Imperial Preference And Other Factors In Post-War Trade With The British Empire

By THOMAS R. WILSON*
Chief, British Empire Unit,
Bureau of Foreign and Domestic Commerce

Commerce Department Official Condemns That Unfavorable International Financial Position Of United Kingdom "Will Make It Quite Impossible For Them To Give Concessions In International Policies Without A Quid Pro Quo." Finds Also That Preservation Of "Sterling Area" And Existence Of The Blocked Balances Are Other Obstacles To Preference Removals. Reminds Us That All Of These Balances Are Not Abnormal For Prior To War These Areas Maintained Sterling Balances In London Of Approximately $250,000,000 And Representing Currency Reserves And Normal Working Balances.

A survey of the American press and a number of recent public addresses leads one to the conclusion that the United States is lagging behind the United Kingdom in post-war planning. According to many of these writers and speakers the British blueprint for the post-war world is complete on major lines and only

*Speech delivered by Mr. Wilson before the Foreign Trade Club of the British Empire, Los Angeles Chamber of Commerce on Sept. 11, 1944.

(Continued on page 1486)

American Bankers Association Holds 70th Annual Meeting

W. Randolph Burgess Elected President At War Service Meeting In Chicago; Other Officers And Division Officials Chosen At ABA Sessions.

Warren Randolph Burgess, Vice-Chairman of the Board of the National City Bank of New York, was elected President of the American Bankers Association at the closing general session of the Second War Service Meeting held in Chicago September 25, 26 and 27. Mr. Burgess succeeds A. Lee M. Wiggins, President of the Bank of Hartsville, Hartsville, S. C., as head of the A. B. A.

Other officers elected were: Frank C. Rathje, President of the Chicago City Bank & Trust Company and of the Mutual National Bank of Chicago, Vice-President; Wilmer J. Waller, President of the Hamilton National Bank of Washington, D. C., was re-elected Treasurer of the Association at the meeting of the Executive Council. Mr. Waller had completed one term as Treasurer.

Dangers Ahead in Banking

By A. L. M. Wiggins†
Retiring President, American Bankers Association
President, Bank of Hartsville, Hartsville, S. C.

Retiring ABA Executive Calls Attention To Growing Threats To Individual ARISING OUT OF Technological Developments and Government Action. He Sees Danger In A Continuation Of Deficit Financing — In Use Of Public Funds As Benefit To Special Classes — And In Government Competition With Private Business. Holds Solution Is A Proper Balance Between Freedom Of Action And Government Duties And Condemns Particularly The So-called Streamlined, Unified, Federalized Single System Of Banking That Operates Under The Sole Jurisdiction Of One Bureau Or Agency As Leading To The Use Of Banking Resources For Social And Political Objectives.

The rising crescendo of the war in Europe indicates its early ending. This imposes the urgent necessity upon us to face calmly, realistically, and courageously, the situation both nationally and internationally that is now before us. The moving events of world history and of national life in this country within recent years make difficult a current appraisal. A correct analysis of the problems ahead requires the recognition of the world revolution that has

†An address by Mr. Wiggins before the First General Session of the Second War Service Meeting, American Bankers Association, Chicago, III., Sept. 26, 1944.

(Continued on page 1486)

#State and Municipal Bonds

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Bank Investments
By Dr. Marcus Nadler*
Professor of Economics, New York University, Economist, Central Hanover Bank and Trust Company, New York
While Contending That From the Standpoint of Liquidity and Soundness, Banks Are In A Stronger Position Than Ever Before, Dr. Nadler Points Out That Large Holdings of Government Securities May Create Danger Of Political Control Of The Banks. To Avert This, He Urges Bankers To Adopt Measures To Aid Treasury Refunding Operations, To Assist In Keeping Interest Rates Low, and To Meet Aggressively, All Legitimate Loan Needs Of Their Customers. He Advocates A Program To Educate The Public On The Essential Role Banks Play In The National Economy.

From the standpoint of liquidity and soundness of their loans and investments the banks today are in a stronger position than perhaps ever before in the history of the country. A large percentage of the earning assets of the banks consists of government securities, and they have created a danger, not so much economic as political, in character, which the banks ought to consider now the burden with every measure at their disposal.

At the end of hostilities the public debt of the United States may amount to about 20 billion dollars, entailing a debt service of about 6 billion dollars per annum. Undoubtedly efforts will be made to alleviate the debt burden through a system of hand measures primarily at the expense of the banks. The suggestion has already been made that after the war government should buy banks in exchange for their government securities.

"An address by Dr. Nadler before the Second Annual Meeting of the American Bankers Association, Chicago, Ill., on Sept. 25, 1944."

(Continued on page 1402)

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Education Of Investors Is Advocated

PHILADELPHIA, PA., Oct. 3.—A group of representatives, upon the invitation of the Securities and Exchange Commission, met here today for the purpose of considering an educational campaign which would protect the $21,000,000,000 of liquid funds and securities now owned by the public.

This program, it was declared, is intended to instruct the public and make the investor less vulnerable to the schemes of dishonest dealers in securities.

The meeting was called to order by Ganson Purcell, Chairman of the Securities and Exchange Commission, who, after making a prepared speech (below) given (see note below) setting forth the purposes, was joined by Mr. James A. Treanor, Jr., Director of the Commission's Trading and Exchange Division.

Public Advised To Hold "E" Bonds

The consensus of opinion of those present was that owners of Government "E" Bonds should hold these securities because a general turn to immediate redemption would present to our Government a problem, particularly in a period of new securities out of the proceeds of which "E" Bonds could be paid, and for the further reason that in the opinion of the conference, these bonds constitute the safest investment for the public.

Bernard Reis, for the American Investors Union; contended that the program of education, as it related to the retention of Government securities, was one for the Treasury Department.

Mr. Treanor said the field was considerably larger since many billions in liquid assets were in banks and in investments rather than Government bonds.

Emil Schram, President of the New York Stock Exchange, reported that his organization had been carrying on an educational program for some time.

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Spending Or Saving Our Way
To Post-War Prosperity

By RUSSELL WEISEN* Associate Editor, Cleveland Plain Dealer, Cleveland, O.


Your committee in charge of program asked me to address my remarks to the question: Shall we spend or save our way to a second post-war prosperity?

If this were the last session of the convention, or war conference, instead of the first, I should suggest that we change the title to: Shall we sober up or remain intoxicated?

However we phrase the title of these remarks it is appropriate for your group, composed largely of savers, bankers, to give some thought to the processes by which we hope will prove a source of post-war prosperity a new, a richer, a brighter era.

In a period of plans and planners, certainty is in order for savings bankers and, in fact, for all bankers to give serious consideration to means by which they can plan best for themselves, both individually and collectively and savings.

Mr. Weisen's address was made before the annual meeting of the American Bankers Association, Chicago, Ill., Sept. 29, 1944. (Continued on page 1475)

"A People's Peace" By HON. BURTON K. WHEELER† U. S. Senator from Montana


The problems we face today are alarming serious. For that reason we need to focus public attention on these situations. These situations are, at the same time, the problem that we have to face, not only the immediate trouble, but the trouble in the future. To deal with our problems it is not necessary to throw up our hands and say, "Here we are not beyond the comprehension of the ordinary man and woman. We have now the situation with 160 million Americans, we have a new formula in creating this situation, they tell us what we must do. Their whole technique is a series of clever catchwords, such as:

"The scope of the aggressors must be narrowed."
"America must maintain peaceful control."

A radio address by Senator Wheeler over the Columbia network on Sept. 28, 1944. (Continued on page 1487)

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1949
**Post-War Employment, Flexible Costs and Profits**

We give herewith some more comments received in connection with the recent meeting of Employers and Producers, by Elisha M. Friedman, Consulting Economist, which appeared in our September issue. Among Mr. Friedman's recommendations was the adoption of a flexible wage structure and industry by application of the profit-sharing principle with employees. A number of expressions of opinion with regard to the article were given previously in our issue at Se. 21 and 28.

W. HARNSCHERFGER

President, Harrisviller Corp.

Milwaukee, Wis.

I have read, with considerable interest, the article entitled "Post-War Employment, Flexible Costs and Profits," by Elisha M. Friedman, and I agree substantially, with most of the reactions contained therein.

I quote almost literally: "...the reactions of the public utilities are very important in this connection. If there is any serious delay in adjusting wages, I believe this will be particularly vital as far as the heavy machinery industry is concerned...."

Personally, I am somewhat dubious about the outcome of the proposition. I think there will be some resistance to the idea that the agreement was signed.

As far as the prices charged, relatively low, there is considerable bearing on costs, I believe prompt action should be given to revising the tax program to enable industry to produce at a slightly accelerated pace and without any significant portion to enable it to expand into new territory, thereby causing a reduction in wages. If such action is not taken, there will be a reduction in wages.
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Commercial Banking After The War

By E. A. Goldenweiser
Division of Research and Statistics, Board of Governors of the Federal Reserve System

Federal Reserve Statistician States That Because Banks Will Continue To Hold Large Amounts Of Government Debt He Is Convinced That Bank Deposits Will Stay At A High Level. Does Not Expect Extensive Regional Shifting Of Deposits And Hols There Will Be No Pressure For Liquidation Of Bank Assets As After Last War. Sees Conditions As Of Present Level Of Interest Rates.

As our armed forces press closer to victory, bankers are asking themselves what problems the future will hold for them. Will the war with deposits in excess of any amount that could have been imagined a decade ago and with participation in which Government securities pre-dominates. When banks will still carry the war, the deposits will stay at a high level for many years after the war, perhaps indefinitely, and that Government securities will always be prime investments.

The principal reason for the tremendous wartime growth in deposits is the large amount of money we have had to spend in light of the war and the extensive purchase of Government securities by banks. In the four years since the beginning of the defense effort, the Government has spent 223 billion dollars, much more than any government has previously spent in a decade or even a much longer period. This 223 billion, plus an increase in the Treasury's cash balance, came from 87 billions of taxes, 86 billions borrowed from individuals and nonbanking institutions, and 64 billions borrowed from banks. The 64 billions borrowed from banks has resulted in a corresponding increase in bank deposits.

Gilbert Stanley With Merrill Lynch Firm

Gilbert Stanley has joined Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, members of the New York Stock Exchange and other leading National Exchanges, where he will be concerned primarily with the firm's underwriting business. Mr. Stanley was formerly Assistant Treasurer of Metropolitan Life Insurance Company, and for the past 10 years has supervised its industrial investments.

Hawkins Elected V. P. Of J. B. Roll & Co.

J. B. Roll & Co., Inc., 1 Wall Street, New York City, dealers in U. S. Government securities, announce the election of Russell S. Hawkins as a vice-president. He has been associated with the organization as a man since February 1944, prior to which he was a director of R. W. Proctor & Co.

"Free Cash"

Vilas & Hickey, 40 Wall Street, New York, New York, members of the New York Stock Exchange, have prepared a tabulation of estimated free capacity of the several railroads which is particularly interesting in view of the building railroad deals under contemplation. Copies of this tabulation may be obtained from Vilas & Hickey upon request.

Also on the subject of brokers and dealers is a letter discussing the juggling of public perspective on rail values, institutional and public appraisal of which the firm feels is inconsistent.

Eric R. R.

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Post-War Real Estate Prospects

By Lloyd E. Lutnick

Writer contends that because large cities will increase in population After the War, and because high materials and labor costs will retard new construction, there will be shortages of houses and office space. He also holds that because of the high yields on real estate will be high, contrasted with the low returns on other securities, insurance concerns and other investors will purchase them, and that at present excellent opportunities present themselves to the intelligent investor for real value, sound prices and high yields which may never again present themselves.

One must take into consideration that there has been practically no construction of office buildings, houses or apartment houses in any quantity since 1929 in New York City. Furthermore, they have practically none in the entire country. During the past 10 years we have had an tremendous amount of activities and growth throughout the United States have seen sales of merchandise of all types leap to high new highs. Since Pearl Harbor we have seen approximately 11% million men inducted into the armed forces of the United States. These men came from all walks of life and from all parts of the country. It is an obvious conclusion that the majority of these men come from small towns. As part of their training and prior to their being shipped to foreign shores, they have had an opportunity to see many of the larger cities of the United States which they have never seen before. In fact, most of them have never been out of the towns in which they were born. One reasonable conclusion must follow and that is a certain percentage of these men will come back with the desire to live in our larger cities, as the small town will feel that opportunities exist for future wealth in the larger cities, much more so than in the small towns in which they were born.

I firmly believe that this re-shuffling of population will add either to the urban or suburban population of our large cities.

(Continued on page 1696)
The Commercial & Financial Chronicle
Thursday, October 5, 1944

Section: Pacific Coast Securities

Orders Executed on Pacific Coast Exchanges

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(Continued on page 1405)

Tomorrow's Markets

Walter Whyte

Says

Approach of some stocks to real estate bargains in near general market move. But temporary interim reaction can occur. Basic action still bullish.

By WALTER WHYTE

For the last few days the market hasn't done much of note except mark time. But underneath the apparent tepidness individual stocks and at least one group, the airlines, have advanced nicely. In the case of the airlines, the advance has brought stocks to new highs.

On the news front the peace talks which seemed to dominate everything a couple of weeks ago have died aborning. It now seems that victory in Europe is not just around the corner, as general opinion would have had you believe a while back. For instead of fighting dying down in Europe the war has just begun anew. And the statements that peace in that theatre of the war will come before the snow flies seem to have given way to no peace until the summer or winter of 1945.

On the political front there is little change. Both sides take credit for everything and blame each other for all the mistakes. Based on various public opinion polls it doesn't look as if either side will have an easy time of it.

The market obviously hasn't made up its mind on what the political or the immediate future of war will be. It still veers from time to time. But the drift towards higher prices seems more and more apparent with each session. Whether this drift foretells a change in the political front is unknown. It may indicate a more lenient policy in this country and a more accommodating, more basic importance. But whatever it is the answer seems to be that higher prices are in the offing.

Last week's column indicated the possibility of a market setback. Up to this (Continued on page 1402)
The Securities Salesmen's Corner
By JOHN DUTTON

On Tuesday of this week the investment banking and securities business was treated to a new SEC conference. This time it was a conference by law plans for educating the general public so that they would recognize "crooks" in the securities business.

TheVarious organization of the securities business that sent representatives to this conference couldn't do anything else. They If were business. It's just another SEC braintrust. It casts an indirect reflection upon the securities business by bringing to the attention of the public, if that is any business about which they should be the dead past, it's adding insult to injury: making it even more difficult for some representative securities salesman to gain the con- fidence of investors and the general public by reminding them that they sometimes want a market.

The various organizations in the securities business who sent representatives to this conference couldn't do anything else. If they had ignored the SEC's invitation to come to this conference they would have been subject to criticism on the score that they do not have the public's interest at heart. Such is the power of the little bureaucrats today, that even for such an important gesture as this whole the "boys who make the law, who enforce the law and who are the law" just whistle and Wall Street runs right off.

If there are not enough laws now to protect the public—it all the State laws, State securities commissions, better business laws that NASD's and the SEC itself have not sufficient power and authority to keep the small percentage of crooks in the wool swindlers from fooling the gallile public in the years to come, then how in the world can they ever have enough power to do so? Education is now the most important priority of all. There are going to educate the public in learning how to tell when a monotonous is a swindle. ANY SECURITIES SALESMAN WHO KNOWS NOTHING ABOUT SELLING COULD TELL THE SEC WHY PEOPLE GET SWINDLED AND IT'S NOT BECAUSE THE SWINDLE IS IN SMART AND HE WHO GETS HORMOGENWUGLED IS SO DUMB. IT'S BECAUSE THERE ARE CERTAIN SIDES TO THE MONONONONONONONONONONONONSEUMMONA. THERE is SOMETHING FOR NOTHING. They are the ones that the securities salesman who works for a reputable firm can never sell the want 20% and the sellers of Government bonds at the same time. They are the ones that pass up sound investment advice and believe that they can have their cake and eat it too.

So it is a need for education of the investing public the lines of sound investment principles, and in gaining a better understanding of the economic system under which our nation has NASD's and the SEC itself have not sufficient power and authority to keep the small percentage of crooks in the wool swindlers from fooling the gallile public in the years to come, then how in the world can they ever have enough power to do so? Education is now the most important priority of all. There are going to educate the public in learning how to tell when a monotonous is a swindle. ANY SECURITIES SALESMAN WHO KNOWS NOTHING ABOUT SELLING COULD TELL THE SEC WHY PEOPLE GET SWINDLED AND IT'S NOT BECAUSE THE SWINDLE IS IN SMART AND HE WHO GETS HORMOGENWUGLED IS SO DUMB. IT'S BECAUSE THERE ARE CERTAIN SIDES TO THE MONONONONONONONONONONONONONSEUMMONA. THERE is SOMETHING FOR NOTHING. They are the ones that the securities salesman who works for a reputable firm can never sell the want 20% and the sellers of Government bonds at the same time. They are the ones that pass up sound investment advice and believe that they can have their cake and eat it too.

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

Investors, as distinct from speculators and short-term traders, usually take the long view. Particularly is this true of investors in change-New York city bank stocks, which sometimes have been termed the "Aristocrats of the Security Market." This being so, and in view of the possibility of a relatively early ending of the war with Germany, it seems opportune to give some thought to the prospects of commercial banking after the war.

First, however, it is not improper to remind you that New York's leading commercial banks have a long and successful history, that many of them are well past the century mark in age, and a few have paid dividends without interruption for a century, while the average length of undivided payments averages 74 years for the 13 leading institutions. Furthermore, as they have weathered panic, depression, depressions, booms and wars of the past, so have they increased in size and usefulness, such that today they stand with their resources at a peak and with greater potential earning power than at any time in the history of banking.

Deposits in New York City banks have been expanded enormously through the "deficit financing" programs of the Government in the prosecution of the war. According to the balance sheets of June 30, 1944, deposits of a group of 13 "Wall Street" banks aggregated $21,335,915,154, or approximately double the volume when Hitler started his work. Holdings of Government securities amounted to $14,609,400,000, or approximately three times the amount at the end of 1940.

Before the war were both deposits and holdings of Government securities undoubtedly too small for the needs of the country, and they still further.

Many speculators and investors in bank stocks are wondering what will happen to the banks when the war is over, and appear fearful that they may shrink considerably and with the passing of the war. There seems little reason to anticipate any danger of deposit contraction, in fact the exact opposite may occur. In any case it is pertinent to quote

Comparison of Analyses

New York City
Bank Stocks

Sept. 30, 1944

Laird, Bissell & Needs

New York Stock Exchange

121 BROADWAY, NEW YORK A. & N.

Telephone: Rector 7-5800

Bell Telegraph: - NY-1 246-49

J. A. Christie, Managing Director

New Jersey
Bank Stocks

Local Securities

J. S. Rippel & Co.

Established 1883

18 Clinton St., Newark 5, N. J.

Market 3-3430

N. Y. Phone—Rector 5-3883

Brokers and Dealers
in
Bank and Insurance Stocks

Industrial, Railroad, Public Utility Securities

J. K. Rice, Jr., & Co.

Established 1858

120 BROADWAY,
New York 5, N. Y.

Telephone

2-4500

Members New York Security Dealers Ass'n

This advertisement appears as a matter of record only, as all of this stock has been sold.

NOT A NEW ISSUE

15,333 shares
National Casualty Company
Capital Stock
at 27 1/2 per share

HUFF, GEYER & HECHT

New York 5

121 BROADWAY

Member New York Stock Exchange

Banking House of

New York, Chicago, Philadelphia, St. Louis, Los Angeles, San Francisco, Seattle

TELEPHONES TO:

HARTFORD, Branches 1916.
PHILADELPHIA, Branches 1916.
PORTLAND, Branches 1916.

