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Coming Changes In Distribution

By PAUL H. NYSTROM*
Professor of Marketing, Columbia University
President, Limited Price Variety Stores Association

Marketing Specialist Says 40-Hour Week With Its Penalties For Overtime Never Justified Even In Depression Years And Should Be Abolished Before It Wrecks Our Economy. Condemns Evils Of Closed Shop. Sees Favorable Post-War Prospects Arising From Consumer Savings And Growth In Marriages And Population As Well As Need For Replacements And Rebuilding.

The subject assigned to me is, "Coming Changes in Distribution." I wish I knew the answers. I shall, however, attempt to state some of the conditions likely to produce changes and then add what I think may or should occur.

Paul H. Nystrom

There is at least one point of major significance upon which, I think, we can all agree, namely, the extraordinary importance that distribution and marketing will have in the post-war era. This country can produce. The war has proved its enormous productive capacity. Given a little time in which to convert from war to peacetime production, there is no question but that the nation's farms and factories, its forests and mines can provide for an economy of abundance and prosperity. I wish that it were possible to speak with equal assurance of our system of distribution. Will those in charge of the marketing of goods, sales managers, advertising men, brokers, wholesalers, retailers and their employees, be able to find the markets, stimulate the demand and distribute the products of industry and so build national prosperity? This is the key question. This question poses the greatest challenge the business men of this country have ever faced.

Sales organizations, both large and small, of manufacturers and producers have, as a result of the war, been largely depleted. Wholesale and retail sales staffs have likewise been cut down and diluted with untrained and inexperienced help. These changes were made necessary by the nation's war effort. So long as the war continues, so long as there are surpluses of purchasing power and deficiencies in supply, there is no special need for sales effort. There is at present little, if any, real promotive sales effort going on anywhere. Most of the new employees in our sales and distributive establishments probably don't even know what selling is. Most of them do not even seem to care. Sales training departments in factories, wholesale

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*An address made by Professor Nystrom before the Boston Conference of Distribution, Statler Hotel, Boston, Mass., Oct. 16, 1944.

Compulsory Military Training In Peacetime For America?

What Are Your Views On The Subject?

The Issue Of Whether America Should Adopt A System Of Compulsory Military Training In Peacetime Promises To Receive Increased Attention In Public And Official Circles As The Wars On The Two Fronts Move Closer To Certain Victory. In The Interest Of Stimulating Public Thinking On The Question And Thereby Contributing To A Better Understanding Of The Implications Of Such A Policy, The "Chronicle" Would Be Pleased To Receive For Publication The Views And Opinions Of Those Who Desire To Express Themselves In The Matter. Letters Should Be Addressed To Editor, "Commercial and Financial Chronicle," 25 Spruce St., New York City 8, N. Y. As A Background For This Symposium, We Give In Today's Issue, Starting On This Page, Several Recent Discussions Of The Subject, Two Of Which Represent The Views Of Members Of Church Denominations, While The Third Reflects Opinions Of The President Of A Prominent Educational Institution.

Catholic Prelate Opposes Program

By REV. CYRIL F. MEYER, C.M., Ph.D.*
Dean, St. John's University

There are a great many questions which we are asking today. One of them is, "How can we preserve peace in America?" As we see the sun of victory timidly peeping above the horizon we are anxious to make sure that our boys will not have to march off to another world conflict within the next generation. There is one answer that is being made to that question which bears serious examination. It is the

Rev. Cyril F. Meyer

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Presbyterian Synod Voices Opposition

The Synod of New York, meeting at the First Presbyterian Church, Brooklyn, Oct. 16-18, accepted the report of its Committee on Social Education and Action and adopted the following resolution:

"We disapprove of the effort that has been initiated in certain quarters to fasten upon the nation now, in time of war, a permanent policy of universal conscription to be followed as a policy in time of peace. This has generally been regarded as a policy of militaristic nations and governments, and there are many thousands of worthy American citizens who are such because they or their fathers fled from their native lands to escape compulsory military service in peacetime. The attempt to establish military conscription as a national policy marks a lamentable trend, which the Synod of New York condemns and against which it makes protest, recommending that pastors and lay folk make known to public officials and candidates for office our disapproval."

Universal Training—What Kind?

By DR. HARVEY N. DAVIS*
President, Stevens Institute of Technology

We are met here today, I take it, in a dual capacity, first, as citizens of the United States to consider what ought to be done to safeguard the future security of our country and what we can do to further that safeguarding, and second, as educational administrators taking counsel together as to how to minimize any possible bad ef-

Harvey N. Davis

(Continued on page 1818)

The Branch Banking Controversy

By ROY L. GARIS
Vanderbilt University

Southern Economist Reviews The Arguments For And Against Branch Banking And Concludes That It Is Difficult To See Any Justification For Branch, Chain Or Group Banking Beyond The County In Which The Parent Bank Is Located Or Within A Limited Trading Area. Maintains That Branch Banking Will Hamper Small Business And Tend To Destroy Free Enterprise, And Urges The Strengthening Of Our Independent Unit Banks "Rather Than Follow A Jack-O-Lantern Labeled Branch Banking."

Our servicemen overseas, on the seas, here at home—wherever they may be—do not wish to return after V-Day to leaf-raking and apple selling. They do not want doles or a super WPA. Instead they—and the men and women working long hours now in our war factories — want good jobs in private industry in a system of free enterprise. They want "the high privilege of marching down the road of freedom in a land dedicated anew to opportunity." These men and women of ours understand fully that we cannot undergo a gigantic, permanent WPA without serious threat to our political and economic freedom, since too much Government employment can be virtually as disastrous as mass unemployment.


Roy L. Garis

This is not a problem that faces a few large industrial centers. Instead it is a problem that must be dealt with by every town and hamlet in every State and community in our country. For our men and women in service and in our war plants have come from every section—even from every cross-roads. It is a problem vital to America's Main Street.

How vital is evident from the fact that in 1940, according to data of the Committee for Economic Development, there were 46 million persons with jobs. But *at the same time*, in spite of billions spent by the Government for WPA, doles, and relief for ten years, there were nine million persons unemployed in this country. Forty-six million jobs after

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Halsey, Stuart & Co. Elects Three V.-Ps.

Announcement is made by Halsey, Stuart & Co., Inc., of the appointment of three new Vice-Presidents: J. Howard Carlson, of the New York office (35 Wall Street); Walter L. Darfler and M. W. Miller, of the Chicago office (123 South La Salle Street). Mr. Carlson has been associated with the firm since 1921. Mr. Darfler since 1920, and Mr. Miller since 1918. At the same time announcement was made of the retirement of Frank E. Weakly, Vice-President Chicago office, who is leaving to become President and director of Washington Properties, Washington, D. C., effective Nov. 1, 1944.

We Are Losing The Peace

By NORMAN THOMAS*

Socialist Candidate For President Views Slogan Calling For Unconditional Surrender As Unnecessarily Sentencing Thousands Of Our Sons To Death. Says Dumbarton Oaks Plan Merely Promised A Camouflaged Triple Alliance And If By Some Miracle All Germans And Japanese Could Be Destroyed, Stalin And Churchill Would Go On Demanding Strategic Frontiers And Maneuvering For Spheres Of Influence.

It isn't the machinery of international cooperation which offers the chief difficulty to peace. Various thinkers have presented workable suggestions for regional federations, like a United States of Europe, in relation to a larger world confederation which can settle disputes by other means than war. In practice organizations like the International Postal Union, the International Labor Office and recent conferences on food and fiscal systems show what could be done.


Norman Thomas

The difficulty is with the attitudes of governments to peace. A vindictive peace will poison social relationships. If we really want peace, the enemy nations should be assured that disarmed, stripped of conquest, and possessed of trustworthy governments, they will be included in the benefits, economic

*A radio address delivered by Mr. Thomas on Oct. 23 over Station WJZ in New York City.

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Belgium To Get Huge Lend-Lease Credit

(Special to The Financial Chronicle)

WASHINGTON, D. C.—Belgium will shortly get an international lend-lease credit of about $100 to $150 million for raw cotton, locomotives and freight cars. The French are asking $200 million for locomotives. Efforts are progressing to bring French and Belgians together so as to remove attachment of French assets here. Business communications with France will probably be permitted next week.

