attained earlier this year—103.23. . . . At current prices of 103.17, to yield 2.16% before taxes, and 1.30% after 24% normal tax and 16% surtax, we consider the 2½s of 58/56 attractive. . . .

MARKET TREND

Partially exempts are tired. . . . The advance which ended on July 10 brought the 2⅞s up to within 3/32s of the high of 112.17 established earlier in 1944; and, of the four longest issues, only the 2¾s of 65/60 equalled but did not exceed the year's high of 112.8. . . . Our correspondents indicate a reluctance to purchase such issues, in spite of increasing tax payments largely because of two reasons—(1) unsettled future tax picture, and (2) election year and end of war. . . . Put both reasons together and you have taxes. . . . We do not believe you will witness any important changes in taxes for at least two years after the war; but we do feel that many more institutions will pay out greater sums of money for taxes. . . .

With the possible exception of the 2⅞s, and expecting to see slightly lower prices for partially exempts within the immediate future, largely because of failure to carry through to new highs, we believe that the three longest issues will eventually respond to demand induced by taxes, and will move into new high ground.

The Securities Salesman's Corner

Knowing When To Buy A Security Is Only Part Of The Story

One of the most unappreciated good deeds the progressive security dealer provides for his clients is that he assists the investor in accomplishing some degree, at least, of "proper timing." It is well recognized today, even by the uninitiated, that selecting the RIGHT SECURITY is only one-third of the investment job which has to be consummated every time an investor purchases a security. Timing **when to buy** and **when to sell** are also important factors in determining the success of any venture in securities.

The alert security salesman can bring out this very important consideration whenever he offers the services of his firm. One salesman uses the following very pointed, one sentence, argument—it seems to hit the bull's eye: "Buying a security is only one thing—knowing when to sell it is ANOTHER." This sums up the whole story. Any investor who has had experience buying and selling securities can no doubt visualize the profits he would have made, or the losses he would have avoided, if he would have had someone who would have urged him to act WHEN THE SELLING TIME CAME.

Most dealers in securities, whether they are the large underwriting houses, or even the smallest firms, make a policy today of specializing in individual situations. In other words, the investor now has the advantage of doing business with a firm that follows the progress of an investment after they have sold it to their clients. This is one of the services the over-the-counter firm that is retailing securities is providing today which very few strictly commission and brokerage firms make a practice of doing. For this reason it is necessary that the mark-up involved in selling a security to a customer, wherein constant vigilance regarding that investment is required for the period of time which the security is held by the investor, is necessarily larger than the average stock exchange commission.

In many cases it is possible for a listed issue to hold forth unusual opportunities for price appreciation, but due to the fact that the security is listed many firms cannot afford to work for nothing and therefore do not make a real campaign on it. Other dealers who have discovered that their clients will pay a point or two more than the stock exchange commission if they understand that they are getting value received in the way of information, are selling listed issues to their customers and showing the additional mark-up on the confirmation as a service charge.

If PROPER TIMING is explained to a customer, the value of having an indication of WHEN TO SELL AFTER YOU HAVE BOUGHT, and what it can mean in profits is clearly explained, many investors are only too well pleased to pay for this extra service. In fact, this is an extra service, it is worth an extra fee; the salesman who says "Mr. Jones, as you know, buying a security is ONE THING, SELLING IT IS ANOTHER," is on the right track. No one has ever made a profit in a security until he has taken it—many have taken losses however, through not knowing WHEN TO SELL.

Attractive Situation

Panama Coco-Cola offers an interesting situation according to circular being distributed by Hoit, Rose & Troster, 74 Trinity Place, New York City. Copies of this circular may be had from the firm upon request.

Interesting Rail

Raymond & Co., 148 State Street, Boston, Mass., have issued a special analytical letter of Baltimore & Ohio 4½s of 1960. Copies of this interesting letter on the situation may be had from Raymond & Co. upon request.

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Interesting Utility

Arizona Edison Co., Inc., offers an interesting situation, according to a detailed memorandum issued by Amott, Baker & Co., Inc., 150 Broadway, New York City. Copies of this release and a series of three analyses of Mid-Continent Airlines, Inc., may be had from Amott, Baker & Co. upon request.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad Street, New York. Copies of this interesting study may be had from the firm upon request.