PRIVATE WIRE CONNECTION:

NEW YORK, BOSTON, CHICAGO.

PHILADELPHIA, LOUIS, LOS ANGELES, SAN FRANCISCO, SEATTLE

This important offer should be considered by all investors in the public utilities.

ADVERTISING

In All Its Branches

Plants Prepared—Conference Invited

Alfred Bank - Gruenewald Law

D Case Street New York 6, N.Y.
Telephone COLumbia 2-7660

Boston Chicago Philadelphia San Francisco

Quality Cutlery

SINCE 1880

Headquarters For

Sextonblades Razors and a
Blades.

Cutlery Repairing

of Every Description.

WECK CUTLERY, INC.

138 Fulton St. - 45 Nassau St.

CO. 7-1176 - RE 3-1912

Thursday, October 5, 1944

Royal Bank of Scotland

Established in Edinburgh in 1765

HEAD OFFICE—Edinburgh

Branches throughout Scotland

LONDON OFFICES:

3 Bishopsgate, E. C. 7

6 West Smithfield, E. C. 1

40 Charles Street, Park Lane, W. 1

Birmingham Gardens, W. 1

64 New Bond Street, W. 1

TOTAL ASSETS

$115,681,681

Associated Banks:

Williams Duncan's Bank, Ltd.

Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817)

Paid-Up Capital

$7,600,000

Reserve Liability of Propr. 879,000

Aggregate Assets

20,000,000

SIR ALFRED DAVIDSON, K.B.E.,
General Manager

Head Office: Cathedral Chambers,
Sydney

The Bank of New South Wales is the oldest bank in Australia and in all the Colonies of the British Empire. It is owned and controlled by New South Wales, and is the most powerful, resourceful and liquid financial institution in the Commonwealth of Australia.

LONDON OFFICES:

20 Threadneedle Street, E. C.
42 Lombard Street, E. C.

Agrément agreement with Banks throughout the U. K. & E.

NATIONAL BANK
OF EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL

$3,000,000

RESERVE FUND

$3,000,000

LONDON AGENCY

6 and 7 King William Street, E. C.

Branches to all the principal Ports in EGYPT and the SUDAN

NATIONAL BANK
OF INDIA, LIMITED

Banks to the Government in India, Burma, Ceylon, and Malay States.

Head Office: 29, Bishopsgate, London, E. C.

Branches in India, Burma, Ceylon, Malay States, and Hong Kong.

Subscribed Capital $2,000,000

Paid-Up Capital $1,000,000

Reserve Fund $1,000,000

The National Bank of India undertakes the business of banks and discount houses, and is a member of the India Bankers' Association.

ATTRACTION Situations

Want, 120 Broadway, New York City, have prepared circulants on an individual basis, which currently offer attractive possibilities, the firm believes. Copies of these circulants, on the following same, may be had from Ward & Co. upon request.

Dou Matt Laboratories, "A" and "B," 1540 Broadway, New York; Collier Publishing; P. B. Mallory; Intermagnetics; Log Butt Luminair Co.; General American Industries, Mid-Continent Airlines; Massachusetts Power & Light; Preferred Motorole Leasing; Magnavox Corp.; Electrolux; Porcelain; Broadyk Motors; Mahans, Inc., etc., etc.

Glove Corporation; Douglas Shoe; Bird & Son; Cement "A"; Riley Stoker; and American Export Airlines.

R E F E R E N C E

http://fraser.stlouisfed.org/
Public Utility Securities

United Gas Improvement

United Gas Improvement has the SEC in a program designed to Section 11 of the Holding Company
holdings—in Public Service of New Jersey, Philadelphia Electric, and Delaware Power & Light—
the company recently issued 23,232 shares of common stock for $3,000. This amount, and shareholders now have one share in
de them the requirements of Act. The company’s three largest
New York, New Jersey, and Delaware Power & Light accounts are
for some time cooperated with them to the requirements of Act. The company’s three largest
New York, New Jersey, and Delaware Power & Light accounts are
for some time cooperated with them to

S. R. Livingston Co.

Formed in Detroit

Detroit, Mich.—S. R. Livingston and A. Hancock have formed S. R. Livingston & Co., a new partnership, with offices in Detroit, specializing in investment securities. George E. O’Brien is associated with the firm, which will engage in investment
business at 212 N. Washington Ave., the former office of the Livingston firm.

Wm. Loss Heads Dept.

Of H. Hentz & Co.

H. Hentz & Co., 60 Beaver St., New York City, members of the New York Stock Exchange and other leading exchanges, on
November 15, 1948, has joined the organization as head of its reorganization department. Mr. Loss, a member and one of the founders of the National Analysts Association, was formerly with Blair & Co., Inc.

Subject to prior sale, we offer

50,000 Shares

North American Light & Power common

at $1.00 per share

GILBERT J. POSTLEY & CO.

29 BROADWAY, NEW YORK 6, N. Y.

Direct Wire to Chicago

Wanted Manager for

Government Bond Department

An established New York investment firm, with successful record in the field of commercial and municipal bond work, invites applications from qualified and experienced bond salesmen who are interested in the field of Government bonds and capable of earning in the five figure bracket, to head its Government Bond department. Our client desires an

Note: For those who have written or are thinking about writing a book on this topic, there is a huge market among American military personnel who served in the Vietnam War. The book could focus on the experiences and challenges faced by these veterans, as well as the broader implications of the war for American society. This could be a compelling and profitable topic for a future project.

The “University of Captivity”

Sometimes age we write an article entitled, “Prisoner of War”, in which we wondered how a book on admissions could help.

We are indebted to a number of good people for dispelling the mystery of how this book as teachers found their way into German prison camps, where our American boys are avidly studying them.

In a recent letter, Mr. David M. Church, Director of Public Relations of the University of Connecticut, tells me that the WAR PRISONERS AID, for the past ten years has been a participants of the National University of Connecticut, Fund, has shipped nearly 100,000 books to American prisoners of war during the past year.

Some of these books are textbooks and a considerable number of books and pamphlets, which were interspersed by the war.

Mr. Church also tells me that they have seen the need that there is for drawing the attention of those classes and other recreational activities which are not likely to find their way into the prison camp, and they have been quite aware that these efforts are being made by American educational institutions which make similar arrangements. One of the happiest books of new that has reached this writer since the war began comes from a Y.M.C.A. official from Sweden, who recently visited prison camps in Germany. In one camp alone he found thirty books—books and pamphlets of one thousand

To Dad and Mom who have a boy in the service, may I say—
Salute to your lad—and be of good cheer—

MARK MERIT

of Schenley Distillers Corp.

P. S. Yes... War Bond! Buy ‘Em and Send ‘Em!

FREE—Send a postcard or letter to Schenley Distillers Corp., 350 Fifth Ave., N. Y., N. Y., and you will receive one book containing reporrs of earlier articles on various subjects in this series.

Interesting Situation

Western Union Telegraph Company

Debenture 6s of 1961 (when, and for the purposes of marketing possibilities according to a summary of the situation

by Everybody, 120 Broadway, New York City, members of the many of the situations of the leading exchanges, copies

of the papers from the firm upon request.

For those interested in the National

Casualty Company is very favorable, according to a detailed study

by Everybody, 120 Broadway, New York City, members of the many of the situations of the leading exchanges, copies

of the papers from the firm upon request.

Favorable Prospects

The outlook for National Casualty Company is very favorable, according to a detailed study

by Everybody, 120 Broadway, New York City, members of the many of the situations of the leading exchanges, copies

of the papers from the firm upon request.

(Continued on page 1504)
Philadelphia Bank Stocks
Central-Penn National Bank
Com Exch, Nat, Bk & Tr, Co.
First Federal Savings & Loan
Girard Trust Co.
Penn. Co. for Ins. on Lives etc
Philadelphia National Bank
Provident Trust Co.
Philadelphia Transportation Co.

H. N. NASH & Co.

280 South 16th St.
Philadelphia, Pennsylvania

Philadelphia Brevities

Hearings before the S. E. C. in reference to Standard Gas & Electric Co.'s voluntary plan of reorganization were concluded last Saturday. In the final market report or opinion of the examiners, the character and quantity of evidence and testimony presented by it is reported to be in conflict with the facts, and the plan of reorganization as filed has been disapproved.

Several holders of junior securities introduced well-substantiated arguments to indicate that Standard's valuations were low and that future earning power has been underestimated. It was pointed out that the $7 and $8 preferred dividends have not been paid since 1914, earning seventh and eighth years having been the last years that date have more than cleared dividend requirements. Disregarding the claim that dividends were not paid was held to be impermissible after a "directors' choice" matter of necessity.

Under such circumstances, the argument ran, Standard must be considered in the light of a going concern and the Company's property, which gives no predetermined priority to the dividend arrearages, does not conform with the principles of the allocation approved by the Commission in other comparable cases.

To support this view, the following evidence is adduced.

Holding Company Reorganization (No. 6156.)—"We view, in our opinion, it is not consistent to conclude that stockholders affected were given fully equivalent compensation for their junior or other rights, determined as though in a continuance of the corporation, and the process of compensation with the result would be a clear indication of the fact that the preferred dividend arrearages does not constitute a matured claim in the bankruptcy, the holders of such Preferred stock are devoid of effective process, the funds, it is true, may lie for the lapse of time which may prejudice pre-claimants." (Holdings Company Reorganization No. 3114 (American Utilities Service Company.)--"We have repeatedly held in reorganization cases that pri-

COLUMBIA NAT. LIFE

American Investment Securities (Me.)

Wolves Power

W. B. HILL & CO.

1500 Walnut St.
Philadelphia 2

Reading Coal & Iron

GERSTLEY, SUNSTEIN & CO.

1790 Walnut St.
Philadelphia 15

Inland Gas

1st W'sjs 20c. Paid

Phil. Reading

Coal & iron

3rd St. C.O.

Columbian Nat. Life

American Investment Securities (Me.)

Wolves Power

Kennedy and Co.

Members Philadelphia Stock Exchange

Philadelphia 10, PA

Tel: Philadelphia 5455

Solely invested in

EAST SUGAR LEAF COAL

Hurd Coal & Iron Co.

Leckie Smokeless Coal Co.

Leckie Fire Creek Coal Co.

Pennsylvania Coal & Coke Co.

Tomaph Mining Co. of Nev.

WILM. W. FOGARTY & CO.

Established 1849

Leadvale Building

10th Street Philadelphia 36

Tel: Philadelphia 5455

PENNSYLVANIA BREVITIES

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Leckie Smokeless Coal Co.

Leckie Fire Creek Coal Co.

Pennsylvania Coal & Coke Co.

Tomaph Mining Co. of Nev.
Consumer BankingAfter War

(Continued from page 1461)
its, for when banks find that the specie they pay for with bank credit.
The situation will probably be a further

Banking Act generally authorize banks to maintain

therefore, the volume of currency between 30 and 25

The deposits held in commer•

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Reconversion And Air Power

(Continued from page 1458) the Air Age cannot be fulfilled without important action by the public itself expressed in political policy. They do not understand the obstacles and problems that must be overcome if the aircraft industry is to provide maximum employment in the postwar era.

Let us examine some of these problems. There are various criteria that measure their scope. One veteran airplane manufacturer has wisely observed that every day that passes builds a greater backlog of demand for our automobile manufacturers but that each day adds to the surplus that threatens to inundate the airplane industry.

For a quick assay of the reconstruction problems of aviation, a few comparisons are necessary. This industry, now the world's largest, with almost 2,000,000 employees was ranked 44th among American businesses in 1939, employing approximately 44,000. It was smaller then, than the 5-cent candy bar business.

From its present lofty peak, the industry faces a cold plunge to an uncertain level that can be considered "normal." J. A. Krug, the new Chairman of the War Production Board, has estimated that this plunge may reach 1/10th of the present rate of operations.

A closely accurate estimate of the size of the postwar aircraft industry is naturally impossible. Its magnitude, in the first year at least, will make it a matter of guesses to a very large degree on the annual production of military aviation—what in recent years has depended on the nature of the peace and the Cold War Policy. However, Mr. Krug's range of figures seems reasonable. For example, if a few years after the war we had a 25,000 plane air force; a fleet of 2,000 transport aircraft of various sizes in domestic and foreign service (sufficient to carry five times prewar traffic) and 150,000 private aircraft (again five times our pre-war total) our annual output would total about 1,000,000,000 dollars—6% of 1944 estimated production. But this indicated postwar level would be nothing to be ashamed of—it would be five times the production of the last pre-war year.

Everyone must recognize that even with the wisest governmental policy supported by the most enlightened public opinion, a shrinkage of this magnitude is inevitable. (The aviation industry has been building products which with a few exceptions are as completely war material as tanks or machine guns. The demand for such products will inevitably contract very greatly in time of peace, and cannot be replaced to any great degree by increased commercial sales for many years to come.)

Yet assuming that a 90% to 95% cut-off will be inevitable the manner in which the shrinkage takes place will be of the greatest importance to the industry and to the country. The return to whatever level can be considered normal could be agonizingly drastic and sharp. Unless the nation and the industry plan most carefully the repercussions upon jobs, upon industrial staff, working capital and even the productive organization will be most serious.

Specific aspects of this overall problem fall into four main categories:

1. First is the question of surplus planes. Tens of thousands of aircraft usable as a mobile fleet of conversion to peacetime uses will be surplus and obsolete on V-Day. Much more serious, other thousands of military transport planes will await disposition.

2. Best estimates of the probable number of export transport types range from 2,000 to 3,000. This allows for foreign as well as domestic demand. Estimates of the surplus of transports that will await disposition range from just double to three times this estimated maximum market. Shall the market for these America-bred transport planes be destroyed by this flood of surplus equipment?

3. Second, comes the matter of surplus plants. In 1939 the total floor space of the industry was eleven million square feet. Today it is sixteen times that figure—175 million square feet—six and one half square miles or nearly five times the area of Central Park. Of this vast area, nearly 132 million square feet or 75% is owned by the Government outright or through DPC. Then there are the additions and extensions of privately-owned plants also. Government-owned—finally the machinery and tools in some privately-owned plants are Government owned.

How to unscramble the tangle?

Fortunately, no one is seriously suggesting that the Government operate these facilities. Certainly, the Government must not face competition.

3. First is the matter of contractual termination. Here the problem is clear. Because the stakes are high but they are perhaps easier to solve. With claims so huge to settle, a small mistake could wipe out even the strongest concern in peacetime. Even small mistakes are likely to occur. The contractors show that their working capital is just sufficient to permit operations to continue on the pace established before the war six weeks after termination. If equitable settlements cannot be concluded, and payments promptly disbursed, then there is little chance that aircraft companies can fulfill their role in maintaining our Air Power and supplying substantial employment in the postwar world. But the problem can be solved by a sound policy and intelligent administration.

4. Fourth is the matter of maintaining research and development, not only during the difficult period of readjustment but thereafter. The cost will not be low. It takes 15 to 20 millions to develop large trans-oceanic aircraft—35 millions to operate our large basic research establishment for a year—but the return on the investment is tremendous. Research is the keystone on which rests the whole arch of our aviation structure, both military and commercial.

Spectacular though our wartime achievements may seem, we are only in the very early stages of aircraft development. It is not generally realized that the improvements in aircraft in the last 15 years have been chiefly due to improved design details. Some curtain has lifted before our eyes. For the first time in nearly two decades, we have seen fundamentals new inventions enter the aviation field in the form of jet propulsion and radar. To quote Mr. LouisBossert, "Everything we have done so far is only a prelude to the future. Even now, we are lathering on the doors the speed of sound." When jet propulsion and new airfoil shapes enable us to crash through no known wall, we can go.

The industry and Government research establishments are not enabled to retain their research brains and to secure the financial support. "Bob Lovett—"Everyone in our field and our research people everywhere are convinced that America takes the lead in these new developments. Those of us who recall the experience after the last war are acquainted with the problem. We are confronted with the four problems I have mentioned, but what is even more worrying is that similar problems were not handled very successfully a generation ago.

Back in 1919, the nation was facing a moribund aircraft industry that had undergone a tremendous readjustment, and with a huge surplus of facilities. But the following years are alarming to those of us who are studying far more than aeronautics. Let us cast a look at that: Not only the production of the planes but also the maintenance in the base and operational units were largely absorbed by the automobile and other industries. It is interesting to note for example that Charles Kettering was eight years out of aviation when in the last world war and went to General Motors with General Wright. Had his genius been retained in aviation, our national product in subsequent years might have been far more marked than it was.

Early plans of the last war retracted the growth of aviation so that in the first five years after 1918, 85% of all research was in the hands of Curtiss Jennies, or similar war types. The mountainous stockpile of Libre, Lindbergh and all engine research! The Army and Navy had even more to do with the air than the government observations plate as late as 1940.

Since the industry could not sell its output, technological development was retarded throughout the world. It is evident that we will not repeat these mistakes of the last war.

We have learned lessons; we know what to expect; we take and have planned well in advance for the problems which we now face.

We recognize that the effective reconversion of our national defense is only be carried out on the basis of a coherent national program designed to keep American first in the world in research and development and you men who are here tonight can do much to see that the public support that will be necessary to put it into practice is forthcoming. The important aspects of the problem are: the transition of the air armament—contract termination, and the measures necessary to retain our air power and personnel.

If America is to continue to be a great air power, our industrial rehabilitation program must meet these needs:

1. It must advance our national defense and foreign air industry.

2. It must advance our national defense and foreign air industry.

3. It must advance our national defense and foreign air industry.

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The Narragansett Electric Company

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**Inv. Companies Ass'n Elects to Committee**

The National Association of Investment Companies announced the election to its Executive Committee of Hugh Bullock, President, Dividend Shares, Inc. and Bullock Fund, Ltd.; Paul C. Cabot, President, State Street Investment Corporation; Frederick A. Carroll, Vice-President, Shawmut Bank Investment Trust; and Dorey Richardson, Vice-President, The Lehman Corporation. All four were elected for the three-year term commencing Oct. 1, 1944.

Those continuing to serve on the Committee are O. Kelley Andersen, President, Consolidated Investment Trust; Hugh H. Baker, President, Blue Ridge Corporation; George M. Gillies, Jr., President, the Adams Express Company; Edward C. Johnson, Sr., Vice-President and Treasurer, Incorporated Investors; Hugh W. Long, President, Manhattan Bond Fund, Inc. and New York Stocks, Inc.; Jonathan B. Lovelace, President, The Investment Company of America; S. L. Shalley, President, Keystone Custodian Funds, Inc.; Hardwick Stires, Vice-President, Scudder, Stevens & Clark Fund, Inc.; and Paul Bartholet, Executive Director of the Association.

At the same time, Mr. Bartholet announced the election of Miss Lucille Tomlinson as Executive Assistant. Before joining the staff of the Association a year ago, Miss Tomlinson was Associate Editor of Barron's, the National Business and Financial Weekly.

**Admits Partner**

Andre de Saint Phalle & Co., 28 Broadway, New York City, as members of the New York Stock Exchange, will admit Jacqueline de Saint Phalle to partnership in the firm as of October 15.

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**Mutual Funds**

The Outlook

In the mail last week we received bulletins from three leading investment company sponsors all pointing to the relative cheapness of equities in relation to high-grade bonds at this time.