IBA Rocky Mt. Group Elects Earl Scanlan

DENVER, COL.—Earl M. Scanlan, of Earl M. Scanlan & Co., has been elected head of the Rocky Mountain group of the Investment Bankers Association of America. He will succeed Aaron W. Pleasants. Paul E. Youmans, Sullivan & Co., was named Vice-President, and Elmer G. Longwell, Boettcher & Co., was elected Secretary. The new officers will take office on Nov. 1.

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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Problems Of The Transition

By RAGNAR D. NAESS*
Naess & Cummings, Investment Counselors, New York

Investment Counselor Holds That Transition Will Be Long Because The Japanese War May Last Two Years After Germany's Defeat. Accordingly, We Will Have A Period Of "Hybrid Economy" Of Part War And Part Peace, With Lower Production, Reduced Incomes, Declining Prices And Continuing Government Deficits. Predicts Unemployment Of 4 Millions, Raw Materials And Other Surpluses, Government Maintained Price Floors And A Sharp Contraction Of Business Profits. Warns Of Need For Continuing Government Controls And Urges Cooperation Between Industry, Labor And Government As A Satisfactory Solution.


Ragnar Naess

During the last few years the United States has overcome and solved successfully tremendous problems of war. During the next few years the United States will be faced with the solution of equally tremendous problems of peace. From an economic point of view the problems of war are those of production and management. We have the facilities, the labor, the skill and the management to produce gigantic quantities of goods if they are demanded. After the war the economic problem will be not only to produce great quantities of goods, but to sell them in a peace market. The war market will largely disappear and we will be dependent upon markets at home and abroad for the disposal of the potentially enormous quantities of goods that can be produced with our greatly increased capacity, the increased number of skilled workers, the new and better methods of technique and our fine indus-

*An address made by Mr. Naess before the American Statistical Association meeting in New York, Oct. 18, 1944.

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Treasury Reveals Reservations To Bretton Woods Agreements

By HERBERT M. BRATTER
(Special to The Financial Chronicle)


Herbert M. Bratter

WASHINGTON, D. C., Oct. 25.—The Treasury Department today released for publication the reservations made by the various national delegations that signed the Bretton Woods agreements on July 22, 1944, to establish an International Monetary Fund and International Bank for Reconstruction and Development. Although the Final Act of the Bretton Woods Conference was signed by the delegates of all of the United Nations represented there, and was considered as a unanimous product there were, as previously pointed out in the "Chronicle" indications that several delegations wished to attach reservations or statements along with their signatures.

However, at the urgent request of Lord Keynes, the head of the British delegation, and other leaders of the Conference, these reservations and statements were withheld, with the understanding that they would be made a part of the proceedings.

Since the adjournment of the Bretton Woods Conference, the fact that important reservations had been made by a number of the 44 delegations that signed the "Final Act" was not lost sight of and, accordingly, officials of the Treasury Department which were

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Cartels—A Program

By JOHN W. WHITE*
President, Westinghouse Electric International Co.

After Defining A Cartel, Mr. White Asserts That Our Policy On This Subject Will Shape Not Only Our Foreign But Our Political Relations With Other Nations. Recommends Creation Of Council Of Industry To Express Statesmanlike Thinking On Cartels.


John W. White

Of all the subjects being considered in connection with national post-war planning, none is receiving more attention than what shall be the national* policy towards International Business Agreements—an euphonious title, for the somewhat less respectable word—cartels.

Probably no subject, in reference to domestic and foreign policies, is receiving so much attention and consideration, in so many different places, by so many different people, with so many different conclusions about it, as is this subject of cartels. Every national organization of importance — trade, political, educational and cultural — has its own cartel committee. Most Chambers of Commerce have a cartel committee. The Congress in Washington, has committee consideration being given to this burning subject. Most of the Federal governmental departments have their own special committees, topped by an overall inter-departmental committee — which is considering

*An address made by Mr. White before the Second General Session of the 31st National Foreign Trade Convention, New York, Oct. 10, 1944. Mr. White is Chairman of the Committee on International Agreements of the National Foreign Trade Council.

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Small Business Equity Securities And The 5% Rule

SEC Report Gives Indication That Small Scale Equity Capital Could Not Be Marketed If Rule Is Enforced

In response to many inquiries during the past several years, the SEC undertook an investigation of the costs of obtaining equity capital by small and medium sized industrial concerns. It has tabulated and averaged these costs as shown in the registration statements filed with it by industrial concerns having assets of not over $5,000,000.

The report indicates clearly that if underwriters and dealers of securities of small industrial companies were limited to a gross profit margin of 5%, there would be an end of market transactions in such securities.

In the period from Jan. 1, 1938, to June 30, 1944, the costs of flotation of 184 issues of common and preferred stocks were tabulated, and this cost, in percentage of gross proceeds from the issues, amounted to 17.9%, of which the

(Continued on page 1800)

Congress Can Enable Swift Use Of Force To Preserve Peace--Dewey

Republican Candidate Blames Roosevelt For Scuttling The London Economic Conference, "The Most Isolationist Action Ever Taken By An American President." He Promises To Work Harmoniously With Congress, And Announces Pledges Of Support From Prominent Republican Leaders.

Governor Thomas E. Dewey, on Oct. 24, delivered an address in Minneapolis, in which he again discussed post-war foreign policy.

Thomas E Dewey

His address was devoted largely to replying to statements of President Roosevelt, made in the address in N. Y. City on Oct. 21, before the Foreign Policy Association, in which the latter ascribed a pre-war isolationist policy to leading Republican Congressmen. Governor Dewey, after asserting that Mr. Roosevelt had "paraded before the American people the ghosts of a long-dead past," contended that various acts, such as the passage of the "fruitless" Neutrality Act of 1935, the withdrawal of the American representative from Geneva, and the "scuttling" of the London Economic Conference in 1933, indicated a pre-war isolationist policy on the part of the Democratic Administration and its adherents.

The text of Governor Dewey's address, as reported by the New York "Times," follows:

Governor Thye, Mrs. Stassen, Fellow Americans:

It's mighty good to come back again to Minnesota, the State of that gallant leader, Comdr. Harold Stassen. As a great Governor and a bold and courageous leader of opinion, he rendered services to his country equaled only by his present service in the United States Navy.

To the people of Minnesota he gave something else very precious and too long absent from our national life. He gave teamwork government, not one-man government.

As a result, when he left for the Navy, there was a first-class man ready and able to fill his shoes. That man has so ably and successfully conducted the affairs of the State that everyone agrees that you will elect by an over-

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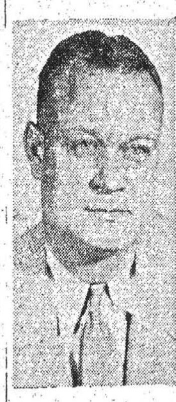
Los Angeles Traders Elect Hey President

LOS ANGELES, CALIF.—Clifford L. Hey of Nelson Douglass & Company was elected President of the Bond Traders Association of Los Angeles, at a meeting held Wednesday, Oct. 11, succeeding William J. Zimmerman of Bingham, Walter, and Hurry.



Clifford L. Hey

Other officers elected were Nicholas P. Kirwin, Dean Witter & Co., Vice-President, Joseph F. Gallegos, Pacific Company of California, Secretary, A. S. McOmber, Revel Miller & Company, Treasurer.

The following were elected to the Board of Directors, Clifford E. Poindexter of Turner-Poindexter & Company, H. A. Cottingham, Dean Witter & Company, and Leo B. Babich of Hill Richards & Company. John C. Hecht of Butler-Huff and Company and William J. Zimmerman, the retiring President, were elected National Committeemen.

Appreciation Possibilities

The common stock of National Distillers Products Corp. appears attractive for its appreciation possibilities and its liberal income yield, according to a study of the situation prepared by H. Hentz & Co., Hanover Square, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of this interesting study may be had upon request from William Loss, manager of the research department of H. Hentz & Co.

Buckley Brothers Adds Three In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Henry Marin, Marshall S. Riddick and Walter A. Wolford have become associated with Buckley Brothers, 530 West Sixth Street, members of the New York, Philadelphia and Los Angeles Stock Exchanges. Mr. Riddick and Mr. Wolford were formerly with G. Brashears & Company.

"Let There Be Light"

Eugene C. Dinsmore, 312 Patterson Building, Omaha, Nebraska, is giving out books of matches in attractive gold covers with the hope that he may discover where Nebraska municipals are hiding.

Situation Of Interest

Common and preferred stock of MacFadden Publications, Inc., offer interesting possibilities, according to a descriptive summary prepared by Bristol & Willett, 115 Broadway, New York City. Copies of this summary may be had from the firm upon request.

Attractive Possibilities

G. A. Saxton & Co., Inc., 70 Pine Street, New York City, have issued a memorandum discussing factors favorably affecting New Orleans Great Northern Railway 5s of 2032. Copies of this interesting memorandum, and a study of the situation may be had from the firm upon request, as well as the current issue of their "Preferred Stock Guide," and a circular on Standard Stoker Co., Inc.

Post-War Depression?

By WILLIAM R. BULL,
W. R. Bull Management Co. New York City

By Carefully Analyzing Conditions Prevailing After World War I And Contrasting Them With Present Conditions The Writer Concludes That Because Of Prevailing Price Controls There Is No Threatening Commodity Price Collapse As Occurred After The Last War And Therefore Any Cause For A Post-War Business Depression Stemming From A Commodity Price Boom Is Simply Not In The Making.

There are many today who belive that a period of industrial depression and collapse of commodity prices will follow shortly after the present war as they did after World War I. By those who were in active business at the time, the post-war business collapse of 1920-1921 and the business disasters which followed it are vividly remembered. As to what may take place after the present war, some enlightening deductions may be drawn by comparing certain economic conditions of the present with those of the former period.

William R. Bull

At the time of World War I, the general shortage of goods caused by the war demand led to commodity speculation and hoarding. Certain materials and products became hard to get at any price, and forward buying in many lines became the rule. Business was generally active and on a rising volume, and credit conditions were favorable. There were few if any effective price ceilings. A spectacular price advance in commodities was therefore a natural outcome.

The following tabulation depicts the action of some major indices

(Continued on page 1817)

Phelps & Rudick To Address New School For Social Research

Thomas W. Phelps, partner in Francis I. du Pont & Co., will speak on "Problems of Investment in a Regulated Market," at the New School for Social Research, 66 West Twelfth St., New York City, on Friday evening, Oct. 27, at 8:30 p.m. Mr. Phelps is one of the financial authorities taking part in the weekly series "Ten Years of the SEC," of which Rudolph L. Weissman is Chairman.

Harry J. Rudick will speak on "Tax Avoidance Provisions" on Tuesday, Oct. 31, at 8:30 p.m. Mr. Rudick is Chairman of the Taxation Committee of the Association of the Bar of the City of New York, and is one of the tax experts taking part in the weekly tax symposium of which Alex M. Hamburg is Chairman.

"Clara Has It"

All the boys along Seventeenth Street say Clara Simpson, attractive wife of Bryan Simpson, B. E. Simpson & Co., California Building, Denver, Colo., has really added something to the giving out of quotes. Her cheerful voice has made a number of the boys stop in to say hello in person.

Expects Protracted Prosperity After 1945

P. A. O'Connell Predicts 7 to 10 Million Unemployed At End Of War, But Sees A Period Of Prosperity After Reconversion Similar To That Experienced In The Twenties.

In welcoming delegates to the Sixteenth Boston Conference on Distribution on October 16, P. A. O'Connell, President of E. T. Slattery and Company and General Chairman of the Conference, called attention to the post-war and reconversion problems that must be solved in order "to bring about a healthy economic recovery." Referring to the outlook for 1945, Mr. O'Connell stated that "the growing crisis in Europe and the possible prosecution of the German war has accelerated activity in Washington on cutbacks, termination, surplus disposal, reconversion and all important phases of demobilization. There is a new tendency in Washington to raise the estimate of cutbacks from 40% to 60%. It is estimated by reliable authorities that cutbacks would be about as follows:

P. A. O'Connell

Munition Products	50%
Ground Army Equipment	58
Aircraft and Equipment	35
Naval Vessels	64
War Construction	75
Treasury War Expenses	34

"In view of that fact there would be a possible drop of about $30 billion in war expenditures. If

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V. H. Troendle With Klehmet & Company

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Victor H. Troendle has become associated with Klehmet & Company, 650 South Spring Street. Mr. Troendle recently was with Witherspoon & Company, Inc. Prior thereto he was Vice-President of G. Brashears & Co.

Shute To Represent Milwaukee Co. In St. Paul

ST. PAUL, MINN.—Preston B. Shute will represent The Milwaukee Company in St. Paul and Minneapolis, it is announced by Clarence L. Finger, Vice-President in charge of the St. Paul office. Mr. Shute who has been with the firm in Milwaukee will make his headquarters at the St. Paul office in the Endicott Building.

Attractive Rails

The current situation in St. Louis-San Francisco issues offers interesting possibilities, according to a memorandum prepared by Vilas & Hickey, 49 Wall St., New York City, members of the New Yock Stock Exchange. Copies of this memorandum, and a bulletin on the exchange offer for Central Pacific Ry. Co., may be had from Vilas & Hickey on request.

Public Utility Securities

Consolidated Natural Gas

Consolidated Natural Gas has declined about 2 points to 29½ (Oct 23rd closing) as the apparent result of the accident of its subsidiary last Friday, when two or three liquid-gas storage tanks exploded in Cleveland. Early reports named only 14 dead, but according to a later news-ticker story, deaths as a result of the explosion and fire may reach an estimated 200. Fire devastated 10 city blocks, causing an estimated damage of $7,000,000, which is apparently in addition to the company's own loss of $4,000,000 (9 or 10 company buildings were destroyed in addition to the tanks).

Early AP reports indicated that an explosion in the neighboring testing laboratory of the American Gas Association was the original cause of the holocaust, but this was later denied. Since eyewitnesses of the disaster—including 75 company employees—were probably all killed, it will be exceedingly difficult to reconstruct the catastrophe and determine the causes. However, the Municipal Safety Director of Cleveland, Frank D. Celebrezze, has been appointed head of a Fact-Finding Commission to study the structural, chemical, metallurgical and operational phases. An appropriation of $25,000 will be asked for the probe.

Strangely enough, while many small business enterprises in the district have doubtless been crippled as a result of the fire, the ability of East Ohio Gas Co. to supply normal or peak industrial demands for gas remain unimpaired. According to a company representative, the real reservoirs are under ground. The storage tanks are a useful adjunct to the business but held only the equivalent of 240,000,000 cubic feet of gas whereas peak load requirements for a single day might run to 343,000,000 cubic feet.

A picture of the company's three small spherical tanks holding liquid gas (together with two of the large, old-fashioned tanks nearby) were pictured in a booklet sent to stockholders of Standard Oil Co. (N. J.) Nov. 1, when Consolidated was split off from Standard Oil (the stock being distributed to Standard stockholders on a 1-for-10 basis). They represented a novelty in the gas industry, and other large natural gas companies have been contemplating the use of this storage method, though it is believed that East Ohio Gas is the only one to have adopted it thus far. One spherical tank — occupying perhaps one-fifteenth the cubic space used by an old-fashioned gas tank with atmospheric pressure—will hold about 40 times as much gas, so that the new method is very economical of space (in the ratio of 1 to 600). However, since the gas has to be kept at a temperature well under 200 degrees below zero, this requires special equipment and several feet of cork insulation. The tanks represented research work carried on for some years by Hope Natural Gas, another subsidiary of Consolidated.

It is, of course, difficult to estimate the potential loss to Consolidated as a result of the explosion. If the investigation indicates any negligence, East Ohio Gas may well be subject to claims for damages and for loss of life amounting to millions of dollars, plus its own estimated loss of $4,000,000. But the system as a whole is very strong in cash. The Consolidated report for 1943 did not include a parent company balance sheet or figures for the individual subsidiaries, but the Consolidated balance sheet revealed cash of over $31,000,000, and about the same amount of net current assets (in addition to some cash assets held as a special reserve). While it is understood that no special insurance was carried by East Ohio, the parent company, with its negligible long-term debt and sound cash position, should have no difficulty in making good any claims and losses, particularly as their settlement may be spread over a period of years.