Keynes, the investment editor of The Economist, in an article on the "State Fund," shows a chart of high-grade bond yields from 1922 to date and compares the current yield of approximately 2.75% on top-grade bonds with the dividend yield available on seasoned common stocks.

"The dividend yield on the Dow-Jones Industrial average of 30 common stocks is 4.32%. On Barron's average of 50 leading common stocks the dividend yield is 4.24%.

"If it can be assumed that common stock earnings will be well maintained after the war—and there are cogent reasons for believing that this will be the case—then it appears that stock yields are far out of line with bond yields.

"If Barron's stock average were to sell at a level ten times or 3 1/2% on present dividends, the rise in price would be from 87 to 120—283. Inasmuch as stocks have frequently sold on the same yield basis as high-grade bonds in the past, it would not be abnormal for stocks to yield 3 1/2% at a time when bonds are yielding under 2 3/4%.

"Lord, Abbott, in the current issue of Abstracts, applies the same reasoning to preferred stocks and asks, 'Are 'spreads' too wide?'

"This sponsor points out that on Sept. 20 the yield from a group of high-grade corporate bonds was 2.76% as against a yield of 3.80% from high-grade, non-callable preferred stocks and a yield of 4.96% from the 50 leading common stocks in the Barron's index.

"C. H. Bullock, in the current issue of the Bulletin, makes a similar point by comparing the spread between stock and bond yields in this country with that currently existing in Great Britain.

"Moody's index of yields on 200 representative common stocks was 4.74% at the end of August. This is 190% of the average yield on long-term taxable Governments, a very much higher rate than our ratio. As contrasted with this, yields on representative British ordinary shares are currently on the average only 114% of the yield on 2 1/2% British consols.

"If common stock yields bore the same relationship to taxable Government bond yields in this country as they do in Great Britain, our average common bond yields would be about 2.83% instead of 4.76, which would make a price level 66% above the present level which would be equivalent to 240 for the Dow-Jones industrials."

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P. R. Mallory & Co., Inc., offers this interesting situation in common stock to an analysis prepared by Steiner, House & Co., Inc., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, House & Co. upon request.

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Commercial Banking After War

(Continued from page 1647)

rates assure the banker against depreciation of assets during the war.

As you know, the bank supervisory authorities have agreed, so far as bank examination is concerned, that you may hold your Government securities at book or at amortized cost value. Conceding, however, that it would be small comfort for you to know that the bank examiner would not report your capital impaired if the value of your Government securities declined to the point where the market value of your assets would be less than your liabilities, I wish to mention two broad factors which will work in the direction of relatively low interest rates and stable value of Government securities.

One is that this country has become the greatest creditor country in the world, and a creditor country tends to have a relatively low rate of interest. A creditor position denotes a surplus of capital which is not consistent with high interest rates.

Public policy also is likely to be such as to maintain low rates. Naturally, I am speaking only for myself, trying to appraise the situation as it appears from the research man’s desk. Clearly, it would be good public policy to maintain moderately low interest rates and to support the Government security market. It would not be sound policy to do otherwise in view of the large investment in securities on the part of banks, insurance companies, private and public institutions, corporations and individuals. Then, too, there is the desirability of keeping rates low in order to keep down the cost of the debt. For reasons stated earlier I believe that the market for Government securities can be supported under Government intervention. Should it become necessary for the Government to act, however, I believe that the course of action pursued will be in the direction of maintaining relatively low rates and supporting the market.

The Quest for Investment Outlets

To me the greatest banking problem after the war will be how to find outlets for funds, not how to meet a loss of deposits or a deterioration of assets. In view of the great liquidity of business enterprises, it is going to be difficult to lend. The banker who has been restricting his efforts to saying “no” to loan applicants most of the time and “yes” only occasionally will have to widen his horizons if he is to succeed in the future. If bankers are to do a lively job they will have to search for unconventional outlets and new fields for investments. More attention will have to be given to small loans to individuals, to financing consumption, and to real estate and other loans that are not business financing in the old sense. Whatever requirements for outside financing will furnish a sizable outlet for funds in an economy which has been accomplished will in large measure depend upon the demand for peace time products. With reasonably full employment, demand would be much above pre-war levels and more funds would flow through business channels. This is but an example of the interaction of factors which will determine the fate of all sections of the economy.

The value of banks and bankers to our economy is beyond question. They are in contact with every phase of activity and perform a needed unifying function. So long as they follow the principle of serving the public and meeting the needs of their communities to the best of their ability, I believe that the banking business will continue to receive reasonable returns on capital. In my estimate, banks have less cause for worry over the future than any other group. If they analyze carefully their functions in the national economy and in their own communities, and manage their businesses with imagination and competence, they can face the future with assurance.

Backlog of Construction Contracts Estimated At $10,000,000,000

The backlog of construction projects awaiting the attention of government controls and the availability of manpower and building materials exceeds 10½ billion dollars, it was reported on Sept. 29 by F. W. Dodge Corporation, fast-finding organization for the construction industry.

The data were compiled after special inquiry by Dodge’s field staff directed to more than 400,000 persons representing city, county, State and Federal government agencies, private industry, commercial, religious, social, educational and other organizations, individual prospective home builders, business building owners, men of influence, and other institutional encumberers.

The compilation covers all States and certain foreign countries and to projects reported up to Aug. 1.

School and college buildings, hospital buildings, manufacturing plants, office buildings and churches — in the order listed — are the principal non-residential classifications reported. The backlog of school and college buildings alone amounted to $787,930,000, and all non-residential building to $2,876,973,000.

In the residential field, Dodge reported costs of slightly less than a half billion dollars for one-family dwellings to be built for owners to order and by operative builders for sale or rent. The total amount of residential building, including apartment houses, dormitories and hotels, was $1,052,666,000.

In the field of heavy engineering, including construction, comprising public works and utilities, the Dodge Corporation has a list of contemplated projects valued at 6.3 billion dollars. Streets and highways represent the bulk of the heavy engineering construction, although substantial volume is indicated for dams and reservoirs, sewerage systems, electric light and power facilities, and airports.

Canadian Securities

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| Wood, Gyndy & Co. Incorporated | 14 Wall Street, New York 5 |

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Par Value $100 per Share

Price $103.50 per Share and accrued dividends from October 1, 1944

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October 3, 1944.
Our Duties To The Service Men

By W. RANDOLPH BURGESS
Newly Elected President American Bankers Association

Vice-Chairman of the Board of the National City Bank of New York

In His Inaugural Address, Mr. Burgess Suggests Three Ways Banks Can Help Service Men, Viz: (1) Helping End The War By Soliciting Purchases Of War Bonds; (2) Helping The Returning Veteran Find What He Needs In His Home And Community; And (3) Preventing Another War by Assisting In International Cooperation.

Claims Bretton Woods Proposals Should Be Made 9th of That Britain’s Position In The World Is Insecure
Of The Picture,” Sees Dollar Stability Basis To Enduring Mone¬

tary Stability, And Says There Is No More Virtue In Making Bad International Loans Than Bad Domestic Loans.

My theme was partly suggested by an article in a recent issue of "Time" magazine.

The hard, unhappy-looking men kept themselves. Along the boardwalk—New York City bars, they avoided civilians, even shunned other soldiers who had not been overseas. The hard young men were veteran Army and Navy and Air Force men. They had had 21-day furloughs, but no bank at the Atlantic City redistribution center, being prepared for reassignment.

"This was not what they brooded about, my young man: curtly, 'We don't need to be re¬activity, to the theme around which all our ac¬tivities may center—what will they spurs us on when the war may seem hard or a little—very—human theme.

The theme I suggest is our duty to the boys we have lost and G. J. Joe, under fire to¬day—a veteran back in our midst tomorrow.

When I got home Manhattan didn't seem real.

"I saw people jamming the bars and hot spots and movies. Their way of life hasn't really changed a damn thing. They are a million miles away from the sufferings of war."

"A long the sunny boardwalk, in the Atlantic City bars, U. S. civilians were getting quite a week at par with they will have to cross when the boys come home."

An exaggerated statement per¬haps, but it gives a vivid grasp of the situation for anyone who has been through the war. We have not yet learned to go back into the midst of the city—of the shops and discos and theater—without a feeling of what a real world—what a world has been lost.

Banking as a great national en¬terprise can help to bridge that gap. I suggest three ways.

First, we must give our best in helping to finish the war. We all know many things the communities are doing to help the war effort, and it is the way that we can do that. But, the banks have a special role to play.

Nov 1, 1945, at 105% of principal amount

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GREAT NORTHERN RAILWAY COMPANY

First and Refunding Mortgage 4 1/2% Gold Bonds, due July 1, 1961

On January 1, 1945, at 105% of principal amount

plus accrued interest to said date

GREAT NORTHERN RAILWAY COMPANY

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EASTERN RAILWAY COMPANY, MINNESOTA

Northern Division First Mortgage 4 1/2% Bonds due April 1, 1948

GREAT NORTHERN RAILWAY COMPANY

On April 1, 1945, at 105% of principal amount

plus accrued interest to said date

Holders of the above bonds may immediately obtain the full redemption price thereof, including accrued interest to the specified redemption dates, by surrendering such bonds with all unmatured appurtenant coupons to The First National Bank of the City of New York at its office No. 2 Wall Street, New York, N. Y.

The above bonds and Bonds of Series G and Series H, will continue to be convertible in accordance with their terms into Preferred Stock of Great Northern Railway Company until and including said redemption dates unless paid prior thereto as above provided.

GREAT NORTHERN RAILWAY COMPANY

By F. J. GAVIN, President

St. Paul, Minnesota

October 5, 1944
advise him wisely. We need to be able to explain the rules for success. Every one of us has a responsibility to maintain the machinery of the banks for loans to small business and for working capital loans, which will prove useful in meeting this situation.

Both these authors have a broader community responsibility. Let's be sure to think back a minute and bear in mind that the little man is ready to receive them to give them the honor they deserve to answer their questions and help them think. After reading the book, they can be sure and feel as if they were born into a world that is right now ready to give them what is of value to them, to these committees of individuals and the economic stability of the countries concerned. In particular the key to the picture is the British position. For Britain has a great center of world trade and finance on which marriage parts of the world depended. Unlike most of the other countries, Britain has drained off her substance in this war. A first step in world recovery is a plan for Britain. We ought to know that, to know what is a necessity, and to make it a necessity.

It should also be added that another basic necessity for any continuing world monetary stability is that the United States dollar, which has come to be a means of international trade, should be put separately on a footing with the pound sterling. It is a question of political and economic stability of the countries concerned. In particular the key to the picture is the British position. For Britain has a great center of world trade and finance on which marriage parts of the world depended. Unlike most of the other countries, Britain has drained off her substance in this war. A first step in world recovery is a plan for Britain. We ought to know that, to know what is a necessity, and to make it a necessity.

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Some Observations Of Commercial And Savings Banking In England

By W. L. HEMINGWAY

President, Mercantile-Commerce Bank & Trust Co., St. Louis, Mo.


The banking business in England is an old one dating back to the goldsmiths in the seventeenth century. Today the commercial banking is conducted in a few large banks. There are ten members of the London Clearing House through which a great part of the nation's business is done. The Big Five, as they are called, is that the five largest banks, viz., Midland, Bar clays, Lloyds, Westminster, and National Provincial, with their thousands of branches largely determine the banking policies and practices of the country.

The Bank of England, while publicly owned, is the central bank and works in close cooperation with the Treasury in determining the country's fiscal policies. It is used to conduct a general banking business, but of late years it has not been taking new accounts, its purpose is gradually reduce its individual accounts and confine its operations to serving as depository for the Government and advising and acting as fiscal agent for the Treasury.

There are also a number of private banking houses, called merchant bankers, which conduct specialized banking functions such as were familiar to us in other days. P. Morgan & Company, Brown Bros., etc. Many of them have names of world-wide re nomh—Booth & Sons, Baring Bros., Morgan, Grenfell & Co mpany, and others. Many of the

A address by Mr. Hemingway before the Savings Division of the Second War Service meeting of the American Bankers Association, Chicago, Ill., on Sept. 25, 1944.

banks operating in distant parts of the empire have their head offices in London and as one walks through the streets of the financial district the names of the different banking establishments are ample proof that here was the banking center of the world. The heavy drain of two wars on the British and the rapid development of the United States industrially and financially, may result in that center shifting to New York. If so, there will go with it a great responsibility and it will be no easy task to discharge the duties of bankers to the world. Success will not be achieved unless Gov ernment policies in Washington are

I have mentioned these kinds of banks to give you a background for the savings banks, whose story I now will outline briefly to you. Daniel Defoe, the author of Robinson Crusoe is credited with the first plan for a savings bank, which he conceived in 1699. Nothing earlier exists. The Samuel Whitbread presented to Parliament a plan for a savings bank to be under the management of the Post Office, but this plan also failed. The Rev. Henry Duncombe of Ruthwell is called the Father of Savings Banks, because he secured the establishment of savings banks in 1756.

As a conspicuous feature of this bank was that its depositors had to furnish written evidence as to their moral character and fitness were imposed if deposits fell below 10 annually. Another novel provision for the improvement of savings as well as the depositor was the payment to a prospective bridegroom of a higher rate of interest than was generally paid. As might be expected, the story of this bank soon spread, and in a few years others were started.

By 1717 the number had grown sufficiently to attract the attention of the Government which then by an act of Parliament or duced to the new banks the privilege of investing their surplus funds with the National Debt Commissioners at a rate of better than 4%. This proved so attractive that within five years 600 banks were organized the next year, each with the management of its own Board of Trustees. As time went on the deposits grew so that a limit was placed on the amount that could be deposited by one person and the rate of interest the Government paid was reduced.

The experience of the trustee banks prompted Mr. Gladstone, then Chancellor of the Exchequer, to propose the Post Office Savings Bank Bill, which became law in 1861. The use of these banks has steadily increased until there are now over 18,500 of them, an increase of 1,000 since the beginning of the year. During the war and because of it the total deposits have increased from $38 million pounds to one billion four hundred ten million pounds and the number of accounts have increased from 250,000, so that now it is safe to say that every British house hold supplies at least one depositor for each family, even a child under seven, may have an account.

I think you may be interested in the types of accounts that are permitted. Any individual over seven years of age may open an account and may have more than one account and may also be a part to joint or trust accounts. An account may be opened in the name of a child under seven which will be subject to withdrawal by the child on reaching the age of seven. Funds of almost any organization can be deposited provided the money is not derived from business operations. There are many accounts carried with social, religious, and similar societies in which deposits of 200 pounds that may be carried by one depositor, but there is a limit of five hundred pounds that may be deposited in a year.

These banks sell Government stock to their depositors which has increased since the outbreak of the war from 176 million pounds to almost 837 million pounds representing the sale of defense bonds, which are issued only by the Post Office. The Post Office Savings Banks also sell annuities and perform other services in peace times.

To return to the trustee banks, there was a limit on their deposits in excess of five dollars and this limit has increased from 277 million pounds in 1937 to 1,397 million pounds today. They are strictly supervised by the Government and any financial reports are submitted to Parliament by the Savings Bank Inspection Committee. Like the Post Office Savings Banks, they are authorized to lend Government securities and they have been of great assistance to the Government in its program of encouragement to savings. The rate of interest on regular accounts is 2.5%, but there is a Special Investment Department with power to lend on special terms at rates of interest fixed by the trustee of each account subject to the approval of the National Debt Commissioners. These banks have been encouraged by the Government to the extent of $1,200 million of principal for the National Debt Commissioners to adv

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Spending Or Saving Our Way To Post-War Prosperity

(Continued from page 1459) and in planning wisely for them-
selves to provide for present and future, and financial policy and the broad
public welfare.

The responsibilities of the banking fraternity for a sound, safe, and solvent America are
very great. They have not, I sus-
tect, been as great before. Sound,
banking leadership, or the lack of it, may very well be the most important single factor in deter-
mining the kind of America we shall have in the decade and the
generation ahead.

It is superfluous for me to say
this to group of men and women
that certain trends in the field of
spending and financing initiated a
decade ago and accelerated as a
result of the war run sharply
against the grain of modern cap-
itumism and free business enter-
prise. They run likewise against
banking of the kind in which a
large majority of those in this
room are engaged. In fact, they
cut sharply across all of what for
the lack of a better name we call
the American way of life.

The first of these trends and
the one to which I am directing
a major portion of my remarks is the
trend, already manifest and subtle,
from individual thrift, the trend
away from new capital creation, all
trends based upon the philoso-
phies of the last decade which
hold that the citizen, rather than saving, makes the more go.

Having been born on a western
Ohio farm, I learned early in life
and by the sweat of my own face what the real sources of wealth
were. Of the place of labor and
land in the production of food I
needed a little instruction in my
first college economics course.
My concept of capital was vague
but I knew full well that the
farmer who had good buildings
and farm implements and plenty
of boron power was the farmer
who lived well and made money,
and in a vague kind of way I asso-
ciated good farm equipment with
thrift, with savings and generally
with a method of living which
among many of us today is con-
spicious only by its absence.

My purpose in relating this bit
of personal history is to record the
opinion that the cause of sound
money and economy was buffeted
heavily as more and more of us
moved from the land and lost first-hand knowledge of the pro-
cesses of wealth creation. It is
significant to me in the connection, I think, that a majority of those
who today would propose to spend
our way to a sound and post-war
economy are by background and
experience far removed from the
source of wealth creation, and by
which only it can be created. I am
easily persuaded of the alleged
advantage of spending over saving
and of the high desirability of man-
agement and manipulation over
industry and production.

It is obviously more pleasant to
live a life in the manner that we
are likely to provide it by dint or one's own
effort. And it is easier to spend
money than to save it. It seems
to be particularly easy to spend
money that belongs to some one
else.

Welldo acceptance of the philoso-
pies of spending in recent years is
due also to a wholly mistaken
view of the relation of saving and
capital to production, and par-
simarily to employment and jobs
which in currently there is the
widest public interest.

A nationally known woman
whose column "My Day" is famili-
lar to most of you published this
amazing answer to a question
which recently appeared on her
page "If You Ask Me" page in the "La-
dies Home Journal":

"I have never invested any
money because I feel that what I
earn should be spent to help
others or to give useful employ-
ment."

The inference is perfectly clear.
Money which is spent helps others
and gives employment, while that
which is saved and invested, is
used for selfish advantage. The
implication is unmistakable that
high-minded altruistic men and
good women do not save and invest.

Much of this philosophy has
been running through government
policies and legislation for more
than a decade. Take, for example,
the tax on undistributed corporate
profits which, in a really stiff
competition, stands out as perhaps
the worst of all New Deal blun-
ters. The thesis underlying that
tax measure was precisely the
same as that of the answer just
referred to: Savings are selfish
and make for business stagnation;
spending is high-minded since it
gives employment and creates
great business and commercial ac-
divity.

Much the same philosophy
seems to lie behind the constant
pressure the administration has
maintained on the money mar-
tet. By depressingly constantly
the rate of interest, which after all
is the premium paid for saving,
the government has discouraged thrift, has imposed long-term
private investment and has thus
paved the way for more and more
government financing in more
and more directions and placed a
heavy burden on sound recovery
within the framework of private
capitalism. Thus the question shall we
spend or save involves an issue
which this nation must decide
very soon after the war is over.

Involved directly in the answer
to this question is the choice be-
tween private enterprise and some
form of collectivism, between sav-
ing and investing by individuals
and corporations, and dependence
on the public credit over an ever-
broading sector of the econ-
omy.