The company's own loss, estimated at $4,000,000, may be largely offset by system excess profits tax savings. A pro forma estimated income statement for the year ended 1943 showed system Federal income taxes of $7,475,000, and it is probable that the 1944 figure would be larger. Loss and damage claims against the company, which might not be fully determined and paid until 1945 or later, might well be chargeable against operations of future years for tax purposes.

The accident will probably delay adoption of the use of liquified gas containers by the industry. So far as the effects on Consolidated Natural Gas are concerned, earnings for 1944 should not be greatly affected due to the tax factor, and the balance sheet position appears so strong that the company should weather the disaster without serious difficulties.

French Assets Frozen In United States To Be Released To de Gaulle Government

It was authoritatively stated in Washington, on Oct. 24, that the recognition of the regime of General Charles de Gaulle as the de facto government of France, will give that regime access to an estimated $1,000,000,000 of gold and dollar assets "frozen" in this country. Indicating this in a special dispatch from Washington, Oct. 24, the New York "Times" also had the following to say:

Access to the gold and liquid dollar assets of the old French Government and Bank of France will be accorded through a general license that is expected to be issued by the Treasury to the de facto French Government.

From other sources it was learned that while France also will now become a party to a master Lend-Lease Agreement like those to which our other Allies are parties, the situation of the French vis-a-viz lend-lease aid will not be changed materially since they have been receiving such aid under interim arrangements. Some cash transactions, one of them involving purchase of American locomotives, have already been arranged.

Although there seems to be no material obstacles to the de Gaulle government getting early access to the liquid French assets here, it is probable, according to Treasury officials, that the Foreign Fund Control's "freeze" of the assets of French nationals in this country, estimated at around $400,000,000 in value, will not be immediately thawed.

It is stated that the de Gaulle government probably would not want a relaxation of the Treasury's controls at this time since many questions of duress by Nazi interests are involved in claims now outstanding against the assets of French nationals frozen in the United States.

The present intention is to retain the "freeze" on these assets until such time as it is possible to untangle the maze of title and personal identities involved.

Acting Secretary of State Edward R. Stettininus, Jr., told his news conference today that the question of releasing the French funds was under study and that it could be considered as under study whether or not the French have applied for access to these assets.

Although announcements in Brussels have indicated that the Belgian Central Bank's claim for $228,294,283 against the Bank of France has been settled, or is in the process of settlement, there is still a lien against the American-controlled French assets for that amount in the name of the Belgian Bank arising out of a Supreme Court decision in its favor.

In addition to the approximately $1,000,000,000 of French Government liquid assets frozen here, and the estimated $400,000,000 of French nationals' assets, there is said to be about $300,000,000 of French gold at Martinique.

Mr. Stettinius said, in answering questions at his news conference, that plans for recognition of the de Gaulle government were well advanced before Gov. Thomas E. Dewey denounced the Administration for failing to take that step.

Mr. Stettinius said that France would take her place in the Council of the projected international security organization in due course, but it was too early to know whether she would be brought into the Big Four security conversations before the general meeting of the United Nations on the subject, which is expected to be held during the winter.

Stoker For Post-War

Standard Stoker Co. common stock offers attractive post-war possibilities, according to a new memorandum issued by Otis & Co., Terminal Tower, Cleveland, Ohio. Copies of this memorandum may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

Current market reaction should meet support, 145-146 level. Subsequent rally will be important to watch. Political news apparently affecting price movement.

By WALTER WHYTE

Volume has meant little in recent markets. For one reason, there hasn't been much volume in either direction to cause any unusual comment. Occasionally we have seen a million or so share days. But a daily sales volume of approximately 750,000 was the customary thing.

* * *

Last Monday volume suddenly increased. To make this increase significant, it was practically all on the downside. What caused this is of course pure guesswork. Some will tell you it is the now apparent trend away from Dewey to Roosevelt. Others will tell you still other things. But reasons at this stage of the market picture are hardly important. Results, present and possible future ones, are what count.

* * *

In the past two weeks this column has been calling for a reaction. There was no deep secret about it. Stocks had bounced up against offerings and backed away. Under usual conditions, if issues rally to previous high levels and fail to penetrate, a decline occurs more often than not. Every now and then the market manages to go through such offerings and break out into clear territory. But seldom does this occur without an accompanying step-up in volume. We know that no such volume increase occurred. On the contrary, when sales increased it was on the side of decline rather than on the side of rally. This, too, has a good stock market reason.

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When markets show inability or lack of desire to penetrate previous highs, the

(Continued on page 1819)

"Our Reporter On Governments"

By JOHN T. CHIPPENDALE JR.

The Government bond market in the past week was a comparatively quiet affair, although the partially exempt issues again gave ground on light volume. . . . The recession in the exempt obligations followed the statement last Thursday by Roy Blough, Director of the Treasury Department Tax Research Division, that the studies by the Treasury Department and Congressional tax groups on post-war corporation taxation and simplification have developed the possibility of applying a single corporation tax rate and a single "net income" basis for taxation. . . . The Treasury spokesman indicated that applying a single "net income" basis for taxation might mean some change in the tax treatment of partially exempt securities. . . . Also, Mr. Blough noted that no plan thus far observed calls for the retention of the wartime excess profits tax in our permanent peacetime tax structure. . . .

NO NEWS TO MARKET

It was pointed out that there appears to be very little in the remarks of the Treasury official that has not already been pretty well taken into consideration by present holders, as well as prospective purchasers, of the partially exempt securities. . . .

Barring the complete elimination of corporation income taxes or the deletion of the normal tax exemption feature from these obligations, neither of which is expected to take place, present prices of the exempt issues seem to have pretty well discounted other contemplated tax changes. . . .

Nevertheless, every time proposed revisions in taxes are talked about, the partially exempt securities are subjected to price changes, although recently these fluctuations have been rather narrow. . . . It is reported that the market undertone for these issues is showing considerable strength, and it was stated that during the early part of this week practically all of the securities that were in for sale last week had been placed by dealers and taken out of the market. . . . It is evident that many institutions are looking for an opportunity to pick up the partially tax-exempt issues at attractive prices, and it is during these periods of price irregularities, such as took place last week, that they are able to get them. . . .

Reports are prevalent that certain institutions are waiting for the Sixth War Loan to come along, with the idea in mind that if there is selling in the partially exempts, and they are depressed in price, they may be able to get these issues at real bargain levels. . . .

EARLY "CALLS" DEPRESSED

Selling during the past week took place in the shorter term partially exempt securities with some of the sharpest declines being registered in the issues that are callable in 1946. . . . These securities that become callable in 1946 all have high coupons and, irrespective of tax conditions, there is no doubt but that they will be retired at the call date, the longest of which runs only to June 15, 1946. . . . Accordingly, it was pointed out again, that there are good possibilities that there will not be any major tax changes before these bonds are retired, and institutions that desire short-term tax-exemption may find these issues attractive for such purposes at presently prevailing prices. . . .

SIXTH LOAN DETAILS

Secretary of the Treasury Henry Morgenthau last Sunday announced the details of the marketable issues that are to be offered in the Sixth War Loan Drive as well as the conditions under which the commercial banks can purchase the 2½% bonds due 1966/71 and the 2% bonds due 1952/54. . . . With reference to the 2½% and 2% bonds, the Treasury indicated that commercial banks may purchase these issues directly during the drive to the extent of 10% of their savings accounts, or $500,000, whichever is the smaller amount. . . . During the Fifth War Loan, commercial banks were allowed to purchase the 2½% and 2% bonds in an amount equal to 20% of savings accounts, or $400,000, whichever was less. . . .

The terms offered the commercial banks for participation directly in the coming drive, with respect to their savings deposits, is a change from that given them in the previous drive, although at this time certain points have not been fully clarified. . . .

One of the questions is whether subscriptions for the 2½% and 2% bonds up to 10% of savings accounts, or $500,000, whichever is less, is cumulative as it was in the Fifth War Loan; and

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Railroad Securities

The securities of Illinois Central have been attracting considerable new buying interest in recent weeks, a large part of it being of a long-term semi-investment nature. Rather belatedly investors are beginning to recognize the vast strides the management has made in putting its financial house in order, the further progress to which it is definitely committed, and the favorable traffic and earnings prospects of the road for some time to come.