That the forces favorable to
spending are currently stronger
than those of saving there can be
no reasonable doubt. They are
stronger because spending is easy
and saving arduous. They are
stronger also because for a decade
or more the government has
largely been under the influence
of a school of economic philoso-
phers who would like to believe
that the basic laws of economics
are no longer operative, that
prices can be controlled by legis-
lation or executive order and that
prudence can be thrown to the
winds in about every phase of
our public housekeeping.

It is largely because we have

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, SEPTEMBER 30, 1944

RESOURCES

Cash and Due from Banks $848,832,253.32
U. S. Government Obligations, direct and fully guaranteed 2,601,379,080.21
State and Municipal Securities 109,634,995.15
Other Securities 129,265,455.66
Loans, Discounts and Bankers' Acceptances 913,836,757.48
Accrued Interest Receivable 9,346,561.26
Mortgages 6,575,211.47
Customers' Acceptance Liability 8,000,775.20
Stock of Federal Reserve Bank 7,050,000.00
Banking Houses 35,060,082.16
Other Real Estate 4,417,943.17
Other Assets 1,984,698.79
Total Resources $4,675,383,813.87

LIABILITIES

Capital Funds:
Capital Stock $111,000,000.00
Surplus 124,000,000.00
Undivided Profits 48,613,239.21
Total Capital Funds $283,613,239.21
Reserve for Contingencies 10,836,059.52
Reserve for Taxes, Interest, etc. 9,566,062.98
Deposits 4,352,959,552.52
Acceptances Outstanding $10,507,718.69
Less Amount in Portfolio 1,843,715.80
8,164,002.89
Total Liabilities $4,675,383,813.87

United States Government and other securities carried at $530,438,203.00 are pledged to secure U. S. Government Loan Deposits of $702,918,901.41 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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Direct Wires to all Offices
The Work Of The Trust Division

By HENRY A. THEIS*
President, Trust Division, American Bankers Association
Vice-President, Guaranty Trust Company of New York

Head Of The Trust Division Tells Of Its Accomplishments In Drafting A Statement Of Principles For Trust Institutions Which Has Been Adopted By The Governors Of The Federal Reserve System. He Points Out The Part Played By The Trust Division In Keeping The Trust Business On A Sound Basis. This Includes Making Trust Services Available To Those In The Armed Services, Aiding The Formulation And Adoption Of Pension Schemes, Reforming Tax Laws Relating To Trusts, And Uniform Rules Relating To Trust Accounting. Reveals That 22 States Have Adopted Trust Division's Recommendation For Enabling Legislation On Common Trust Funds.

There has probably been less punitive legislation — Federal or State — aimed at the trust business during the past 15 years than against any other sector of American business. This, I believe, is a fair statement. It is a credit to the trustees all over the country that such a statement can be made, for it indicates that, on the whole, trust business has been honorably and competently conducted.

While the country was still suffering from the shock of the world-wide economic crash, and before the mania for solving all our economic ills by legislation began, trust business set about to declare itself and the standards by which the business should be conducted. How sound trust business should be carried on was in the minds of trustees, but had never been put down on paper.

In the summer of 1931, trustees began the work to bring this about, and in the fall of 1932 a committee was assigned to submit a draft of a Statement of Principles of Trust Institutions. The Statement in its final form was approved by the Executive Committee of the Trust Division and by the Executive Council of the American Bankers Association in April 1933. It was incorporated in the Bankers' Code of Fair competition under NIA as Schedule "A," effective October 10, 1933. When legislation, governing the conduct of trust departments of national banks, was adopted by the Board of Governors of the Federal Reserve System, the Statement of Principles was included in the appendix and was recommended to banks of operating trust departments. When this statement was under consideration for adoption, it was argued by a few that there might be some trust institutions in the country whose standard of performance would not measure up to so high a standard as that prescribed by the Statement of Principles, that the Statement might be used to the injury of such trust institutions, and that, therefore, no statement should be adopted. These views did not prevail and, so far as I know, no trust institution has ever been surcharged because its standard of performance did not measure up to that of the Statement.

The ready approval given by Government officials to the precepts of the Statement may be one reason why the trust business was left substantially alone in the flood of reform legislation. So, it may be said that here is a standard which is fairly well regulated itself. Due credit for the proper conduct of the trust business must of course be given, also, to the intelligence and fairness of the States' supervisory agencies in their examination of trust departments.

One phase of the trust business, namely, that of setting as instruments of commercial trustee, narrowly scoped punitive legislation. The wise and patient guidance of a committee of the Trust Division, headed by Mr. Wilbur O'Hara, President of the National Bank of New York, and Mr. John G. Page, then what might have been punitive legislation into a constructive legislation; not by any means perfect, but workable.

In the typical case of punitive legislation was aimed at the customers of trust institutions and at beneficiaries of other trusts. Here, it was a consequence of the misguided activities of a few trust institutions which aggressively pushed their trust business on the basis of tax avoidance. These institutions subordinated the trust instrument as the vehicle that it is for accomplishing laudable social aims, and sold trust business primarily as a tax-saving device. The reaction was quick and severe. As in all such cases, the large majority of innocent had to suffer for the faults of a few. Through the efforts of the Trust Division it was possible for the beneficiaries of the discriminatory tax legislation against trusts had been removed.

The rise of interstate trade barriers has had the attention of thinking people. They see in it danger to our economic development. Practically every group — business, agriculture, labor, industry and banking — agrees in particular that interstate trade barriers are harmful, yet in each group there are some who are willing to have special trade barriers put up which will aid them. The trust business has not been free from engaging and promoting restricting measures in the conduct of trust business between states. There is much confusion and uncertainty in many states as to what the law governing the rights of out-of-state trust institutions actually is. The Trust Division cannot undertake a clarification or the amelioration of this situation. The cure must spring from within the separate states.

The Trust Division is cooperating with the National Conference of Commissioners on Uniform State Laws in drafting a "Uniform Reciprocal Act on Out-of-State Trust Institutions as Fiduciaries," and in the drafting of a "Uniform Ancillary Administration of Estates Act." The most the Trust Division can do is to see that whatever uniform statutes are to be proposed by the National Conference of Commissioners are clear in meaning and workable.

Whether or not these proposed statutes are to be adopted by the several States is solely up to the States themselves.

The Trust Division has played an important part in keeping the trust business on a sound basis. As you know, it has no police powers but, by education and example, it has wielded a powerful influence. This can perhaps be felt through many changes — in periods of peace and of war and in the transition from peace to war.

Just now the world is in a disturbed epoch. In the past, disturbed epochs have been creative epochs as well. Trustmen must see to it that the present disturbed period will be a creative one for the trust business.

Defeatist thinking and acting to which this country succumbed in (Continued on page 1450)
Post-War Tasks Of National Banks

By F. RAYMOND PETERSON*  
President, First National Bank, Petoskey, N. J.  
President, National Bank Division, American Bankers Association

While Pointing Out That The Reversion To Peace-time Activities Will Be More Difficult Than Was Conversion To War, Mr. Peterson Asserts That Private Banking Will Prove Itself Still To Be The Most Practical Instrumentality Of Financial Assistance To Every Type Of Business And To Every Individual. He Foresees Need Again To Apply Banking Resources To Civilian Business And Denies The Infringement Of Government Upon Tasks Considered To Be In The Realm Of Private Enterprise. Urges Return To Practices Which Permit Individual Planning.

*An address by Mr. Peterson before the National Bank Division of the Second War Service Meeting of the American Bankers Association at Chicago, Ill., Sept. 25, 1844.

There is no doubt that this objective can be reached if banking will throw the entire weight of its practical experience and its total resources into the effort. In other words, the outcome depends largely upon banking itself. There is only one way to measure the capacity of banking to perform any task. That measurement is its determination, and upon that determination its record and its achievement will rest.

I am not going to make any detailed statement or attempt to outline any plan for the accomplishment of this purpose of banking. The privilege of one that belongs to our guest speakers. But I feel I will not be an infringement upon their assignments if I try to emphasize the necessity of putting into this effort every faculty (Continued on page 1476).

An Even Bigger Job Ahead

V-E Day marks the beginning of an even bigger job—a two-fold job of redoubling national effort to speed V-J Day, and at the same time getting ahead with reconversion, upon which peace-time jobs depend. Bankers Trust Company offers its facilities and experience, in full co-operation with other Banks, to meet the needs of Business and Industry. Consultation is invited on any loaning problem in which it is felt we can be of help.

Bankers Trust Company
New York

Member of the Federal Deposit Insurance Corporation
Post-War Tasks Of National Banks
(Continued from page 1477)
that banking possesses. Civilian business in our nation will be the
dominant and the sustaining force again some day. The distinction
between civilian and military, in describing the nature of the busi-
ness, will become more apparent. Civilians have always, with
firmness, into the methods of con-
ducting it. Civilian business pri-
marily means business conducted
privately, rather than govern-
mentally. Private enterprise
finds regeneration, and individual
initiative must take courage and
draw strength from the enormous
task and the far-reaching
effect the results will have.
In this instance the indirect re-
results are more important than the
direct and immediate effects. The
indirect results are the state of
things in the world to which our
country will be returning. We have
been following this policy for the
most part.
There has been, however,
that business, on the whole, has not
been, and now, and a dis-
regard of the philosophy of this
decision has been policy. To
draw from this same fund as we
communicated to the business, our
citizens shall be conducted
by them as individuals, or in
groups. In practice, times of emer-
gencies, of course, are excepted.
In general that has been the
design, and has been followed
for the most part.
I ask that all of us unite to
do this very thing; that we remember
that the initiative required
keep moving forward must be
presented largely within band
itself, and that the advancement
will make it a much more de-
fined relationship, to the amount
of energy we expend.
John Shea Heads
Assn' of Bank Auditors
At the final session of their an-
nual meeting just concluded at
Cleveland, Ohio, John C. Shea,
Assistant Vice-President of the
Whitney National Bank, New Or-
leans, was advanced to the
Presi-
dency of The National Asso-
ciation of Bank Auditors and Comptrol-
tors. Mr. Shea has been advanced
the chairmanship of the
Ceterminate affairs, when he was first elected to ma-
early to the position of Vice-Presi-
dent of the Association are
First Vice-Preside, R. E. Houser,
Assistant Vice-President, First
National Bank & Trust Co., Okla-
ahoma City, Okla.; Second Vice-
President, President, Arthur R. Bursett,
Comptroller, First National Bank,
Baltimore, Md.; Secretary, M. H.
Jaffe, J. L. Jones, Jr., First Vice-President,
Citizens & Southern National
Bank, Atlantic, Ga.; Treasurer,
P. D. Williams, Comptroller,
Mr. Williams is the new officer in
the official capacity, all others
having been advanced in the of-
cership.
Ms. Powers, the retir-
ing President, will become an Ad-
visory Board member, that po-
tion she will hold four years.
Other members of the Advisory
Board are Charles Z. Meyer, now
serving in the U. S. Army; Cecil
Houser, Assistant Vice-President,
Trust Co., New York, and
Otmar A. Waldow, Comptroller,
National Bank & Trust Co., Ann-
 Arbor, Mich.
President Shea in his inaugural
address announced the appoin-
tment of a new committee known
as the Research Commit-
ttee, of which Dr. William
Waldow acting as Chairman. This
committee will be responsible for
better auditing and operating pro-
cedures and will begin work at once.
A two-year program is be-
ing outlined at the start.

The By-Laws of the Associa-
tion were amended at this meet-
ning to provide for the election of
directors, and the appointment of
a Vice-President for each State.
The new officers are: President,
Richard L. Broxey, Auditor, Bow-
ery Savings Bank, New York;
B. N. L. Davis, Auditor, Seattle,
Seattle, Wash.; L. H. Hammerston,
Auditor, Continental Illinois National
Bank, Chicago, Ill.;
Don Houser, Auditor, Third Na-
tional Bank, Nashville, Tenn.;
F. N. Milholland, Assistant Vice-
President, Citizens National Bank & Trust Co., Kan-
sas City, Mo.; Sumner Sinclair,
Auditor, Northwestern National
Bank, Minneapolis, Minn. Presi-
dent Shea will announce the ap-
pointment of State Vice-Presidents
and also members of the
standing committees.
This convention just closed
proved to have a record-breaking
tendance of 700 people. 

The American Tropics now furnish the Western
World with its essential rope supply!

WHEN the enemy invaded the
Philippines—source of 95% of the
manila rope so vital to our Navy
and Merchant Marine—the situation
looked black, except for one thing: 2,000 acres of abaca
seedlings (manila hemp) were growing down in Panama, on an experimental farm
for the United Fruit Company.
As far back as 1925 the develop-
ment of strains of abaca suitable for
the American tropics had been started in Middle America at the
request of foresighted men in the U.S. Department of Agriculture.
To meet the stringent and ever-in-
creasing demands for rope in the war
emergency, the United Fruit Com-
pany extended the abaca plantings
at top speed. In this strictly
non-profit undertaking the Company
has been given full cooperation by the
four Middle American govern-
ments. Today near 30,000 acres
of abaca are flourishing in the
American tropics. Enough is being
harvested now to meet the needs of
our fighting and merchant ships.

Never again need our hemisphere
depend on the Far East for 'sea-
going' rope. This is now a crucial
member of the ever-growing
strategy of social crops in the
Western World.

When the United Fruit Company's
Great White Fleet is no longer
needed for war service around the
world—and the ships return to their
Caribbean routes—abaca will find a
place in their capacious holds. To-
tgether with other strategic crops
developed in Middle America during
the war—rubber, guano, rotenone,
essential oils—abaca will prove a
valuable addition to peace-time trade
between the Americas.

ROPE—a tie that
binds the Americas

Great White Fleet
UNITED FRUIT COMPANY

GUATEMALA * EL SALVADOR * HONDURAS * NICARAGUA * COSTA RICA
PANAMA * COLOMBIA * CUBA * JAMAICA, B.W.I.

Back the attack... buy more War Bonds!
Spending or Saving Our Way to Post-War Prosperity

(Continued from page 1475) It has been suggested that the principles of sound economics and good judgment are the cornerstones on which we stand today and which will give us hope for the future. Here we are today, and so I will make the attempt to analyze the position we are in today, and to make some recommendations for the future.

The first thing to consider is the situation as it exists today. The country is recovering from the recent war, and there is a feeling that we are moving toward a period of prosperity. However, there are some serious problems that need to be addressed.

One of the most important problems is the high level of public debt. The government has borrowed a great deal of money to finance the war, and this debt must now be paid back. The cost of servicing this debt is very high, and it is a burden on the economy.

Another problem is the effect of the war on the economy. The war created a demand for goods and services that was not met by production, and this led to shortages and price increases. The war also created a demand for military spending, which took away from the production of goods for civilian use.

To address these problems, it is necessary to consider the principles of sound economics. One principle is that the government should not spend more than it takes in, so that it can pay down the debt and reduce the burden on the economy. Another principle is that the government should not take excessively large amounts of money from the production of civilian goods and services.

In summary, the situation today is one of both promise and peril. There is hope for the future, but there are also serious problems that need to be addressed. It is up to all of us to work together to ensure that we move forward in a way that is both sound and prosperous.

(Continued on page 1642)
The Work Of Trust Division

(Continued from page 1478)

the '30's were to give us security against the world, against nature, and against our enemies. America contributed to our insecurity. The extent to which we were reduced by 1933 reached a situation which in some respects was a menace of neutrality legislation. International business we believe, has been harmed and discredited by the influence of neutrality legislation. International business was harmed and discredited by the influence of neutrality legislation.

The world of domestic economics, too, we adopted self-deception. Our inheritance is too large for us to believe that the Utopia may be obtained by spending and wasting, by allowing people to feel that the world owes them a living, that the Government will work and plan for them, and that they need not do anything for themselves. We preached that business and profligacy are virtuous work and saving, sins. We weakened bodies and broke souls.

Who knows but that if, in the '30's, we had taken a positive stand instead of the negative one which we chose to take, in both our international and domestic affairs, events abroad and at home might have been different?

It took Pearl Harbor to arouse us from our preoccupation with thoughts of so-called security. Strides are daily being made in the field of science, in the production of raw materials, agriculture, and manufacture. Will the nation, aroused in war, remain aroused in peace? Will we rely upon courage and initiative, or will we revert to defeatism and pacifism?

On behalf of the trust business, I promote your progress. Progress means change — not in the fundamental principles set down in our Statement of Principles, but in the quality of our service and in making our facilities available to an ever-increasing number of people, to the end that the social benefits to be derived through the mechanism of trusts may be enjoyed by an ever-enlarging number of people.

Ever since the beginning of the war, trust institutions have made available their services to the men and women in the armed services, to their families, and to civilians engaged in war work. During the year a new committee on Veterans' Affairs, under the chairmanship of Lester Davis, was appointed. This committee has made a broad survey covering the domestic and foreign aspects of accepting appointments on behalf of veterans, the best methods of handling them, and the fees and costs involved.

During the year our relations with members of the Bar and with life underwriters have continued to be harmonious. In both fields there has been constructive cooperation, with the interests of the public the paramount consideration.

Members of the Trust Division have continued to work with the Government bureaus having charge and control of foreign funds and securities and all property under the jurisdiction of Alien Property Custodian, and have preserved the spirit and letter of the laws and regulations.

The trust institutions of the country serve thousands of beneficiaries, large and small, who are not organized. Many of them are widows, orphans, minors, and incompetents. A substantial number are in the armed services. They are not well spoken for themselves. As their trustees we have both the right, and the duty, to speak and act in their behalf. To this end we are making a survey in some detail about the attitudes of the public, we believe, is the best method of making a survey as to what some of our customers' main financial concerns are. The results of this survey were published in the March issue of the Trust Bulletin.

Because of wartime conditions and particularly travel conditions, visits to New York were somewhat limited. Consequently, Mr. Sohier and I felt that we should bring the Trust Division as many communities in the country as we possibly could by visiting them. To carry out this program, I addressed the bankers and trustees of the New Jersey State Bankers Association, and of the California Bankers Association. I spoke before a group of trustees in Atlanta, and in Portland, Oregon. I visited the trust institutions of New Orleans and Louisville. I addressed the Mid-Winter Trust Conference in New York, and the Mid-Continent Conference in Chicago.

The war necessitated cancellation of the West Coast Trust Conference for the past three years. In order that many of the institutions in this area might be brought up to date personally on current activities of the Trust Division, Mr. Sohier visited trust institutions and addressed fiduciary associations in Los Angeles, San Francisco, Portland and Seattle, and also Minneapolis and Chicago.

Mr. Stephenson, Trust Research Director, had an unusually busy year. His activities included the publishing of six studies in trust business, lecturers, and visits to trust institutions. The six studies were published as bi-monthly supplements to the Trust Bulletin.
criticisms. Trust institutions, therefore, have a direct interest in the proper development of sound and bona fide employees' trusts.

Our Committee on Employees' Trusts made an important contribution to the thinking on this important matter, in its report published in the November, 1943, Trust Bulletin. An able address on the subject of Employees' Trusts was delivered at the Mid-Continental Conference. A panel discussion, participated in by trust, actuarial and insurance interests, was given at the Mid-Winter Conference in February. The committee has kept in touch with developments in the bureau on Washington on pension trust matters and has had the privilege of exchanging views with members of the staff.

The special committee on Intermediate Court Accounting, of which Richard G. Stockton is chairman, has prepared a most excellent report on this question, which will be published shortly in the Trust Bulletin.

The 1943 Revenue Act, passed by Congress in February, 1944, largely through the efforts of the Trust Division, made a number of technical changes which remove certain inequitable provisions with respect to estates and trusts that had been under court and administrative interpretations of prior tax laws.