In its initial stages there was some disappointment over the management's financial policy, in that it was aimed first at eliminating the RFC debt, which had to be paid at par, when a more rapid reduction in charges would have been possible through concentrating on the purchase in the open market of bonds selling at substantial discounts. Actually, the program of the management was by far the soundest way to meet the problem in view of the unduly heavy collateral pledged to secure the RFC loans. It would have compromised the position of all Illinois Central security holders to let the loan, with its onerous collateral provisions, remain outstanding. Nevertheless, the stress placed in clearing up the RFC obligation did tend for a time to obscure the really outstanding progress that was being made in the overall reduction in outstanding debt and charges.

Complete details as to bond purchases by the company so far in 1944 are not available but it is evident that since the beginning of the war boom the company has reduced its non-equipment debt by between 21% and 25%. There are very few of the solvent roads that have been able to retire a similar proportion. In the process of reducing debt it was announced by the management that by the middle of last May fixed charges had been cut to around $12,000,000. There is little question but that a further reduction has been accomplished in the interim since May, perhaps by now to as low as an annual level of around $11,500,000. The ultimate goal of the management, before consideration will be given to dividends on the stocks, is $10,000,000. This is well within the realm of possibility before the company's participation in the war boom is ended.

Even if no further debt retirement were to be accomplished the road would appear well able to support its charges under normal business cycles. Charges of $11,500,000 would absorb only 10.3% of average gross in the 1936-1940 period, which period appears as a conservative post-war expectancy. In only two years of the depression decade did the road fail to carry more than 14% of gross through to net operating income before Federal income taxes. In one of those years, 1931, it carried 10.1% through and in the other, 1935, it carried 6.9% through. The latter year was distorted, however, by extraordinary maintenance charges applicable to operations in other years. It appears safe to say that on the basis of its past operating record the road should be well able to support its present debt even if no real boom is coming in post-war years.

Aside from the conservative ratio of charges to normal operating results of the road, the company is believed to face a further period of war swollen traffic even when the European phase of the war is over. The road is a principal north-south carrier, with lines extending from Chicago to the Gulf of Mexico. Needs for a stepped up war in the Pacific can not be met entirely by the facilities of the transcontinental carriers or the port facilities of the West Coast. A substantial proportion of the war goods going to the Pacific theater will unquestionably move via the Panama Canal through Gulf ports. On this basis Illinois Central should continue to operate at capacity. Under such conditions it should be able to continue earning between $16,000,000 and $18,000,000 net after charges and taxes. It should require only another $30,000,000 or $35,000,000 of debt retirement to reach the management goal of $10,000,000 annual fixed charges. Illinois Central apparently will not be too long in joining that group of carriers which will emerge from the war boom no longer stigmatized as "marginal."

Enos Curtin Named Blair Co. Vice-Pres.

Blair & Co., Inc., 44 Wall Street, New York City, announces that Enos Curtin has joined the organization and has been elected a Vice-President of the corporation.

Mr. Curtin has just been released from active duty, having completed two and one-half years of service with the Army of the United States, in which he held the rank of Lieutenant-Colonel. During this period he had two years of staff duty in England, Africa and Italy.

Prior to his Army service, Mr. Curtin was associated with Hemphill, Noyes & Co.

Morgan Stanley Offers $100,000,000 Amer. Tobacco Co. Bonds

A nation-wide group of 148 investing banking firms, headed by Morgan Stanley & Co., is offering publicly today $100,000,000 American Tobacco Co. 25-year 3% debentures at 101% and accrued interest. This is a 2.94% yield to maturity. A cumulative sinking fund, commencing in 1945, is calculated to retire the full amount of the issue by maturity, so that the average life of the issue will be about 15 years. Other principal underwriters are: Smith, Barney & Co.; The First Boston Corp.; Mellon Securities Corp.; Harriman Ripley & Co., Inc.; Blyth & Co., Inc.; Kidder, Peabody & Co.; Lehman Brothers; Goldman, Sachs & Co.; Union Securities Corp.; F. S. Moseley & Co.; Lazard Freres & Co.; Lee Higginson Corp.; Drexel & Co.; Stone & Webster and Blodget, Inc.; and White, Weld & Co. In addition to the 148 underwriters there will be a selling group of over 400 investment houses.

The proceeds of the new debentures will give the company working capital to finance the purchase of projected larger inventories of leaf tobacco. American Tobacco has more than doubled its sale of cigarettes for domestic consumption during the last five years. This compares with a 57% increase in cigarette consumption in the United States in the same period. Sales of Lucky Strike cigarettes alone now exceed the sales of all brands of cigarettes by any one American competitor.

OUR REPORTER'S REPORT

These are times of feast or famine for the underwriting bankers. And just now the feast is getting to be a little bit more than the industry's digestion will handle readily.

At the moment there are some among them who would welcome a breathing spell, feeling that the general situation would profit if the market were given a bit more opportunity to absorb the heavy flow of new offerings which have been brought out in the last fortnight.

But, whatever the feeling in various circles, the market's resting spell still looks to be a fortnight away for the calendar is still bulging with business which is scheduled to go through in advance of the Sixth War Loan Drive, which opens on November 20.

Ordinarily the investment banking firms would undoubtedly welcome even a greater flow of business. But for months now they have been feeling the effects of the manpower shortage quite as much as other lines.

And the enormous volume of new financing which has been going through has been taxing the abbreviated working staffs physically, since the actual sale constitutes but a minor part of the work involved.

The real labor comes before a deal is secured and then again after the subscription books are closed and the vast amount of clerical work involved in delivering the securities is undertaken.

321 Millions Still Ahead

Including the American Tobacco Co.'s $100,000,000 of 3% debentures, due out today, there is a prospective aggregate of some $322,000,000 of new securities remaining to be marketed between now and Nov. 13 next.

Next Monday bids are due for $37,000,000 of first mortgage bonds, and 125,000 shares of cumulative preferred stock of Metropolitan Edison Co., also for $1,400,000 of Mobile Gas bonds and 600,000 shares of new preferred. On the same day bankers are slated to offer publicly a total of $44,400,000 of bonds and serial notes of Koppers Co., plus 150,000 shares of preferred stock and 200,000 shares of common.

On Tuesday bids are due on $13,000,000 of bonds of the California & Oregon Railroad and Navigation Co., and also for $16,981,000 bonds of Potomac Edison Co. and, on Wednesday, Nov. 1, the Chicago, Burlington & Quincy Railroad will open bids for $40,000,000 of new mortgage bonds.

Short Breathing Spell Due

Then the banking fraternity will probably get the brief breathing spell which some of its members would appreciate at the moment.

But in between that time and the start of the Sixth War Loan Drive for the Treasury, the underwriters are to have at least another busy day, judging by the calendar. For on Nov. 13 two large public utility issues are scheduled to come up for bids unless something happens meanwhile to upset present plans.

On that date, the Houston Light & Power Co. will market, via competitive bidding, $30,000,000 of new mortgage bonds. And the Central New York Power Corp. is slated to open bids on its projected refinancing involving $48,000,000 in new securities.

American Tobacco 3s

Bankers were expecting a good response to today's public offering of $100,000,000 of 25-year 3% debentures being offered for the American Tobacco Co.

This represents a new money undertaking and naturally differs in that respect from most of the new issues which have been handled recently. Priced at 104 the debentures offer an indicated current yield of around 2.87%.

Proceeds will be applied by the company to liquidation of short-term loans arranged with banks, and the balance will be added to working capital and applied to replenishment of tobacco inventories.

U. S. Potash Sale

The gradual transfer of closely-held securities to public ownership goes along what with heavy taxation among other things, making for and perhaps speeding the trend.

Yesterday a large block of 50,000 shares of U. S. Potash Co. common stock, owned by Borax Consolidated, Ltd., was offered publicly. Accordingly the deal did not involve new financing and the proceeds went to the corporation as beneficial owner.

Real Estate Securities

By JOHN WEST

The Future Of Real Estate Bonds

Current prices of real estate bonds, compared with prices two years ago, are so much higher that investors may very well hesitate and wonder if perhaps the peak had been reached.

The writer definitely feels that despite the increased prices, circumstances are such that even at current levels real estate bonds are still reasonably priced and that there should still be the possibility of enhancement. He feels that post-war real estate should continue to do well.