The Committee on Trust Policies, after making an exhaustive study of practices in connection with the voting of stocks held in trust, issued an important Statement of Policies for Voting Shares of Stock Held in Trust Accounts. This report was approved by the executive committee in February of this year. This statement recommended that every trust institution should have definite policies and procedures with respect to voting stock, and then outlined certain policies for the consideration of trust institutions.

During the past decade the Trust Division has issued from time to time important Statements of Principles and Policies. It seemed desirable to gather together these statements in a single publication of the Trust Bulletin, in order that they might be available in handy form for ready reference throughout the country. It was felt particularly important to republish these statements at this time because of recent changes that have taken place in the personnel of trust institutions. The June issue of the Trust Bulletin, therefore, was devoted to the republication of these statements.

It has been apparent to many trustees that there has been considerable misunderstanding, particularly among legislators, as to what the trust played the instrument in our social economy. A study is being made of the historical background and the development of trusts, their use as a medium for the conservation of property for the benefit of dependents, and their importance in the general social and economic scheme of our whole property system.

A second phase of this study will deal with the history of Federal taxation of estates and trusts beginning with the 1913 Revenue Act, showing the statutory development down to the present time. This study will deal with other phases of trusts relating to the estate and trust divisions and lead- ing court decisions. Some of these phases will deal with inequities.

The third phase of this study, therefore, will deal with proposals for amendments to the tax laws and recommendations for the elimination of inequities.

In 1944 the Congress of the United States acted upon the Trust Division's recommendation for enabling legislation and the adoption of the Prudent Man Rule for trust investments. Virginia is the first state to pass the foundation of common trust funds and bring about the extension of Virginia -

The credit for what may have been a period of progress during my term of office belongs not to me, but to a large extent to the chairman and members of the committee who have done the real work. It is a matter of cooperation and wise counsel of the committee, and the guidance of the executive committee. But above all, the source of the power which keeps things moving in the Trust Division is Mr. Seidensticker, and his able staff of assistants—Miss Gilderleeve, Miss Leslie, Miss Schuman and Miss Foster.

Finney Again Heads WFC Public Relations

Peter Finney has been appointed Assistant to the State Chairman, in charge of Public Relations for the U. S. Treasury Department's War Finance Committee for New York, it was announced on Sept. 28. Frederick W. Gehle, State Chairman, Mr. Finney was the War Finance Committee's first Director of Publicity, when the organization was known as the Defense Savings Staff. He came to the Treasury Department from the Advertising agency of Arthur Kepner, Inc. in September, 1941. A licensed pilot for many years, Mr. Finney was re-engaged by the Defense Savings Committee of the 64th Army Air Forces, and was made the head of the advertising and publicity department at Camden, S. C. When the Air Force began curtaili- ng its advertising program in May, Mr. Finney was released to the Bell Aircraft Corp. at Buffalo, N. Y., where he served as a test pilot for a year, when he rejoins the Treasury Department.

Banks Qualify To Redeem War Bonds Under New Plan

More than 10,000 banks, 70% of all such institutions that are eligible, already have qualified to participate in the Treasury's plan for simplifying redemption of Series E War Bonds, and Series A, B, C, and D Savings Bonds, Secretary Morgenthau announced on Sept. 28. The announcement says:

The new plan, which becomes effective October 2, permits banks to make redemption payment upon satisfactory identification of the applicable bond, in redeeming the bonds. Hereofred payments are handled by check drawn upon the Federal Reserve banks or upon direct application to the Treasury.

The procedure involves some delay. Secretary Morgenthau termed the response of the nation's banking industry to the new program "extremely gratifying.”

At the same time the Secretary stated that the simplification of redemption procedure encourages bond owners to present bonds for payment in cases of absolute necessity. Mr. Morgenthau pointed out that important work was required for war emergency expenditures. He said every bond owner should remember that the bonds increase in value the longer they are held.

From a 1941 high (in profits after taxes), the over-all return of large corporations had dropped last year nearly 20 per cent—despite a much greater volume of business. And these disturbing figures from the Federal Reserve are bracketed today with dolorous forecasts . . . experts estimate that 3 of every 5 plants now pouring out hundreds of weekly millions in war-roll checks must find new work within six months after Hitler's fall—or close their doors!

Here at Chilton, we know that reserves and risk capital are the lifeblood of all business . . . that they, alone, can furnish the plan to safely cushion economic shock. And we, at Chilton, shall continue to work energetically for tax law revisions which will permit industry to accumulate its vitally needed "blood bank" of transfusable investments.

CHILTON COMPANY (INC.)
Chestnut and 56th Sts., Philadelphia 39, Pa. 100 East 42nd Street, New York 17, N. Y.

From a 1941 high (in profits after taxes), the over-all return of large corporations had dropped last year nearly 20 per cent—despite a much greater volume of business. And these disturbing figures from the Federal Reserve are bracketed today with dolorous forecasts . . . experts estimate that 3 of every 5 plants now pouring out hundreds of weekly millions in war-roll checks must find new work within six months after Hitler's fall—or close their doors!

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Spending Or Saving Our Way To Post-War Prosperity

(Continued from page 1479)

mand deposits and currency, sav¬
ing deposits in banks and govern¬
ment securities held by business


corporations on the other hand a
course of action which continued
to place spending above saving
and was predicated on the no-
tion that spending makes jobs would
pave the way not only for great
extravagance in personal expendi-
tures but possible for an orgy of
inflation from which would
drown naught but insecurity and
an unsound economy for years to

It is not difficult to tell others
what they should do. But in lay-
ing the foundations of a sound
post-war economy it is pretty
clear to me that the banking fra-
ternity has two heavy responsi-
bilities, both of which are the sub-
ject of my remarks today. One is
to impress upon their depositors
and customers and friends the im-
portance of government economy
of saving by the government; the
other of reducing them to a
better knowledge and understand-
ing of the place and importance
of private savings, individual cap-
tal accumulation, in a free enter-
prise economy.

Neither of these tasks will be
simple. As a nation we have vio-
lated for so long many of the
tenets of sound public and private
reasons that we scarcely are able
to distinguish the right from the
wrong, and for the short term at
least, the wrong is more pleasant
than the right.

Inevitably there will be a wide
and insatiable popular demand for
renewed public spending because
after billions of spending and bor-
rowing, many are seriously won-
dering if the dangers in that
course are real and genuine. The

cry of inflation has been heard so
often in the last decade without
great inflation arising that, like
the cry of wolf in the well-known
fable, it is widely disregarded.

Then there is the philosophy
that a little bit added to what you
already have makes just a little
bit more, that because the debt is
already far in excess of 200 bil-
ions there is no occasion for con-
cern at proposed expenditures of
another 3 billions here and 3 bil-
ions there for this project and
that reform.

As I pointed earlier in my re-
marks the fact of an already huge
debt argues forcefully against a
continuance of heavy public ex-
dpenditures in the future.

How with social security and
the love of present satisfaction
that is reflected in the events of
the last few years we shall be able
to alter the thinking of the indi-
vidual with respect to his obliga-
tion to save, I am in doubt. The
promise of security that govern-
ment in this country and in other
countries holds out (in exchange
for the sacrifice of personal free-
dom) is not going to be easy to
come by. But unless the true
basis of security is understood
better in the early future, the
whole structure of promised se-
curity created in the last few years
will fall of its own weight, be-
cause it is just as strong and just
as weak as the public credit.

In closing I wish to touch brie-
fly on one other matter which is
ever close to your hearts and to
all of us more and more critical
in the statement of your banks’
condition. It is the rate of interest.

From the time the Treasury be-
gan putting heavy pressure on the
money market and depressing the
rate of interest, presumably for
the purpose of restraining the
demand to a lowest possible figure, the cost of
carrying the public debt, I have been tremendously uneasy of the long term implications of this
policy. I have long believed and I am of the firm conviction today that the kind of economy those of
us in this room would have re-
stored at the end of the war can
not live and thrive on 1 3/4% money or 2 1/2% money, and that an early starting point in restoring a sound
post-war economy within the
framework of the capitalist sys-
tem must be the reestablishment of a rate of interest which will be
at once a spur to new saving; both individu-
al and corporate, and an index of a fair profit as applied to all invested funds.

But in last analysis this econ-
omy of ours is activated by the
prospect of profit; and profits con-
commensurate with the risks of
business and commercial enter-
prise are not measured by the
rate of interest either paid today by
the savings banks or by that paid
by the government in finance-
ing the largest portion of the war’s

Banking Will Help Build
The Brave New World

The brave new world for which we fight must rest
upon a sane, sound and solvent financial structure.
Consequently, International Minerals & Chemical
Corporation is proud to salute the ideals and prin-
ciples of the American banking fraternity, expressed
during the Annual Convention of the American
Bankers Association in Chicago recently.

Our banks like our factories have stepped up pro-
duction to contribute effectively, and in numerous
ways, to the successful winning of this war. At
the same time, they have continued their efficient
conduct of essential civilian business. In so doing
they have proved again that banking is still the
most practical system for providing financial sus-
tenance to every type of business and to every
individual.

The banks of America will have a vital part in
building the brave new world for which we must
work after the war is over. The statements of
American banking leaders in the Chicago meeting
show that they accept this responsibility with con-
science, courage and common sense.

LOUIS WARE
President

INTERNATIONAL MINERALS & CHEMICAL CORPORATION
20 NORTH WACKER DRIVE, CHICAGO 6, ILL.

Extend Mail To France
Postmaster Albert Goldman an-
ounced on Sept. 25 that informa-
tion has been received from the
Post Office Department in Wash-
ington 25, D. C., that limited mail
service has been renewed to Paris
from the United States to 11
Departments, including the city of
Paris. The service is restricted to
non-illustrated post-
cards of a personal character writ-
ten in English or French.

The Department to which ser-
vice is extended are: Calvados,
Seine-et-Marne and Seine-et-Oise.

President

1482
Days and weeks of silence from the pretty little wife that he'd left behind just when he'd most wanted to be with her. Then this brief but joyous message—"Son born—Mother doing fine." You can bet that he appreciates the American Red Cross. For it was the Red Cross that got the message through that substituted happiness for anxiety. The Red Cross was right there at home, too—Nurse's and Dietitians' Aides in the hospital; later home nursing service to see that every little care was provided. Yes, the American Red Cross is doing what it can to do everything he'd want to do for her—as well as everything she'd want to do for him. And this story might be repeated countless times all over the country and all over the world. So let's give a hand—a helping hand if possible—to this fine organization which knows no other reward than satisfaction in having been of service.

"Hey, Fellows it's a boy!"

This is the eighth of a series of advertisements dedicated to the American Red Cross by

THE HOME INSURANCE COMPANY, NEW YORK

FIRE • AUTOMOBILE • MARINE
It was the miracle of constantly better, increasingly more powerful gasoline that helped America's great automobile industry to grow and advance as it did before the war.

That miracle has happened twice.

Out of the needs of war has come a new conception of petroleum's power, a great new promise for America's peacetime automobiles.

Tide Water Associated's catalytic cracking units, now fully engaged in producing high-octane gasoline for war, will—on the very heels of Victory—produce the finer, more powerful Flying-a Gasoline that will open new horizons for the automobile.

And this time the miracle of better gasoline will bring its advantages to millions upon millions of motorists...in lightning starts...swift acceleration...effortless power...and in the lighter, more efficient engines that will be developed to utilize the full power of this new gasoline.

Yes, this is the fuel that is today hurling our mighty bombers and fighters across the skies to Victory. This is the fuel that will tomorrow send America's cars skimming across the highways of peace.
Steel's strength is needed now for war. In thousands of applications, 174 United States Steel laboratories are working day and night to find still stronger steels. Better steels. When peace comes, you'll find these improved steels in many peacetime products. From fences to carpet tacks. Marked with the USS Label you see here. Remember that this label is a guide to quality. Look for it.

Why are beachhead runways made out of STEEL?

Because you can't beat STEEL for strength!

UNITED STATES STEEL
AMERICAN BRIDGE COMPANY - AMERICAN STEEL & WIRE COMPANY
CARNegie-ILLINOIS STEEL CORPORATION - COLUMBIA STEEL
COMPANY - CYCLONE FENCE DIVISION - FEDERAL SHIPBUILDING
& DRY DOCK COMPANY - NATIONAL TUBE COMPANY - OIL WELL
SUPPLY COMPANY - TENNESSEE COAL, IRON & RAILROAD
COMPANY - TUBULAR ALLOY STEEL CORPORATION - UNITED
STATES STEEL EXPORT COMPANY - UNITED STATES STEEL PROD-
UCTS COMPANY - UNITED STATES STEEL SUPPLY COMPANY
UNIVERSAL ATLAS CEMENT COMPANY - VIRGINIA BRIDGE COMPAN
(Continued from first page)

Dangers Ahead In Banking

(Continued from first page) been going on for half a century and has resulted in greater social, economic, and political changes than any similar period in world history. It has produced two World Wars within a quarter of a century and has broken the moldings of the lives of the people in most of the countries of the earth.

We have witnessed the rise of a socialist concept of human relations, the growth of radicalism everywhere, and we would be blind indeed if we failed to recognize this impact on our own national life.

Many of our former standards have been overturned and old concepts have been uprooted. We find it difficult to discover our anchors of political, economic, and philosophical thought on which to build these days of cyclical changes.

As you have, so have I, undertaken to discover a catalytic principle in whose presence the false would disappear and leave us the Church. I have been inspired by the report of the navigator of a flying ribbon who was asked how he found his way home after his compass had been destroyed and his radio beacon blacked out, when he replied: "When all else failed, I set my course by the stars."

Our values and thinking have been cast in a mold of competitive enterprise. All of our thinking is colored by our experience under that system. Now we must recognize the rise of a competitive and powerful nation, whose entire economy is based not upon free competition but upon an elaborate form of cooperation that is known as socialism.

In the presence of history, economics, and philosophy, what else can the nation of the future arise out of an inescapable collision between the philosophy of cooperation and of competition.

They point out that the basic human necessity for national well-being and for international peace is a highly developed program of cooperation in which men must work together, rather than one another, and that the competition within the private enter system is one of this character as the competition among nations, and produces the same conflict.

I have come to accept the thesis that basic in the solution of our problems, national and international, there must be increasing cooperation among men. With swift transportation and instant communication through the world and with the interdependence of a complex economic life, there is increasing necessity for men to work with one another rather than against one another. This is true, then, we are confronted with the very practical formal system of cooperation. I believe that we can and will, and that this great cooperation is the answer to the conflict but is rather a question of the extent to which this cooperation can be on a voluntary basis with all of the freedom that implies, or to what extent it must be based on the force and power of compulsion by government.

Voluntary cooperation has been the characteristic of free men and is nowhere exemplified to a higher degree than in the United States of America. However, the trend of government and the development of our national life for many years has been to substitute compulsion by laws and regulations in place of freedom of voluntary action. The ultimate end of this trend is complete regimentation under government dictatorship with the resultant state socialization of private in some other form.

Let us admit in the beginning our fears of some of these developments and trends. It is no disgrace to be afraid and to measure the danger that is upon us. The disgrace is in the cowardice of refusing to fight even when the danger is fully recognized.

Let us bring out into the open and boldly examine those threats to a satisfying national life and take their measure, if we may. I present several fundamental issues.

The first of these is the growing threat to individualism. Opportunity for the individual to achieve is being cut down between two mighty pressures, the hand of government and the hand, technological developments have caused the production system to revolve around the individual, and the production and distribution. The discovery and multiplication of mechanical energy, steam, electricity and the greatest horsepower per man of any nation on earth, has resulted in a mass productive machine, the potentialities of which we have just begun to discover. Whether we like it or not, we believe that this production of this nation can not be separated from the productive of this nation, and that, at the same time, produced in such abundance that in addition to the supply of our own armed forces and dividing with our allies, it supplied the highest level of civilian consumption in our history? This productive machine so useful in war is now haunting us as we plan to convert its energies to the service of peace. We have learned to do many things in a big way. We can scarcely but an eye when we talk of financing in terms of billions of dollars. We are proud of the colossal proportions of our economic machine.

But we are beginning to discover that the very magnitude of our operations constitutes a threat to our individualism. We have been half a million small businesses disappear since we went to war. Many former small businessmen have found freedom of opportunity for them has dried up. Finding it very difficult to survive, and making a part of the gigantic machine, we find the destruction of their industries within our society, we are today more talk of jobs and too little talk of opportunity for small business, for the individual, and for our self. And yet, all of us recognize the importance of the development of small business and its place in American life.

I am glad that the bankers of this country recognize the value of a small business opportunity and are taking practical steps to encourage development.

But it is little question that these uncontrolled or unregulated forces of bank and business and the individual initiative and opportunity that characterize them, that measure the way we must retrain the complete freedom of human beings. In some way we must give the other choice to the individual, not just the choice by bigness, by monopoly, by cartel. Surely, such an end is not the desire of the majority of any independent people of this nation. It is the desire of the government. Designed to protect and to safeguard the individual the powerful forces that would destroy its freedom.

We are now itself becoming a monster in size and in its control and regulation of the lives and fortunes of every individual. While apparently attempting to protect the individual against the big and the powerful, it is attempting to achieve and under its own control what we had been working for the destruction to death and opportunity.

Out of the desperate need of our day, pure competition has been attempted through many devices. We have, in the way to solve the problem and to discover the secret of the way to success and development, and full distribution. It is important that the government should have in mind those measures that were designed to relieve distress and to provide a development of small business, and for the development of small business and its place in American life.
Federal Reserve Bank of St. Louis
Digitized for FRASER

Increasing taxes and reducing expenditures. Then came the war. Now the budget and national debt became important. To be sure, some of the debt is necessarily of fully and adequately meeting all needs of the war effort. But there is a program of heavy taxation in an effort to achieve a deficit, a program approximately half the cost of war. This deficit it is to the other half. Whatever the cost of the war and whatever national debt it might require, we were ready to pay the taxes and assume the debt.

We now see our national debt approach the high billions of dollars with the probability of reaching 300 billions in the next few years. This period. We will then be concerned what the national debt means to some 18 billion dollars a year which includes some 6 billion dollars a year to service the debt without amortization. On these figures it means about 15% of probable national income will be required

These are not alarming figures in themselves. We can and will service this debt and will take care of the necessary expenses of maintaining government. I have no fear on this score but the fear I do have is the attitude of the large numbers of people who can continue to place on this debt billions more and accept continuing finance deficits as a normal procedure in governmental finance. In spite of the spending of vast sums in the peace time years in an effort to create artificially a high level of assumed income and the failure of receiving the results hoped for, there are many who now advocate a continuing program on a larger scale.

The payment of debts comes largely out of the production of wealth and the more of that production that is required for debt service, the less there will be of maintaining standards of living. The thought that I am afraid of is the philosophy and economies of those who believe in continuous ballooning of national debt in peace time as a proper and desirable way in which to maintain our national economy. The idle talk about economics has led many people to the size of an internal government debt is of no consequence is a heresy that complies the basic fact that all debt is in the public interest is a false sense of the confidence of some one that it will be paid.

The reason that we are able to raise vast sums for the war effort is not only patriotism but is because the people of this nation believe in the integrity of our government and in our productive capacity to take care of these obligations. Credit is based upon character and integrity as well as ability to pay. Once the nation is back on the track of peace time economy, the people will then hold some 300 billions of dollars of obligations of government and we will experience and demand that policies and programs be directed to the first paying off the debt instead of enlarging it. If they should once get the idea that we can, as under the present government finance is to continue in the present unending expansion, we need not be surprised to see the beginning of a loss of confidence. It will be your job and mine to see that such a disastrous program is prevented.