Sharp increases in commercial building rents has been possible because the demand for space has been greater than the supply. Were it not for OPA ceilings, there is no question but that for the same reason higher rentals would also be obtainable in hotel and apartment houses. Even without increases, 100% occupancy has substantially improved earnings of this type of real estate. Pre-war, it was not uncommon for many hotels to operate on a 40% vacancy basis and apartment houses on a 15% vacancy basis.

This lack of space might be cleared up post-war by new construction. Plans have already been filed for many new buildings. In order to ascertain the threat of this new construction to existing buildings, the writer has discussed this situation with prominent builders. From these discussions the writer has concluded that this threat is not as great as may appear on the surface.

The expert opinion was that (1) new building construction costs would be at least 30% higher than costs pre-war; (2) that because of new zoning laws, set-backs required would be such that new buildings would have to have much greater ground area in order to have as much space to lease as present buildings now have. The increased construction costs, plus the cost of additional land, would mean that the new buildings would have difficulty in competing with the rents of present buildings. Add to this the high funded debt of this newer construction, compared to the reduced debt of present buildings with bond issues, and you indeed have a rosy future for real estate bond issues.

A couple of striking examples of older buildings being able to compete with newer buildings are:

61 Broadway—just reorganized with bond issue reduced to $3,961,000, selling at a 30% discount, including stock representing an equal share in 97½% of the ownership of the property. This places a value on the property of only $2,772,700, compared with an appraisal of the property of $16,079,736 in 1925 and funded debt in that year of $12,500,000. (The property actually sold in 1925 for $14,000,000.)

Park Central Hotel—(870 7th Avenue 4½s). Bonds are currently selling at a discount of 38%. Bond issue, $4,055,000; prior mortgage, $1,100,000. Bonds carry stock representing two-thirds the ownership of the property. At current market of bonds, a value of only $3,614,000 is placed for this property, compared to original funded debt of $10,878,103.

Wachob Bender Has Thirtieth Anniversary

OMAHA, NEB.—Wachob-Bender Corporation, investment bankers, 212 South 17th Street, is this year celebrating the 30th anniversary of its formation. In connection with the anniversary, the firm has issued a most attractive illustrated brochure.

Post-War Prospects

Nachman Corporation offers interesting post-war prospects, according to a memorandum on the situation prepared by Hicks & Price, Continental Illinois Bank Building, Chicago, Ill., members of the New York and Chicago Stock Exchange. Copies of this memorandum and additional information on Nachman may be had from Hicks & Price upon request.

Small Business Equity Securities And The 5% Rule

(Continued from page 1795)

bankers' or underwriters' compensation was 16.1%. For concerns having assets of $1,000,000 or less, the underwriting cost or distributors' compensation was 19.7% of the proceeds of the flotation. This compares with a 3.4% average cost on similar issues of companies possessing assets above $100,000,000, as reported by the SEC in 1941.

The SEC makes no comments as to whether these security distribution costs are justified, or whether the bankers or dealers demanded excessive margins for themselves or made unreasonable profits. There is no mention of a preconceived standard compensation or a maximum spread.

Perhaps it will be eventually recognized that this is not a matter of policy or the application of a theory. Gross profit margins are not stable or predetermined. They are bound to vary with the times and the prevailing conditions. They are determined in the minds of dealers on the basis of experience, foresight, and risk. Each individual transaction is a case unto itself.

Undoubtedly small business, in competition with large undertakings, undergoes disadvantages and handicaps in obtaining capital through the regular channels of investment. They must pay to overcome these disadvantages. It is the dealers in local and inactive securities that perform the important service for them in the flotation and marketing of their securities and, notwithstanding the higher charges imposed for these services, they are, in many cases, indispensable in the process of obtaining capital from the public and in giving small business access to the capital markets. In this way, security dealers and bankers have benefited small business concerns that desire to grow and to maintain their individual status, despite the seemingly high gross margins they may charge for their services.

To enforce a profit limitation rule on all security transactions would be to virtually destroy the open market for small security issues. The investment of "risk capital" would be largely eliminated, and private initiative, represented in this country in the main by the organization and operation of small individual enterprises, would be practically stifled. It should not be forgotten that the investment of venture capital originates mainly with small scale undertakings.

Pioneering is not usually conducted on a large scale with heavy capital outlays. Individual enterprise has been and still is the mainspring of America's business expansion. But the cost of obtaining risk capital in new and small scale business ventures must necessarily be higher than in the case of large scale, well financed and proven profit-making enterprises. It is not only reasonable, but axiomatic, therefore, that underwriters, dealers and others who assume a part of the risk in obtaining venture capital for productive purposes should demand and receive a greater gross margin of compensation than when they underwrite, buy or sell large issues of seasoned and well distributed securities.

Accordingly, any fixing of a maximum gross profit margin is illogical and indefensible. It would be highly destructive to our free enterprise system, which the Administration's publicists and spokesmen in their utterances "so highly cherish," but which, to an unusual degree, they seem to seek to destroy by their actions.

THE SEC SHOULD TAKE THE CUE—IT SHOULD END THE THREAT OF THE 5% RULE.

NY Bank Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared a detailed comparison and analysis of New York City Bank Stocks as of Sept. 30, 1944, copies of which may be had from the firm upon request.

Interesting Air Situations

Mid-Continent Airlines and National Airlines offer attractive possibilities, according to circulars just issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting releases may be had from the firm upon request.

The Branch Banking Controversy

(Continued from page 1794)

this war won't be enough. The goal of the C. E. D. is from seven to ten million more jobs than in 1940, or 53 to 56 million employed persons in the United States. This non-profit, non-political, independent organization of business men, financed entirely by contributions of a limited size from individual businesses, has more than 2,000 autonomous community committees dedicated to the task of stimulating and assisting business men on America's Main Street to solve the many problems that are bound to arise. The decentralization of the C. E. D. is proof of the need for dealing with post-war employment in each community as a local problem.

Of the approximately 2,000,000 business employers in the United States, only 3,200 employ more than 1,000 workers, and only 35,000 employ between 100 and 999 each. The balance (which is almost the 2,000,000!) employ less than 100 persons in each of their plants. Business in this country is still primarily little business.

Small business—with less than 100 workers — accounts for approximately 45% of the total business employment. Hence, as the C. E. D. has pointed out, post-war employment must be a "grass-roots movement."

Tens—even hundreds of thousands—of our men in the service and our men and women in war industries — are learning new skills. A reported survey recently made by an Army Colonel of the men in his regiment revealed that 34% of the soldiers want to go into business for themselves when they return home to America's Main Street. Certainly a high percentage of them hope for such an opportunity.

The development and expansion of little business should be a major post-war phenomenon. The opportunity for the little business man to serve his community after V-day lies in the fact that there is a great need for goods and services unavailable during the war and that billions of dollars of purchasing power are in the possession of persons along the entire length of America's Main Street with which to satisfy those needs.

Just as our forefathers were pioneers in a former day, these small business men will be pioneers on a new frontier in the post-war business world. Not only should they provide millions of persons with their livelihood, but they will furnish the seed-bed for a healthy and dynamic system of free competitive economy.

The small business men must be able to plan the future with confidence. In every community in our country they are going to need the understanding, assistance, and full cooperation of bankers who know them and their problems. If they are to succeed on a permanent basis their financing must come from the "grass roots" up, rather than from some government bank or agency, or through a branch bank of a parent institution located in some distant, large financial center. "Absentee banking" can never meet the needs of post-war small business.

One authority has pointed out that the principle of branch banking is "out of harmony with the traditional American principle of local autonomy under which our vast national resources have been developed." It was the independent unit bank that marched westward with the pioneer frontiersmen, hand in hand, as they opened and developed our country to the Pacific Coast. It was the independent unit bank that financed the hundreds of thousands of businesses on Main Street in every American community, thereby developing the skills and resources of our people.

Such a bank is controlled by a local board of directors who have detailed and personal knowledge of the character, capacity, resources, skills, and aspirations of every patron. It is not bound by inflexible rules, formulas and regulations of a dictatorial parental authority, maybe hundreds or even thousands of miles away.