Another device that has been used is the permanent deficit. Permanent proportions in recent years has been the use of public funds directly and indirectly for gifts, loans and so-called benefits to various segments of our people. An astonishingly large proportion of the people today have their hands in the public treasury. The war is responsible for much of this and cannot be secured as part of the cost of the war. However, it helps make the pattern from which there will be much difficulty in extricating ourselves after the war. Large pressure

groups receiving direct government bounties can destroy democratic self-government. Farmers have received vast payments directly and indirectly as an incentive to production which has been necessary during the war and by paying artificially maintaining a price that has enabled agriculture to maintain itself in our economy.

Let me say at this point that although I am opposed to the principle of government bounties, my full sympathies are with the farmers of this country. Too long have we build up an artificial economy in which the relative trading position of the farmer has been shortened and even with all the government payments and price support, the exchange value of his labor is far below that of the labor of commerce and industry, and services he requires. We are in a competitive struggle with low

wage groups throughout the world and is at the mercy of world price. He can have no closed shop monopoly whereby he can dictate the price he produces under a threat of closing down the business. The struggles against the artificial high prices of many of the industrial products he must have and services he must use. Little wonder that he feels that injustice is done him when three or four years of his labor is required in exchange for each hour of labor of those whose products and services he requires.

The farmers accept the bounties and subsidies of government but it is disastrous to most of them. They have no desire to receive the returns for their labor in the form of a government handout. But until there is a fair balance between the returns to the workers in agriculture and industry and commerce, they will continue to expect society, through government, to make up at least a part of that disparity.

We may therefore expect continuing large appropriations out of the public treasury for agriculture so long as the present disparity between agriculture and other segments of our economy continues.

A fourth device that has grown to large proportions and may multiply in the peace time ahead is the competition of government direct and through subsidized agencies with private enterprises. The measure of the desirability of such enterprises is the value to the general welfare of the people but where such projects through the subsidy of the free use of government capital make a hidden drain upon the taxpayer's funds and use that advantage to undersell and put out of business competing private business, there can be little question of wherein lies the public good. Cooperative effort is desirable for many services and is a form of private enterprise that has a valuable place in our economy. But when it is used as a device to secure the free use of public funds to compete with private capital, it destroys far more than it creates. Carried to its logical conclusion, it would mean the destruction of competitive private enterprise.

A comparatively recent development in the field of credit that is of particular concern to chartered banking has been the use of the device of government guaranteed loans. For war purposes, it is recognized that credit loans constitute part of the cost of war and that such should be socialized.

(Continued on page 1489)
Dangers Ahead In Banking

(Continued from page 1487)

The Federal Reserve Bank of St. Louis has been increasingly aware of the need for stable and efficient credit and banking systems. This awareness has led to the development of numerous proposals and programs of government that are designed to fulfill the needs of the public. In the years following the end of World War II, these proposals and programs have been implemented, resulting in the establishment of federal credit and banking systems in many countries around the world.

There are several reasons why the development of a stable and efficient banking system is important. First, it is necessary for economic growth and development. A well-functioning banking system is essential for the allocation of capital, the creation of jobs, and the stimulation of economic activity. Second, a stable and efficient banking system is necessary for the maintenance of price stability. A well-functioning banking system can help to prevent inflation and deflation, which can have serious negative consequences for the economy.

The Federal Reserve Bank of St. Louis has been actively involved in the development of a stable and efficient banking system in the United States. It has worked closely with the U.S. government and private sector organizations to develop policies and programs that will help to create a stable and efficient banking system. The Federal Reserve Bank of St. Louis has also been involved in the development of a stable and efficient banking system in other countries around the world, through its participation in international organizations and its cooperation with other central banks.

In conclusion, the development of a stable and efficient banking system is crucial for the economic growth and development of any country. The Federal Reserve Bank of St. Louis has been actively involved in the development of a stable and efficient banking system in the United States and in other countries around the world. It will continue to work closely with the U.S. government and private sector organizations to develop policies and programs that will help to create a stable and efficient banking system.

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International Shoe Co.

ST. LOUIS, MO.

Member Federal Deposit Insurance Corporation

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Visit THE HOME BUYERS EXHIBITION

At the main office of

THE DIME SAVINGS BANK OF BROOKLYN

The Bank That Serves The Home Owner

FULTON STREET AND DEKALB AVENUE

BROOKLYN 1, NEW YORK
WHAT WILL I SEE ON MY TELEVISION SCREEN?

1. Will I see important news events while they are happening?
   Yes, immediately in the city in which the news event transpires. And distant events — when cable or radio relay networks link up our large cities. Until such time, motion picture newsreels will be rushed to your local Television station by swift planes and will be shown at once or held for regular newscast periods.

2. Will I see famous stars of stage, screen and radio?
   Yes. In the past 3 years, hundreds of the great names of the entertainment world have been tested for Television. Every week brings new faces to DuMont’s Station WABD, anxious to explore the thrilling possibilities of this great new medium.

3. Will I get "local news pictures" on my Television Set?
   Yes, indeed, DuMont has designed "pickup trucks" for fast eye-and-air coverage of everything that goes on in your community. As portable video cameras scan the parade passing 5th and Main, it will appear on your DuMont home receiver. You’ll watch for your friends in style shows and amateur productions, graduations, street interviews, quizzes and other content, inspections of crops, gardens, and new construction. You’ll visit dedications, patriotic and political rallies, county fairs, fires and accidents. You’ll take wonderful shopping tours — without leaving your favorite armchair.

4. Will I get big sporting events free?
   Yes, national advertisers are already seeking options for telecasting the World Series, Madison Square Garden attractions, the races, football classics, etc. Because several Television cameras will be employed, you’ll enjoy several "best teams" at each event.

5. What educational programs will Television offer?
   Television will make education as exciting as a mystery adventure. Well-known scientists and engineers will take us on tours of great industries, mines and utilities; will entertain us in their laboratories. We shall enjoy conducted tours of art galleries, planetariums, museums, zoos, aquariums, historic sites and national parks. We shall sit in Congress, political conventions, town hall meetings and courts. We’ll visit automobile and aviation shows, hospital clinics, kitchens of famous chefs, model farms and lecture halls.

6. Will I have to look at a parade of advertised products?
   Television’s commercial sponsors will mix a lot of entertainment with very little sales talk. For some time over Station WABD, DuMont has cooperated with national advertisers in developing techniques for putting product demonstrations and advertising messages high among the truly entertaining features of Television. They have many surprises in store for you — very pleasant ones.

7. Will I receive pictures in full color?
   Don’t expect them soon. Engineers in many laboratories — including DuMont’s — are giving their days to war work and their spare time to the development of natural color telecasting. Truthfully, color transmission is still in the laboratory stage.

8. Will I get standard radio programs on my Television Set?
   Not unless you own a combination Television-Radio Receiver. A separate unit is required. Several new-model DuMont Television-Radio Receivers will provide Television, standard AM and FM (Frequency-Modulation) reception and an excellent phonograph record player, DuMont’s impressive pioneering achievement in Television assures you of the very finest in electronic engineering and cabinet artistry . . . of unique performance in your peacetime Television Set.

Copyright 1944, Allen B. DuMont Laboratories, Inc.
Post-War Banking Problems

(Minneapolis-Moline Power Implement Company, Minneapolis, Minnesota)

Long before our country was at war Minneapolis-Moline prepared for that possible eventuality, not because we desired to make war material but because we foresaw the need for it. "The military service of the company in the coming war," says Mr. J. P. O'Brien of Minneapolis-Moline, "will be our contribution to the well-being of the Nation as a whole, as it was, too, it would take all our war effort to defend our continent." MM-Moline had before 1938 to design a farm tractor that could be converted into a military truck in 30 minutes and to get the US Army Tractor on the battlefield. The first MM-Moline tractor designed specifically for military service was the M-3A1 half-track, which began production in 1942. By the end of the war, nearly 200,000 M-3A1 half-tracks had been built.

MM-Moline and the Army have worked together closely throughout this period to ensure that the company can produce the required wartime equipment efficiently and cost-effectively. The company has been able to maintain its production levels while keeping costs low, which has allowed it to deliver high-quality products on schedule.

In conclusion, MM-Moline has demonstrated its commitment to serving the nation during times of crisis. Its efforts have helped ensure that the United States was able to produce the necessary equipment to defend itself against aggression from around the world. We are grateful for the sacrifices made by the company and its employees in support of our country's defense needs.

The commercial & financial chronicle

Thursday, October 5, 1944

Minneapolis-Moline Power Implement Company, Minneapolis, Minnesota

An MM Universal "C" tractor and a MM Q-3 Harvester make an ideal team to serve in many strategic places.

An MM Universal "E" tractor and a MM "N-5" Harvester plan turning over yen bank stable.
Dangers Ahead In Banking

(Continued from page 1488)

The adjustment of banking machinery. This adjustment is not the least in the development that the dual banking system, the one at which we have arrived, is in the hands of the State and Federal authorities, is peculiarly effective and is a means of serving the changing needs of the people of this nation. Results of the past few years have shown that not only of constructive cooperation but also of constructive leadership, where is needed and where the system is flexible and that is not dominated by any single governmental agency.

The new system of banking that this country does not need a service that is adequate to the demand for adequate banking is not a Federal, national system. Local banks are to be in competition with each other, as has been the case in the past. They are to be local in their operation and to serve the communities in which they are located.

In our efforts to serve in broad fields, we as bankers should not neglect the most fruitful results of leadership in serving the community life of the world. If you would discover the soul of America, that priceless spirit which sets the quality of our living and yields the satisfaction of the wealth, you will find it in the community life of the villages, the towns, and the cities across this broad land. The banker is a leader in that community life. He contributes to its tone and to its quality. He helps develop and promote community enterprise, he participates in the social, the cultural, and the religious life of the people about him. What a rare opportunity for genuine service to his fellowmen; what a life of satisfying nature, what a fulfillment may be his. For you are determining a national economy in which we in the banks will harness the vast potential of our productive system to make the plenty that is possible and then to make that plenty available to all who can and would use it.

Our banks are eaten up and cut in a meaningless manner. Our resources are being wasted and our future is ruinous. We live in a time of unprecedented development and change, and we are unprepared for it. We have the opportunity to build a better world, but we must act now. The time is ripe for bold and courageous leadership.

A new kind of leadership is required in the future. There is a need for leaders who are dedicated to the ideals of a more just world. We must work together to create a world that is more equitable for all.

Thus, we must face the challenge of the future with determination and courage. We cannot afford to be complacent or to allow our efforts to be fruitless. We must be bold and courageous leaders who are dedicated to the ideals of a more just world.

Three New Members Of Chicago Stock Exch.

Rotol G. Andrews of Minneapolis, Minnesota, Vice-President of J. M. Dain & Co.; James M. Mc

ulty of Chicago, Vice-President of Ames, Emerich & Co., and Philip Fleskody of Chicago, partner of Irving E. Meyerhoff & Co., were elected to membership in the Chicago Stock Exchange by the Board of Governors, it was announced. With the election of Mr. Andrews to membership, J. M. Dain & Co. becomes the fifteenth registered member corporation of the Exchange. The membership transferred to Mr. McNulty was previously held by the late Marshall Forrest, formerly Executive Vice-President of Ames, Emerich & Co., Inc.

The WAR CRY is "Timber"

- There's the warning shout "timber" and a giant of the Oregon forests crashes to earth. With lumber and its by-products so vital to the Allied cause, "timber" is a war cry in Oregon.

Farsighted pioneers realized the potential value of Oregon's magnificent forests, so well suited for the Allied cause, "timber" is a war cry in Oregon.

Today, as in peace-time, railroads of Oregon products roll eastward over the Union Pacific "strategic middle route" that unites the Pacific Northwest with nation-wide markets. Today Oregon and Union Pacific are welded together in an all-out effort to win the war and preserve the American doctrine of equal opportunity for all.

* * *

Given an incentive, Americans have always been willing to work for future security. It's that enterprising spirit that developed Oregon—built the Union Pacific—built the American way of life.

Listen to "TOUR AMERICA". Mutual coast-to-coast network every Sunday afternoon. Consult your local newspaper for time and station.

THE PROGRESSIVE UNION PACIFIC RAILROAD

The Strategic Middle Route

OREGON

* Oregon is one of the eleven western states served by the Union Pacific Railroad. Subsequent advertisements of this series will feature other states.

The Commercial & Financial Chronicle

Volume 160 Number 4322
**Bank Investments**

(Continued from page 1458) ..

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percentages of its Government obligations in the longest maturities. Governments receive no credit risk. The only danger that can arise is from a change in interest rates which, as will be pointed out later, is not anticipated in the foreseeable future. While banks operating with savings deposits will often be able to be almost entirely invested in long-term Government obligations, they too should not overlook the potential demand for mortgage loans that will arise in the post-war period and naturally should make the proper arrangements.

By following the few principles outlined above, a bank will be in a position to meet all contingencies that may arise in the future and will also have adequate earnings. However, just as it is not advisable to be invested entirely in long term obligations it is unnecessary to hold an excessive amount of short term Government obligations.

Taxable versus partially tax-exempt securities: The question whether to buy taxable or partially tax-exempt Government obligations is one which can be answered only by the individual bank and will depend on the following considerations: (1) What is the tax situation of the institution today? Will it be during the next two or three years? (2) Is the bank in a position to pay the additional premium which the present outstanding partially tax-exempt Government obligations command? Obvi¬ously a bank whose capital is to be invested in non-tax-exempt securities has witnessed a sharp decrease in recent years which will not be willing to invest a considerable portfolio of its capital in the premium which the medium and long term partially tax-exempt Government obligations command at the present time. Finally, in the opinion of the authors, the question of partially tax-exempt versus taxable securities, it should be obvious that taxation should not be the primary consideration in an investment policy but other factors such as liquidity and the potential demands that may be made on the bank's resources should have equal attention. While a reduction in taxes, and, notably of the excess profits tax, is quite likely during the post-war period yet the fact should not be overlooked that at the present time the excess profits tax may not be entirely eliminated for several years. Further, one may take it for granted that while taxes will be reduced in the post-war period than at the present time they will be substantially lower than in the pre-war period. Furthermore, since the volume of partially tax-exempt Government obligations is being reduced at a rapid rate, it is highly doubtful if the Congress will make any changes in taxes which would have an adverse effect on the exemption from the normal tax.

Banking operations caused by changes in interest rates: Since the amount of Government securities held by the banks is very large, it is quite clear that any increase in interest rates accompanied by a decline in prices of Government obligations could have a highly adverse effect on the position of the banks. The trend of interest rates can be analyzed from two angles: (1) from the point of view of the Treasury and (2) from the angle of supply and demand. The dependence of the banks on the Treasury for funds in the immediate post-war period will be gross indeed. Not only will the Treasury be confronted with the task of refunding billions of dollars of maturing obligations but also the deficit of the Federal Government will not be eliminated with the end of hostilities.

The needs of the Treasury always exercise a great influence on the policies adopted by the monetary authorities. In a number of countries such as England and Canada as well as in this country, the economic position has been regarded by high authorities that it will be the policy of their respective governments to maintain money rates at a low level. It certainly will be to the interest of the Treasury to utilize all means at its disposal to prevent an increase in the annual debt burden. The powers of the monetary authorities over the money market are great and since at the end of the war the people at large will be interested primarily in a reduction in taxes one may expect that they will support the Congress as well as any administration that may be in power to prevent money rates from going up and which would further increase the fixed expenditure of the Government.

It is the opinion of this writer that the monetary authorities in this country, Great Britain or in Canada will not permit any material increase in interest rates until the treasuries of those countries have completed their refunding operations and have become entirely independent of the money market. One may even go a step further and say that an increase in money rates would have an adverse effect on banks politically as well as economically. A material increase in money rates would be accompanied by a decline in prices of Government bonds, thus causing some institutions substantial depreciation. Furthermore, what is of much greater importance is the fact that an increase in interest rates would undoubtedly strengthen the hands of those who will advocate a relief of the debt burden at the expense of the banks.

Viewed, therefore, from the standpoint of the needs of the Treasury and the position of the banks themselves, one may reach the conclusion that no material increase in interest rates can be expected as far as the mind human can foresee, which is four or five years from today.

The demand and supply factors: However, a much more severe approach in analyzing the trend of interest rates is not from the angle of the needs of the Treasury and its influence on the money market but rather from a study of the demand and supply factors. The supply side will be the situation: (1) The volume of deposits will be very large and will witness a further increase. Hence, on the demand side, banks will have sufficient liquid funds at their disposal to meet the conversion and the necessary expansion. (2) There is bound to be a return flow of currency from circulation which will not only increase deposits but also create a corresponding amount of reserve balances. (3) There is a possibility that the end of Lend-Lease may witness a return flow of gold to the United States since the demand for American products will be exceedingly great and will undoubtedly exceed the supply of commodities that foreigners could sell to the United States. (4) Almost all mortgages and a large number of bonds outstanding at the present time carry amortization provisions, thus implying a constant repayment of principal.

(5) Pension schemes and the large volume of life insurance sold during the last few years will create large sums which will seek investments in high grade securities. Finally (6) if business activity after the conversion period is at a high level, as is generally expected, the savings of the people ought to be substantial.

On the demand side there is considerable divergence of views

(Continued on page 1494)
**Bank Investments**

(Continued from page 1498) even among Government agencies as to what the demand for bank credit will be. However, unless the end of the war witnesses a very sharp increase in commodity prices, which is not anticipated, the demand for bank credit will be only moderate. There will be a moderate demand for capital for the purpose of acquiring plants erected and owned by the Government. Undoubtedly there will be a substantial demand for mortgage money. States and municipalities will also sell considerable amounts of securities to finance public works neglected during the war. On the whole, however, the demand cannot be so great, particularly if war contracts are promptly settled and the price level does not witness a sharp increase after the end of hostilities.

Hence one may conclude that in the foreseeable future no material increase in money rates is to be expected. Banks which hold medium or long term Government securities based on a sound policy, therefore, need not fear substantial losses from the depreciation of Government securities. On the contrary, under certain circumstances one can even visualize an increase in the medium and long term money rates may be fractionally lower than the present.

**Other than Government obligations:** A&A corporate securities naturally are a proper field for bank investments. In considering the relationship between Governments and A&A corporate securities the only question is the return.

If the return of a corporate obligation is only a fraction of one per cent higher than that of Government obligations of the same maturity, then there is little advantage in holding such a security. The fact should not be overlooked that Government securities enjoy certain advantages even over the highest grade bonds. In the first place there is absolutely no credit risk attached to them. Secondly, in periods of stress they are protected by the open market operations of the Federal Reserve banks. Banks still hold a certain amount of credit bonds. No generalization can be made about this. Each should be investigated and analyzed separately. Where the outlook is for the industry and for the debtor corporation is good and where the yield on the bond is satisfactory there is no reason why such a security should be owned. On the other hand, obligations of corporations with a doubtful future and which may encounter considerable difficulties in the post-war period should be liquidated.

Well collateralized mortgages whether insured by the FHA or not are a sound investment for the banks. Refunding savings deposits, real estate, on the other hand, is not a satisfactory basis upon which to base expectations. Other conditions make the liquidation of such assets highly desirable.

It is true that in some cases one may say that the individual bank today is in a position to adopt a sound investment policy which can be based on a fair degree of liquidity combined with satisfactory earnings.