The independent unit bank is an object of community pride. Its own success depends upon the success of the business men in the community it is privileged to serve. Here is the fundamental difference between unit and branch banking. The one is a local organization, owned and controlled by the people in the community. The other is managed by an agent or employee of an "absentee" institution. He has little or no discretion but must follow the orders, often rigid and inflexible, of his absent superiors. It is but logical that his branch bank can never become an inherent part of the community in the manner of the unit bank. As a natural consequence, his branch bank cannot make a character loan, although character is often the only asset a young man may have to offer. Certainly it will be the most important security that tens of thousands of our servicemen will have to offer when they seek the funds necessary to establish the businesses they hope to own after V-Day.

A young serviceman or a worker in a war industry seeking to capitalize his newly acquired skill in order that he may serve his home community to a maximum advantage, will always receive a warm, sympathetic welcome at his home bank. On the other hand, the branch bank of an "absentee" parental institution has to look to a non-resident board of directors, perhaps many miles away, for authority to act. How can such a group of men appreciate the true merits of the situation? They do not know the applicant for funds. He is too far away for them to give him much serious consideration. Furthermore, since his demands are not large "we'll be safe and very little harm will result if we deny him the funds he seeks. Instead, we had better keep our funds loaned to industries near the parent organization. We know these business men. We have a detailed financial analysis of each one of them. We cannot afford to make character loans to individuals and organizations personally unknown to us in small, distant communities. It just isn't good business."

Not much hope in that type of banking policy for the serviceman after V-Day.

Now the branch banks hasten to deny such an allegation. They point out that often a local advisory committee is appointed to assist the manager of the branch bank in recommending the action to be made by the parent bank on applications for funds. But that intimate, personal contact, that intangible feeling of pride, the capitalization of skills and character, are absent. The heart of banking is gone!

The branch banker denies that industries will be centralized in regions near the parent banks. At the same time he points to the Canadian system of branch banking as a justification for all his claims. Speaking in New York City before the Society for Stability in Money and Banking on Dec. 18, 1936, the author pointed out that

> ". . . according to the Canada Year Book for 1933, page 408, we find that 72% of the number of business establishments in Canada are located in Quebec and Ontario—the two provinces in which the parent banks are located. 79.5% of the capital and businesses in Canada. 80.8% of the employees, 80% of wages and salaries, and 80% of the gross value of products are concentrated in Quebec and Ontario. 63.24% of the national wealth of Canada (exclusive of undeveloped natural resources) are also in these two provinces.
>
> "If we had a system of branch banking comparable to that in Canada it is difficult to believe that we would have the thousands of factories and businesses located in all parts of this country as at present."

Hence if the Canadian experience means anything, it is that the small business man on America's Main Street must look to his local independent unit bank for the financial assistance he needs. Nor will he be disappointed! For together they can develop each community to the end that it will be making its maximum contribution to full employment, a higher standard of living — a better America.

Decentralization of business will mean much to the stability of American business. Not only the Government but business men are vitally interested in its merits. Sub-contracting has come into its own during this war. It will be continued after V-Day in thousands of ways never dreamed of before. Its success is inseparably interlinked with independent unit banking.

Advocates of branch banking point to its many alleged advantages over the independent unit bank. For one thing they contend that it would be in line with the experience of all the important countries of the world, including France, Germany, England and Canada. In an address before the Independent Bankers Association of Southern California, Jan. 27, 1944, William J. Bryan, Vice-President of the Third National Bank of Nashville, stated:

> "For evidence that free enterprise, as we know it in this country, cannot exist without an independent banking system, we need only to turn to the countries where branch banking has become predominant. Branch bankers are rarely content with monopolizing their own field and the concentration of the banking resources into a few branch banks has led to the formation of huge cartels which monopolize the principal industries. Since the cartels were owned or controlled by the banks, Hitler had only to take over the few banks in Germany to gain undisputed control of its industry and business. Branch banking likewise made easier Mussolini's assumption of dictatorial powers in Italy. Nor can we overlook the plight of our friends in England and Canada, for the concentration of banking in those countries has gone so far that there is public agitation for the nationalization of the banks. The head of a Canadian bank just recently expressed official concern over this possibility.
>
> "Let us contrast the situation in those countries with that in ours. Here we have almost 15,000 banks, which means there are probably between a half-million and a million bank officers, employees, directors and stockholders who are vitally interested in our banks. Since these are among the most influential people in the country, it would be a rather difficult task to nationalize all these banks. But let them become concentrated into a few giant branch-banking systems, and who can doubt that it would be just a matter of time until it would become necessary for the Government to take them over, either to save them from failure or at the demand of an outraged public that felt itself being crushed by the money trust."

Government bureaucrats need do only two things to destroy our system of free private enterprise—nationalize our banks and railroads. After that they could take over any and every other industry at their will. Only the shadow of free enterprise would remain. Efforts to consolidate the railroads into a limited number of systems failed, owing to the inherent weaknesses of the arguments presented. Advocates of Government ownership of the railroads have dwindled to a mere handful in the face of the magnificent performance of our railroads during the present war. But the advocates of branch banking continue to ignore the fact that such a system would be an inevitable step toward a collectivist economy.

The branch banker views the thousands of bank failures in the United States in the years since 1920 as proof of a fundamental weakness in our banking system. It is his contention that this weakness can be overcome only by the elimination of the independent unit bank, with its relatively small resources and its alleged inefficient management and its almost complete dependency on local conditions, and the substitution therefor of a system of branch banking over at least the area of a Federal Reserve district.

It is argued that branch banking would give communities now served by independent unit banks a superior banking service unattended by the dangers which face the small unit bank, due to the following reasons:

(1) Greater safety would be insured to the public because of the strength of the resources of the parent bank and the training and experience of its managing personnel. This ignores the fact that the branch bank in a given community has *no financial resources of its own* and that the community so served is at the mercy of a parental organization probably many miles away.

(2) Branch banking would make more accessible the banking resources and banking facilities of this country by opening up branches in convenient locations where, perhaps, at the present time, according to the argument, it does not pay an independent unit bank to function. In the address in New York City, the author stated:

> "Not only is there little reason to believe that a branch bank can operate at less expense, but experience verifies the fact that branch banks are likely to be closed if the return does not justify their existence. In Canada the number of branches in 1920 was 4,676; in 1929, it was 4,069; but in 1935 the number had been reduced to 3,065. According to the re-

(Continued on page 1812)

Ohio Brevities

Dale Brown, Vice-President of the Financial Advertisers' Association and Assistant Vice-President of the National City Bank of Cleveland, is conducting an employee relations forum at the 29th annual convention of the Association, which opened yesterday at Chicago.

The theme of this year's gathering, which concludes on Sunday, is "What's Ahead?"

Another speaker will be E. S. Patterson, former Vice-President of National City, now President of the First Central Trust Co. of Akron.

Among Clevelanders attending are: Robert J. Izant, Vice-President, and H. J. Wills, head of the public relations department of Central National Bank; I. I. Sperling and H. Leonard Flynn, Vice-President of Cleveland Trust Co.; Allen C. Knowles, President of South Side Federal Savings and Loan Association; D. James Pritchard, Assistant Secretary of Society for Savings; Charles Patch, Jr., trust office of National City; Paul Hobart, copy director of R. L. Polk & Co.; L. A. Alderson of the Cleveland "Plain Dealer," and Harry B. Winsor, Vice-President of Second Federal Savings and Loan Association.

* * *

Mrs. Sunne Miller of Toledo, has asked Common Pleas Court at Cleveland to appoint appraisers to determine the true value of Cleveland Tractor Co. stock.

Earlier this month, shareholders of Cletrac approved the company's merger with Oliver Farm Equipment Co. at a special meeting. Market value at which the merger with Oliver Farm was effected was $18.

According to the petition filed last Monday, the book value was $25 and intrinsic worth over $42.50 per share.

Under merger terms Cletrac holders will receive one-third of a share of Oliver stock for each share of Cleveland Tractor surrendered. It is also reported that W. King White, President of Cletrac, will be made a director and member of the executive committee of the combined company, which is to be known as Oliver Corp.

* * *

F. H. Chapin and one other director of Cletrac will become board members of the combined company.

Oliver will deliver to Cleveland Tractor 146,659 shares of new, doubled Oliver common stock, two shares of new common for each share of present common. Oliver holders voted the doubling of the present 800,000 shares of authorized common and issuing 125,000 shares of $100 par convertible preferred stock. Nearly 84% of the outstanding Cletrac shares voted the merger.