**Refunding by the Treasury:** One of the first problems that will confront the banks as a whole in the immediate post-war period will be to assist the Treasury in carrying out its huge refunding operations. At the end of the war the short term floating debt of the United States will be very large. Furthermore, since series E, F, and G bonds are for all practical purposes demand obligations, the Treasury must stand ready to meet any demand that may arise from this source. It is necessary to accumulate a large amount of short term Government obligations will convert them into cash in order to finance its re-conversion.

These facts must be recognized by the banks and plans should be made by them in conjunction with the Treasury to handle the refunding operations in a manner which would be satisfactory to the Treasury and at the same time not decrease the liquidity of the banks. The following recommendations suggest themselves: (1) The banks as a whole must stand ready to assist the Government in the refunding operations. (2) The refunding must be carried in such a manner that does not impair the liquidity of the banks. Under conditions as they exist today and will continue for a number of years after the war, this cannot be as well as of the money market will rest to a very large extent on the floating debt of the Treasury. Hence for many years to come, the major burden of the Federal Government is bound to be very large in the floating debt. (3) Every effort should be made to distribute Government obligations among as many banks as possible.

It is evident that for some time after the war the supply of money in the hands of the people is bound to be large and the supply of certain types of commodity will be large for an extended period. It is not possible to hold more than the minimum number of obligations. This means that the Treasury should not issue all the money at once or as near as possible to the time of maturity. There will be a need for refinancing. Hence every effort should therefore be made even after the war to induce the people to hold and buy more Government bonds, at least until the economy of the country has been reconverted and the supply of civilian goods is equal to the demand. (4) The Government must make every effort to reduce expenses and expenditures at the end of hostilities. While a balanced budget cannot be achieved as fast as was the case at the end of the last war, yet in view of the large public debt outstanding and the large amount of debt service, it is absolutely necessary that the Federal Reserve Bank be balanced as soon as possible and efforts made to gradually retire the public debt. It would be advisable now to devise a system to handle the maturing E, F, and G bonds when they mature. Some of these obligations will come due during the next year end it is possible that if the public had some conception as to how the Treasury intends to handle maturing obligations.

All these problems should be considered now. Above all, plans should be made by the banking system as a whole to stand ready to absorb the short term Government obligations which the corporations may offer for sale or redemption. Since at the end of the war a material return flow of currency from circulation is to be expected, the volume of reserve balances of the member banks should be kept low. Banks should turn out to maintain the commercial banks of the country to absorb such obligations now as reserves for future needs. Relieving the debt burden is the burden of the banks: As was pointed out at the beginning, the public debt of the United States at the end of hostilities may amount to about 300 billion dollars. At present, if the debt burden alone will amount to about 6 billion dollars per annum. If debt obligations of 3 to 5 billion dollars is included one may expect that the burden of the public debt alone may absorb about 5% of our whole economy, if dollar a billion dollars of the taxpayers’ money. In addition the total expenditures of the Government, exclusive of the public debt, will be substantially larger than was the case during the war. In fact one may expect that the minimum conception of the Federal Government in the post-war period may range from 10 to 20 billion dollars. Under these circumstances, and particularly if a balanced budget is to be attained, taxes of economy are bound to be high.

Hence it would not be surprising if measures were to be suggested to solve the debt burden through thoroughly drastic measures, such as: (1) Inflation, which is a sharp rise in commodity prices, accompanied as it would be by a much higher radical increase in terms of dollars. However, such a solution would be dishonest and in the long run would spell economic and political disaster. It would rob the people of their liquid savings. It would wipe out the middle classes. It would undermine confidence in Government and in its institutions and hence we would have for reaching economic and political consequences. Such a course would be worse than the war itself. (2) The bonds through the use of a high interest tax at the rates set up by a government surplus. In the end, it would be the same as to what the last solution, which is not a solution at all, but would result in the same fact. Thus it is seen that the whole question is the question of what the Government could do to reduce the debt burden to a level which it could carry at a low interest rate without impairing the purchasing power of the people.
The consequences of the above measures: National banks, Federal Reserve banks, and the Federal Reserve System would be the first step in the direction toward the nationalization of the banking system and the Federal Reserve System. Furthermore, so far as control over the Federal Reserve System is concerned, nothing would be gained even though the power of the Federal Reserve System grants powers to the President of the United States with the advice and consent of the Senate.

Issuance of low coupon or non-participating bonds by the banks or turning over the income derived from these Government securities to the Treasury would have a similar effect. It would induce the banks to sell all their obligations and thus dis¬place the public from the bond market. This would drastically curtail the earnings of banks which would lead either to the liquidation of many institutions or they would be forced to assume greater risks in the acquisition of securi¬ties or in granting loans, or to impose heavy service charges. It would also support the war effort and which increased large amounts of Government obligations. Since any securities specially issued to the banks and subsequently sold in the bond market it would impair the li¬quidity of these institutions and would make them more dependent on the reserve banks than ever before. The consequences would be exceedingly difficult to shift government obligations from the banks to other investors. The disastrous effects of inflation on the national economy of the country are too well known and need not be further elabor¬ated. The only way to handle the public debt is to keep the national income at a high level, so as to adapt a sound system of taxation and for the Government to prac¬tice economy.

The dangers enumerated before, however, have to be faced by the banks and measures must be taken to combat them long before they become really serious. The fol¬lowing recommendations suggest themselves:

1. (Education) The banks throughout the country should be helped to understand the campaign pointing out that the fate of the banks is closely interwoven with that of the economy of the entire country, and that any measures which harm the banks are bound in the long run to have an adverse effect on the national economy of the country.

2. (Organization) The banks should make every effort to distribute Govern¬ment obligations among ultimate buyers. This should be done not merely during the War, but particularly during the period of refunding.

3. (Exploitation) Banks should work aggressively and should place them¬selves in a position to be able to sell all legitimate obligations. This should be done not merely during the War, but particularly during the period of refunding.

4. (Consequences) The burden of the Government will be very heavy it is desirable that the banks should not be asked to take any ex¬tent of any form that may be made to increase money rates which would in turn further increase the debt burden.

Finally it would be advis¬able for the Government to appoint a well qualified committee to study the problems involved in the re¬scheduling of bank obligations and to be prepared to assist the Treasury in this vital task.

Conclusion: The investment of the Federal Reserve System funds in national banks is a waste of money and it is evident that much more could be accomplished by a proper reorganization of the banking system.
Post-War Real Estate Prospects

(Continued from page 1461) more than likely these cities that are ports of entry. It therefore should be a reasonable conclusion that a city such as New York, which is the largest port in the United States, although it will pass millions of men returning over coastal routes, a good pro-
portion of these will make their permanent home in New York. It is also a reasonable conclusion that these men are necessarily transient men going home, possessing accumula-
tions of their pay while they were abroad, and it is likely that some of them will meet them at the port of entry, will spend at least a part of the time and money in New York before re-
turning to their home town. This conclusion should prove that hotel business in the City of New York ought to be good for many years to come, especially in view of the Government's policy of not re-
leasing from our armed forces large numbers at any one time, but rather to employ the stagger system.

In addition thereto, all industrial and manufacturing firms for the last four years have had as their principle customer the United States Government and their main problem has not been one of salesmanship and merchandis-
ing but merely that of getting through raw materials to meet their orders. With the cessation of this and limited orders, the firms will again be on a competitive basis to get the maximum profit on their orders. Therefore, I believe that more people will travel to New York in order to get business ideas, merchandise and the many other things that emanate from a city like New York, in order to place themselves in a competitive position through-
out the country.

Many people have brought up the question of ceilings on rents. Obviously it is impossible to see at this time whether those ceilings will be eliminated. However, it is reasonable to assume that with the breaking of the “little steel formula," that one can see the spiral of inflation starting and ceilings, as such, will be gradu-
ally raised upward. Labor in connection with the operation of buildings of all types have received increases from 10 to 15% in the last ten years, but in the face of such increases, together with operating cost increases and also in the face of ceiling rents, prop-
eties tend to be a highly competitive and market-

As to the question of construc-
tion of new buildings, when we have availability of materials, one should keep in mind that con-
struction costs over 1939 levels will be 50% higher, plus a 75% increase in labor. This would lead one to come to the conclusion that new buildings will be extremely costly and the competition will have to be cut down, and in many cases their funded debt reduced substantially. To quote from the Director of the Division before the Central Home Loan Bank of Cincinnati to the Presid-
ect of Real Estate Analysis, Inc. of St. Louis, the following figures, according to the Bureau of Statis-
tics, showing “rentals are 14% be-
low the eighteen-year average as against miscellaneous items, such as picture show admissions, which are 15.1% above the eighteen-
year average; clothing 19%; food 21%; home furnishings 23.7%. These figures are quoted as a guide to how present rental rates are in comparison with other items of living expense.

Many people have been con-
cerned about the amount of govern-
ment space occupied in buildings in the City of New York. It is intimated, however, that though no actual statistics have been made available, it is con-
tended that about 16% of the office space in New York is occupied by Government agen-
cies, Federal, State and Municipal and are included in the 10% fig-
ure. In the Grand Central zone, about 20% of the space is occupied.

But with the pent-up de-
mand and the need and the logical and logical to expect that a sharp reaction in the Govern-
ment agencies cancel their leases, it will not present a serious va-
cue.

In view of the fact that in real estate market the serious problems, we have no adjustments to be made in the operations of property to take care of the change from war conditions to normal peace conditions there should not be no reason for the earnings for real estate properties as there should not continue on the up-
ward trend in the near future.

The foregoing discussion indicates that many financial institutions are presenting with a very serious problem in the investment of their funds. Presently, and for the next sever-
als years to come, the investment policies will continue, interest rates will be very low and because of the low factor more and more financial institutions are looking for first mortgage loans on improved prop-
erties, good location, or if they are in the only opportunity to make more than the unusually low rates that they are earning in their classes of securities. As the mort-
gage market is so poor, a little more money can be obtained for loans on real estate, it is logical that the market for all real estate should become extremely active. Hotels, office buildings and apartment houses are still selling at less than the prices obtained for such properties during normal business years. The conclusion that one must draw from these arguments are that real estate as far as is behind any other commodity and that it is just coming into its own in terms of earning power.

We then come to the fact that real estate market should be selling at substantial dis-
counts on a very high yield basis. If the arguments are on sound, real estate securities as a class are far behind other most common investments in value and that such opportun-
ities presented in the market are an intelligent investor for real value, sound security and high yields which many never again present itself.

Available On Request

Schenley Distilleries Corporation has prepared an additional list of its properties holding the last five years, and which list contains the following properties which have been run-
ing under the title of “Properties. Copies of this book may be too upon request by writing to Mr. w. E., in care of Schenley Distill-
ries, 500 Fifth Ave. New York, N. Y.

J. P. MORGAN & CO. & CO.
INCORPORATED

NEW YORK

Condensed Statement of Condition September 30, 1944

Cash on Hand and Due from Banks................................................................. $133,856,062.02
United States Government Securities, Direct and Fully Guaranteed........ $311,073,328.07
State and Municipal Bonds and Notes......................................................... $1,325,410,000.00
Stock of the Federal Reserve Bank............................................................... $1,200,000.00
Other Bonds and Securities (Including Bonds of Morgan Guarantee & Co. Limited)................................................................. $1,017,352,000.00
Loans and Bills Purchased ............................................................................. $2,070,374,356.00
Accrued Interest, Discounts and Premiums.................................................. $3,000,000.00
Liability of Customers on Letters of Credit and Deposits........................... $2,563,979.17
Less Prepayments............................................................................................ 80,697.14
$3,817,792,301.20

LIABILITIES
Deposits.............................................................................................................. $756,283,328.09
Other Liabilities................................................................................................ $1,653,818.69
Accounts Payable and Miscellaneous............................................................ $2,212,121.00
Acceptances...................................................................................................... $2,212,121.00
Credit Issued..................................................................................................... $2,212,121.00
Commercial Paper............................................................................................ $2,212,121.00
Discounts and Premiums................................................................................ $2,212,121.00
Surplus............................................................................................................... $2,000,000.00
Undistributed Profits...................................................................................... $4,092,367.97
General Reserve.............................................................................................. $3,817,792,301.20

United States Government securities carried at $154,604,316 in the above statement are pledged to public securities, to secure new advances as required.

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

Stocker Looks Good

Large potential demands for railroad equipment, both here and abroad, including locomotives de-
cendent upon mechanical stokers, make the outlook for Standard Steet & Pump. Co., Des Moines, according to a recent memoran-
dum on the situation prepared by C. B. Saxton & Co., 70 Pine Street, New York City. Copies may be had from the firm upon request.
"A People's Peace"

(Continued from page 1599)

"Isolationism must be abolished," says the President. "America must police the world for a 100 years." The crowd cheers and says the orator is a great leader. But just what has happened to the principles that have been taught by any high school boy? There is no sense in the idea of "police" or the uttering of meaningless phrases that appeal to the emotions—not judgments. It is more than confusing the public mind.

If you dream along with our giants, the same conditions of peoples all over the world will sit up and watch their own cocoanut palm, or in their own left arm, aTariff on the export and import of world organizations, world courts, or world armies. This is all very important, but it is not planned. It is only an effort to take place under guise of a better helping of the people.

Secret diplomacy is in the ad
tude today. People who believe in Woodrow Wilson believe in secret covenants, secretly arrived at and who are terming it otherwise. They wonder—why in a democ
cracy, why in a country where the public has the facts of global life. If Americans are intelligent enough to make the instruments of war to win victory—are they intelligent enough to discuss the terms of the settle
mament of the peace? A foreign policy based on secret di
plomacy is so weak and flimsy, as devoid of a backbone, that it cannot long survive. Con
vincements of the peace must be open cooperation in which the common denominators are respect for the great powers, political and economic freedom—and the freedom of the people, the kind of peace for which the plain people of all countries yearn.

Therefore, if we must agree to a world organi
tation before the World Court, the com
nitments of our Government or the con
ditions of the peace—A foreign policy based on secret di
plomacy is so weak and flimsy, in an effort to save face,

The American people start with certain impossible fundamentals.

We have certain principles and consider
ing them, and we consider them as a foreign policy. We desire to

We do not covet our neighbors lands for the expan
dence of all peoples. We favor the expansion of our governments it would be impossible for the Presi
dent to make war, except in the presence of an

The President of the United States is the only person who will be able to carry on a world war—not the people of their sovereignty. It is likely that Russia or England would have to surrender the forces they have built up to meet their own exigencies. Wouldn't we turn our navy or our air force over to a central body? Of course.

The most important function of government is to secure the defense of its people. This includes the right to declare war. If the American people are willing to turn over to some international organization under which they may not be able to control the power to send their boys to be shot under the organization. It is not more than a statement of a de
defensible peace.

As at developments ex
gress, we have arrived at a point where the American people have, in a measure, little control over their national affairs, either directly through their representatives, or through the international organization. The fact is that the American idea of in practice, the same control over international affairs, brought about all matters considered just because the gradual relaxation of checks, controls, and provisions for collaboration. The Senate and House, separate
dally and jointly, have been largely eliminated from the effective participation in the conduct of foreign relations prescribed by this organization. The people are as a whole who can register their app

DIGITALIZED FOR FRASER fraser.st louisfed.org
Indivisible

We are in the midst of a costly and deadly war. We should be a united people with one purpose—to win and make a sound peace under which the whole world can live.

This institution pledges its resources and man-power to that purpose.

CHEMICAL BANK & TRUST COMPANY

Founded 1824

165 Broadway, New York
of the second concession? Needless to say, any suggestion of the first concession, namely, the opening of this market to the British Empire products, brings into play the question of the numerous pressure groups in this country that are opposed to an enlarged competition. The second concession, namely, a division of world markets in its broadest sense, is contrary to the announced policy of this Government, namely, the elimination or reduction of trade barriers. It must fully realize that the British commercial policy in the post-war period will be determined in large measure by the commercial policy of the United States. The two largest markets for United States goods are the United Kingdom and Canada. It would appear that some concessions would be worth while if we want to maintain or possibly increase our share in those markets. These are rather small in relation to the total national income or national production of the United States.

Another factor of considerable interest to American exporters is the extensive industrialization in all the major markets. British exporters are also faced with this growing condition in the domains and some colonies. These areas are being induced to fulfill their early function of serving as agricultural markets. The full competitive capacity of these new industries is not known except in partial form. Information is available to indicate that in many cases a narrow market for agricultural produce can now be sufficiently supplied by the local or imported products. In some cases these newly industrialized industries are making increased efforts to develop their output into export markets. In this way the market for United States goods is reduced only by United States industries but also of its traditional competitors. Thus Australian industry has its eyes on some of the markets of the South East Asia; Canadian industry is looking beyond its traditional markets and the Union of South Africa into the areas of countries that are open to United States goods. In Central Africa we see a very substantial opening with the signing of agreements with the United Kingdom and Canada. In South Africa agreements have been concluded between the Union of South Africa and the United Kingdom for an agreement similar to that already existing

in view of all this the problem of encouraging or drastically reducing the outflow of British Empire products to the United States is a substantial concession on the part of the British Government. A very small beginning was made in recognition of the fact that we are entitled to be satisfied with a right and not a gift. The important attractive concession would be greater access to the large and growing British Empire markets. This would mean increased markets for United States of British manufacturers, but not necessarily the same types of the specialized types which the British can produce, such as yarns, textiles, machinery, whisky, high-grade wood products, and of course the tools, or perhaps some new products developed during the war. It might be possible to consider the disposal of the surplus agricultural products of the dominions and colonies in the United States and in other foreign markets.

The second concession would be some form or agreement with the United States markets that would guarantee the British Empire some share of the American commerce and be sufficient to meet their financial requirements.

Would the United States be willing to grant the first concession, namely, a free sale of the foreign trade or assistance in this matter of trade? It is estimated that the foreign exchange requirements of the United Kingdom before the war approximately amounted to $5,000,000,000. It is estimated that the British Empire would be able to finance the war because of liquidation of foreign exchange requirements and due to the reparations payments required by Germany. In addition to this it is estimated the British Empire would also need approximately $5,000,000,000 to cover reparations payments and other foreign obligations.

The second concession would be the admission of the British Empire into the American market. The markets that would guarantee the British Empire some share of the American commerce would be sufficient to meet their financial requirements. It would be a far more attractive proposition to the British Empire to have the United States grant them some form of access to the American market than to have a large working balance that would indicate that the "normal" sterling balances would be far less than the $1,750,000,000 currently advertising.

There are other problems that you will probably discuss in your meeting on the individual areas of the Empire. The problems of care-lodges and churches in settlement of the war, the conditions of the family, and the trade of the nation, are baffling and intriguing. In all cases it is well to remember that the United States is a nation of democratic principles and at any marginal item in the thinking of the American public will find in the future we may have to take our export products to the American market if we are to have full employment.

In spite of all obstacles and handicaps the "Yankee trader" has done quite well in competition with all others. The United States market is the best market in the world, and to which all countries are anxious to obtain greater access. This is a bargaining point on which we command major obligations. American ingenuity in the fields of new materials has made American goods known throughout the world. London, has given the American producers millions of dollars of free advertising. The friendly smile, the kindly manner, the simplicity of our commercial people has created many new markets for American products. There is a future for the American's export trade in the ability of the American people to continue to produce high quality goods and to perform their government to work out a commercial policy for national development and to meet the needs which can be reconciled with the needs of other countries, both home and abroad, based on securitiy of special interests, or on narrow nationalism.

CHARTERED 1853

United States Trust Company
of New York

Statement of Condition September 30, 1944

RESOURCES

Cash in Banks $18,993,859.27
Loans and Bills Purchased 25,054,855.71
United States Government Obligations 87,428,164.21
State and Municipal Obligations 9,651,904.61
Other Bonds 2,552,500.00
Federal Reserve Bank Stock 840,000.00
Real Estate Mortgages 4,335,009.99
Banking House 1,390,000.00
Accrued Interest Receivable 165,656.76
Total $150,641,756.94

LIABILITIES

Capital Stock $2,000,000.00
Surplus 2,000,000.00
Undivided Profits 2,442,000.00
General Reserve 350,000.00
Dividends Declared 117,908,614.05
Reserve for Taxes, Interest, Expenses etc. 1,152,739.39
Unearned Discount 1,416.48
Dividend Payable October 2, 1944 300,000.00
Total $150,641,756.94

THE OFFICERS AND DIRECTORS OF THIS BANK

Wish to extend greetings, and to express appreciation for the work done by the Association in the interest of sound banking.

William J. Field, President.

COMMERCIAL TRUST CO. OF NEW JERSEY

Jersey City, N. J.

Capital $3,400,000
Surplus $2,575,000
MEMBER FEDERAL RESERVE SYSTEM
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Member Federal Reserve System
Member New York Cotton Exchange Associate
Member Federal Deposit Insurance Corporation
American Bankers Association
Holds 70th Annual Meeting

(Continued from first page)

Gerhard Welch, Secretary of the
Newark, N. J., was elected Chair¬
man of the Executive Committee
and three members, who are Lauer
W. Hodges, Immediate Past Pres¬
ident; Myron J. Noe, Executive
Manager of the California Bankers
Association, San Francisco, Cali¬
fornia; J. Carlisle Togersen, Secu¬
dary Manager of the Portland
Bank, Portland, Oregon; and Paul
W. Alturth, General Secretary of
the Savings Banks of the State of
New York, New York.

Savings Division
Harry B. Templeton, Vice¬
President of the Cleveland Trust
Co., Cleveland, Ohio, was elected
President of the Savings Division.
Mr. Templeton was advanced from
the position of Vice-President.

Myron F. Converse, President of
the Worcester Five Cent Sav¬
ings Bank, Worcester, Mass., was
elected Vice-President. In addi¬
tion, Mr. Converse was elected to
the Executive Committee of the
Division. They are Myron S. Short, 
Executive Secretary of the Buffal¬o Savings Bank, Buf¬
falo, N. Y., and James W. H. Ger¬
art, President of the Portland
Savings Bank, Portland, Oregon.

Trust Division
Frederick A. Carroll, Vice¬
President of the First National
Shawmut Bank of Boston, Mas¬
achusetts, was elected President
of the Trust Division. Mr. Carroll
was advanced from the position of
Vice-President.

Myron L. Plummer, Vice¬
President of the Equitable Trust
Co., Wilmington, Delaware, was
elected to the Executive Commit¬
te of the Trust Division. Mr. Plummer
will be advancing from being a member of the post of Chairman of the Exec¬
utive Committee.

In addition, Evans Woollen, Jr.,
President of the Fletcher Trust
Co., Indianapolis, Ind., was elected
Chairman of the Executive Com¬
nitee and five new members were
chosen, including George E. Bar¬
yce, Vice-President, City Bank
Farmers Trust Co., New York;
H. M. Bardt, Vice-President and
Trust Officer, Bank of America
National Trust & Savings Assn.,
Los Angeles, Calif.; Joseph V. Tav¬
ini, Trust Officer, Floral Trust &
Columbia Trust Co., Louisville, Ky.;
Fred G. Nels, Trust Officer, Daven¬
port Bank & Trust Co., Davenport, Iowa;
and James W. H. Gerhart, Vice-
President, First National Bank, Cincinnati, Ohio.

DIVIDEND NOTICES

THE AVIGNON TOPPER AND
TORNGA, INC.

NEW YORK, N.Y., Sept. 19, 1944.

The Board of Directors and Stockholders of this company have declared a dividend of 
12% on their Preferred Stock. This dividend will be payable on October 15, 1944, to stockholders of record on September 30, 1944.

L. B. WISINGER, President.

CANCRO AMERICAN CAN COMPANY

COMMON STOCK

On September 16, 1944, the board of directors declared a quarterly dividend of 
$0.24 per share on outstanding Common Stock. This dividend will be payable on October 10, 1944, to stockholders of record on September 30, 1944.

R. A. KELLER, President.

JOHN MORRELL & CO.

Morrill Dividend No. 41.

DIVIDEND NO. 41.

On the Common Stock of the company, as of September 17, 1944, a dividend of 
$0.50 per share will be paid on October 15, 1944, to stockholders of record on September 30, 1944.

THOS. A. CRAY, President.

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 115

A cash dividend of $0.185 per share on the Common Stock, as of September 27, 1944, and payable on October 15, 1944, to stockholders of record on September 30, 1944, will be paid on October 15, 1944.

E. J. Batenhorst, Treasurer.

SOUTHERN UNION GAS COMPANY

DIVIDEND NOTICE

COMMON STOCK

A dividend of 12% (1/83) per share on the Common Stock, par value $10.00 per share of the company, has been declared by the Board of Directors and will be payable on December 15, 1944, to stockholders of record on November 15, 1944. Dividends paid in cash, as declared, will be transferred to the shareholders on record on November 15, 1944.

W. H. SMITH, Vice President and Treasurer.

SOUTHERN UNION GAS COMPANY

DIVIDEND NOTICE

COMMON STOCK

A dividend of $0.125 per share on the Common Stock, par value $100.00 per share of the company, has been declared by the Board of Directors and will be payable on December 15, 1944, to stockholders of record on November 15, 1944. Dividends paid in cash, as declared, will be transferred to the shareholders on record on November 15, 1944.

W. H. SMITH, Vice President and Treasurer.

Securities Successfully. This class will consist of eight weekly res¬
sellings conducted by the New York Stock Exchange Institute, in ag¬
suming a new course to be known as "The Science of Selling

The New York Institute of Financial Education, successor to the New York Stock Exchange Institute, is in¬
aguring a new course to be known as "The Science of Selling

Banking Service

in Washington, D. C.

The Riggs National Bank
welcomes the opportunity to serve
Bankers, their clients and friends
in the Nation's Capital

Robert V. Fleming
President
and
Chairman of the Board

George O. Vass
Vice-President and Cashier

Banking Service Resources over $240,000,000
Founded 1836
Member Federal Deposit Insurance Corporation

Banking Service

in Washington, D. C.

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Bankers, their clients and friends
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Robert V. Fleming
President
and
Chairman of the Board

George O. Vass
Vice-President and Cashier

Banking Service Resources over $240,000,000
Founded 1836
Member Federal Deposit Insurance Corporation
Education Of Investors Is Advocated
(Continued from page 1499)
Frank Dunne, President of the New York Security Dealers Association.

National Committee Appointed
After the luncheon recess, a temporary committee brought in the following resolution, which was passed:

(1) The Temporary Committee appointed at the previous meeting approves the purpose of this Conference; and recommends that during the recess of this Conference, the Executive Committee function in order to provide a continuing interest in the subject of the Conference. Such function may include discussion, development of new ideas, and the study of new and current developments in the field of economics, finance, and management.

(2) It specifically approves the presentation of the above pamphlet to owners of "E" bonds. This document, it feels, should be signed first by the U.S. Treasury Department, from which the interest and the savings of the American people will have been received. It is the duty of the people of the United States to make the most of the present bonds and to do so wisely.

(3) In order to prepare recommendations to the U.S. Treasury Department regarding such bonds, and in order to study other possible methods of pursuing the same general purpose, the Conference recommends that a National Committee be formed, to be composed of the various associations, groups, and individuals who make up this conference, including representatives of Banking, Securities, and the like, and the associations of the same.

(4) The Temporary Committee further recommends that widespread publicity be accorded this resolution, and that the following resolutions be presented to the public:

The Regional Exchanges.
Securities Exchange Committee.
Present at the conference were the following: Chairman of the N.A.A.C. (American Bankers Association), New York City.
John Cushing, President, and J. E. B. Loring, Jr., Investment Bankers Association of America.
H. P. Green, President, at Los Angeles.
Stock Exchange.
McClary Harrison, President, Los Angeles Stock Exchange.
Richard G. Koll, President, Elect, Association of Customers.
Edward A.-Kole and A. M. Metz, Counsel, Securities Dealers Committee.
Andrew J. Markey, Assistant Attorney General of the State of New York.
Harold Johnson, Securities Commissioner, State of Nebraska.
William F. McNulty, Assistant Attorney General, State of New York.
William Gould, National Association of Securities Dealers, President, New York City Exchange.
Edward E. Parsons, President, and H. W. Snavely, National Securities Traders Association.
A. J. Peters, President, and Henry E. Tracy, Secretary, Boston Stock Exchange.
Bernard Reis, American Investors Union.
Emil Schram, President, New York Stock Exchange.
Edward Scott, President, Philadelphia Stock Exchange.
Frank Taylor, President, Baltimore Stock Exchange.
Colonial William A. Lockwood, Commissioner, Commissioner, New York Stock Exchange.
C. R. Smith, Jr., Detroit Stock Exchange.

Remarks of Ganson Purcell
As many of you know, two recent developments of our economic recession which were created by the newspapers and radio have been the development of a group of underwriting firms, who were invited by the Securities Commission, the Board of Governors, and the National Association of Securities Dealers and various other groups, to gather together to consider various means of solving those problems which have arisen in our economic recession. Corresponding figures were $13,549,913 and $3,291,032.

C. R. Purcell

"Agriculture, manufactures, commerce and navigation, the four pillars of our prosperity, are the most thriving when left most free to individual enterprise."

Thomas Jefferson 1802

Fighting Dollars for Fighting Men

Premium Dollars support the war program, combat inflation, and provide protection and future income for millions of American families...through investment in our industries...for all war-related purposes...in railroads, backbone of the transportation system today...in public utilities which are supplying the unparalleled war demands for electric power...in U.S. Government bonds themselves.

Life Insurance Dollars are at Work for the Whole Nation!

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY

George Willard Smith, President
THE FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA—1835
Canadian Securities

By BEUCLE WILLIAMS

Canada has recognized the plight of the long-forgotten man—
the father. As a result of the Family Allowance Act, families of
will receive amounts varying from $1 to $5 per month for
clergy dependents and, therefore, the bill extends to fine
earning under $1,000 a year.

This legislation has led to criticism within the Dominion
on the grounds that this action on the part of the Federal
Government was motivated by political reasons and especially
considered unjust for families living in the Province of
Quebec.

However, as a result of the situation that shows, broadly speaking,
Quebec Province has not benefited approximately as much as it will
receive in allowances, and the Prairies province, the section of the
country where such benefit is most needed, stands idle.

Thus the Canadian Government demonstrates that it is not
willing to tackle the problem of work in a capable, courageous manner.
It determined similarly to deal with the even more complicated
post-war situation. Together with the 1942 Unemployment Insurance
scheme and that of the Life Insurance plan, this new forward-
looking legislation boldly attack the basis of peace-time unemployment
and the foundations of economic well-being of the country.

In a modern high-gained econ-
omy, such a great problem, but the more effi-
cient production of a difficult situation does not mean the ending of
consumption which will be caused by the cessation of the
Leaves, leaving the average age of the work
force. The Family Allowance is not only to assist but also to
implement the Government's program to achieve the goal of
full employment.

Another merit attaching to the Family Allowance scheme is that
it will ultimately partially solve another urgent Canadian problem—
namely, the population deficiency. Encouragement is thereby given to
the raising of larger families and the increase in population that
might achieve is preferable to an in-
crease obtained by immigration. The argument raised by the oppo-
sents of the measure in Ontario that Quebec with its lesser density
and concentration of large families is unduly favored is, therefore, only tempo-
arily valid, since the greater scope for future
larger benefits for the provinces outside Quebec.

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
Whitehall 3-1874

WANTED—A "Blood Bank" For Industry

In an undated advertisement, entititled, "Wanted—a "Blood Bank" For Industry," it appears that the same type of industry house of Chilton Company, Inc., of the New York Stock Exchange, is out in trying the same flimsy
the company's post-war program requirements.
The Chilton Company's announcement is so well

by the opposition's argument that we are repe-
ting to consider the issue.

"When four estates function in Japan is wiped clean, Victory—
for America—will be only half won. Only the service of our fight to preserve Amer-
ican liberties during the war will be ended. The economic burdens under which that war that

inflation of flour and sugar will remain to be fought out here at
home."

The immediate care we prepared for the shocks of this coming conflict!

"From a 1941 high (in profits after taxes), the over-all return of business has dropped last year nearly 20%—
denominating the trend of business. And these distur-
bing facts are.. . . .

Reserve are bracketed today with activities of an
experts estimate that three out of every five plants now pay-
from the job shining 70 million in war-work rolls must find
their way to the homefront, and after seven or eight months after Hitler's fall—
he'll be back."

"Here, at Chilton, we know that American families are the lifeblood of all business
that... they, alone, can fur-

ish the necessary over-all economic shock and move.
We at Chilton, in our own small way, will continue to
work energetically for tax relief and advise your
industry to accumulate its vitality now so that it may

signal in transmissibility through transfusion investments."

The Chilton Company, incorporated in 1896, is the only
made, as are the publishers of this journal, factory, and they with their respec-
tive field as "The Iron Age," "Hardware Age,
Department Store Economist, "Boot and Shoe Recorder," "The

which we has been redacted."
"Hardware Age:"
"The Spectator Life Insurance in
America," "The Spectator Life Insurance in Europe," and other

Finally, it can be said that
the advantage of this legislation is a counter-
measure against any unemploy-
ment that might arise after
the war, and it reaches down where
the problem is most acute—the
large masses on the hard sub-

The case against most economic balance in the
pump-priming category, is that
they are not based on any specific
cures for specific ills and in consequence are not sub-
ject to proper control.

Turning to the market for the
past week, there were a few indi-

High-grade issues when
available were readily absorbed, and
in some instance peak levels were reached. Albertans were
steadfast following a more careful re-
organization program, and redig-

There was intermittent activity in the bond and mortgage issues, with the rate for
mortgages at 10½% to 15% discount.

Provisional and Municipal Corporation

A. E. AMES & CO.
INCORPORATED

TWO WALL STREET
NEW YORK 5, N. Y.
RECON 2-7231 NY-1-1045

manipulation of the transactions in these issues appearing on the books called
and maturing on Oct. 15. The

During the week in Toronto stood dead after its recent de-
novelties in Toronto were
well established and the new
commodities, mostly bright feature in post-war markets.

With regard to possible future developments, the market will have little

Varying allowances, depending on the
of the reinsurance business.

The production of new high-grade Canadian securities may, in spite of their steady

a slight edge in comparison.

Ontario, Canada

Canadian Securities

Montreal Harbour Commissioners

Dominion of Canada Guaranteed
5% 1st Mortgage Bonds, due 1 Nov. 1969
Callable at 105 on 1st Nov. 1949
Principal and Interest payable in New York, Canada or London
Price 116.75 and interest

Wood, Gundy & Co. Incorpo-
14 Wall Street, New York 5
Direct Private Wires to Toronto & Montreal

Redeemable at par

Greyhound Corporation
Securities Offered By
Kidder, Peabody & Co.

A syndicate headed by Kidder, Peabody & Co. and Glorie, Forgan
have underwritten an offer of $10,000,000 of 3% deben-

The debentures will be redemp-
table at 100% of face value and
at lower prices thereafter.

The preferred shares also will have a feature that each year will return 2½% of
the nominal value of the shares

in the market. The stock will be redem-
able for those shares that were issued at $100 a share
at Oct. 1, 1949, down to $50 a share
at Oct. 1, 1959, and at $100 thereafter.

Tomorrow's Markets
Walter Saye

(Came from page 1482) writing in the Toronto Star.

For example, stocks have slowly moved back in their re-

The New York Editorial
and business office of the

In addition to their own publish-
ing, the company has printed 25 additional publica-
tions for other publishing concerns, The

In 1926, 1927, and 1928, for example, the company

For example, the firm has redacted it will mean a sudden burst of activity,
not limited to individual

The second method is a gradual approach to old

SUGAR

199 WALL STREET
NEW YORK 5, N. Y.

LAMBORN & CO.

Exports—Imports—Future

H. Hentsch & Co.

New York Stock Exchange
15 Broad Street
New York City

Chicagos Board of Trade
944 Market Street
Philadelphia

N. Y. Cotton Exchange Block
415 Broadway
New York 3, N. Y.

Chicago Stock Exchange
440 South Dearborn Street
Chicago, Illinois

Established 1858
Diploma
thursday, oct. 5
reflexotex corp. has filed a registration statement for 700,000 shares of $10 par common stock (4% cumulative preferred stock). For details, see excerpt below.

saturday, oct. 12
the series of bonds that will be issued will be used towards the redemption of the entire outstanding stock. Details in "chronicle," sept. 29, 1944.

saturday, nov. 28, 1944, file a registration statement for $155,000,000 of 5% convertible preferred stock. For details, see excerpt below.

saturday, dec. 9, 1944, file a registration statement for $155,000,000 of general mortgage bonds. For details, see excerpt below.

wednesday, oct. 10
the stockholder of the company, which is a substantial factor in the development of capital, will be entitled to vote for the redemption of 181,000,000 first mortgage bonds. Details in "chronicle," sep 29, 1944.

wednesday, oct. 17
the series of bonds that will be issued will be used towards the redemption of the entire outstanding stock. Details in "chronicle," sept. 29, 1944.

wednesday, nov. 28, 1944, file a registration statement for $155,000,000 of general mortgage bonds. For details, see excerpt below.

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theodore h. blair, jr., president of the company, said that the bond issue would not affect the company's financial condition in any way. he added that the proceeds from the issue of the bonds would be applied towards reducing the outstanding stock, which was approximately $150,000,000.

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President Signs Reconversion And
Surplus Government Property Bills
Cites Actions And Expects Remedial
Action by Congress.

The signing by President Roosevelt of the War Mobilization and Reconversion Act and the measure, indicating surplus government property was made known on Oct. 3. While affecting his signature to the bills, he pointed out that in both, he hoped Congress would correct.

The President said: "It is quite satisfactory, but he drew attention to the fact that
the bill does not adequetly deal with the human side of
reconversion."
He pointed out that the bill does not which in the bill as it
three the Senesaliana for
transportation for anarchists
the place of their
journed to their
arrested the workers
in conference.
So if the bill will point to a
as the bill in the Senate.
For the employment
in compensation to
the government.
He stated that: "We should be
the peace of our
workers'" than the case of
the G.I men.
As to the surplus property bill
the President said that it would be an
considerable otherwise that I have decided to sign this bill."
Federal Reserve Banks went from $14,835,000,000 to $10,561,500,000 with the largest increases being reported in the shortest period and a decrease of more than $133,000,000 being shown in the two years five-year maturities, while obligations due in more than five years were down in value by $100,000,000.

This indicates that the Central Banks are prepared for at least one of the years and are certainly in a position to lend any support that may be needed in the Sixth War Loan, especially to the bond issues of the war that the bill should be
in supply during the next drive.
The member banks in the system during that period reported
increase in Government bonds, with notes, certi-
fices and bills held on September 28, all being under those reported on July 12th. The increase in holdings of Government bonds
were well distributed throughout the country with the New
banks the largest buyers, followed by the Chicago, Cleveland, San
Francisco, Boston and Richmond banks in that order.

This week between the recently merged large corporate
the long-term Government securities is still con-
be too narrow to make any indications of the obligations as
the Government bonds of a similar nature.

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