* * *

R. V. Mitchell, President of Harris-Seybold-Potter Co., announced the company has acquired the Charles N. Stevens Co. of Chicago, dealers in printing equipment.

Harris-Seybold-Potter Co. has established a used printing and lithographic machinery division at Chicago and recently integrated sales and service staffs of the Seybold Dayton division as part of its post-war expansion program.

* * *

Gordon H. Mutersbaugh, veteran employee of Glidden Co., has been made general superintendent of the paint and varnish division, Dwight P. Joyce, Vice-President, announced.

Gurdon Hamilton, formerly in the post, will now devote all his time to his position of Vice-President in charge of Glidden's Chicago paint divisions. Nelson W. Haviland replaces Mutersbaugh as plant superintendent.

* * *

Alan G. Rude, Vice-President of Universal C. I. T. Credit Corp., has taken up new duties with the staff at the Executive Headquarters in New York City.

Rude will have charge of the division and branch office sales activities throughout the country in the company's program to expand post-war sales financing operations. John J. Tice became Vice-President in charge of the Cleveland division, succeeding Rude.

* * *

Peter Robertson, Assistant Chief Industrial Engineer for Republic Steel Corp., is now the works manager of Truscon Steel Co. Youngstown plant. He succeeds W. M. Kelley, newly appointed Assistant to the Vice-President in charge of operations of Republic. Truscon is a Republic subsidiary.

Robertson has been with Republic for ten years, spending two years at the Youngstown Truscon plant assisting in the introduction of modern production methods.

* * *

For the first time in six years, the weekly output of electricity by the Cleveland Electric Illuminating Co. for use in the Cleveland and northeastern Ohio area, fell below that of the same week of the preceding year. The decrease of power production for the seven-day period ended a week ago declined to 1,765,000 kilowatt hours, or 2.1% from the same week a year ago.

Frank J. Ryan, Assistant to the President, stated "this reversal in power production reflects lower consumption by industry. It appeares that the peak of demand for war production was passed ten months ago."

Ohio Valley IBA Group Elects Thos. Graham

The Ohio Valley Group of the Investment Bankers Association of America held a business meeting on Oct. 25 to elect officers for the ensuing year and transact any necessary business. The Executive Committee had decided to dispense with the usual elaborate annual meeting this year.

Thomas Graham

New officers of the group are: Thomas Graham, The Bankers Bond Co., Louisville, Ky., Chairman; Ewing T. Boles, The Ohio Co., Columbus, Ohio, Vice-Chairman; Chester Lucas, Stein Bros. & Boyce, Louisville, Ky., Secretary-Treasurer. Members of the Executive Committee: Robert B. McDowell, Blyth & Co., Louisville, Ky.; C. T. Diehl, Provident Savings Bank, Cincinnati, Ohio; Anthony J. Armbrust, Merrill Lynch, Pierce, Fenner & Beane, Cincinnati, Ohio, and J. Austin White, J. A. White & Co., Cincinnati. Stanley G. McKie, The Weil, Roth & Irving Co., Cincinnati, the retiring Chairman, will serve on the committee as ex-officio member.

With Wasson In Cleveland

(Special to The Financial Chronicle)

CLEVELAND, OHIO — C. W. Faust and William E. Shurtleff have become associated with Wasson & Co., 429 Fourth Avenue, Pittsburgh, Pa. Both in the past were with Babson's Reports.

Ohio Municipal Comment

The largest Ohio municipal issue to reach the market for some time was the City of Akron issue of $884,000 refundings, award of which was made on Oct. 23 to a syndicate on a bid of 100.978 for 1½s, making a net interest cost to the city of about 1.34%. Ohio firms participating in the award included William J. Mericka & Co.; Ball, Burge & Kraus; Seasongood & Mayer, Pohl & Co., and Browning & Co.

Aside from the successful bid, the city received several other offers, with the second best tender of 100.703 for 1½s being made by Halsey, Stuart & Co., Inc. and Associates.

The bonds are dated Nov. 1, 1944, and mature serially on Nov. 1 from 1946 to 1952, inclusive. The City of Akron, by the way, will seek approval of the voters at the November election of proposals calling for the issuance of $5,980,000 school construction and improvement bonds.

* * *

Another recent large offering was contributed by Springfield Rural School District, which accepted bids Oct. 20 on a $240,000 issue for new capital purposes. These obligations, dated Oct. 1, 1944 and maturing semi-annually from 1945 to 1966, were purchased by a group headed by Ryan, Sutherland & Co., as 1¾s, at 100.332. Associated underwriters were William J. Mericka & Co., Fox, Reusch & Co. and Walter, Woody & Heimerdinger. Only one other bid was received by the district, this being an offer of 101.21 for 2s.

The largest new municipal now in prospect consists of $656,000 Village of Wickliffe refundings for which sealed bids will be opened on Nov. 9. The bonds will be dated Dec. 15, 1944 and mature semi-annually from 1946 to 19[illegible]0 inclusive.

* * *

Ohio voters will be asked to authorize bond issues involving many millions of dollars for post-war construction projects at the coming general election, the major share of which will be presented in Hamilton County. The county government, also the City of Cincinnati and its school district, contemplate improvements involving the issuance of $41,000,000 bonds. The program is endorsed by various civic groups and will have to contend with the formidable handicap imposed by State statutes which require a 65% favorable vote for approval of local bond issues.

Backers of the program are confident that it will be approved but do not minimize the fact that a small minority of 36% can thwart the wishes of an overwhelming majority of the voters.

Ohio Municipal Price Index

Date—	*	†	‡	§
Oct. 18, 1944	1.35%	1.53%	1.18%	.35%
Oct. 11	1.35	1.53	1.18	.35
Oct. 4	1.35	1.53	1.17	.36
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
Jun. 14	1.31	1.46	1.16	.30
May 17	1.31	1.46	1.16	.30
Apr. 12	1.32	1.46	1.17	.29
Mar. 15	1.34	1.50	1.19	.31
Feb. 16	1.37	1.53	1.21	.32
Jan. 19	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.63	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

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

Foregoing compiled by J. A. White & Co., Cincinnati.

Nation-Wide Syndicate Offers Pacific Gas Bds.

An underwriting syndicate of 167 members headed by Blyth & Co., Inc., offered Oct. 24 to the public $115,000,000 of the Pacific Gas & Electric Co.'s first and refunding mortgage 3% bonds, series L, due on June 1, 1974. The bonds were priced at 104 to yield 2.80%.

Included in the offering group are Dillon, Read & Co.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Harriman Ripley & Co., Inc.; the First Boston Corp.; Smith, Barney & Co.; Lazard Freres & Co.; Goldman, Sachs & Co.; Halsey, Stuart & Co., Inc.; Lehman Brothers; the Mellon Securities Corp.; Dean Witter & Co.; Glore, Forgan & Co.; Kidder, Peabody & Co.; Stone & Webster and Blodget, Inc., and the Union Securities Corp.

Net proceeds from the sale, together with treasury funds of the company, will be applied to redemption on Jan. 1, 1945, of all the company's $115,499,000 of outstanding first and refunding mortgage 3¾% bonds, series H, due on Dec. 1, 1961. The aggregate of the principal and redemption premium of the outstanding series H bonds is $124,161,425.

The new bonds will be redeemable, for both sinking fund and general purposes, at prices ranging from 108½ on or before June 1, 1947, to par after June 1, 1973.

The sinking fund provisions require payment semi-annually on Feb. 1 and Aug. 1 of a sum at least equal to the amount by which ½ of 1% of the aggregate funded debt on the preceding May 31 or Nov. 30 exceeds certain payments, principally for sinking funds on underlying mortgages, made in the six-month periods ended May 31 or Nov. 30.

The company's consolidated balance sheet on July 31 showed outstanding funded debt of $302,341,500, 4,197,662 shares of 6% cumulative preferred stock, 1,173,133 shares of 5½% cumulative first preferred stock, 400,000 shares of 5% cumulative first preferred stock, and 6,261,357 shares of common stock.

Operating revenues in the seven months ended on July 31 were $87,866,008; gross income, $37,964,151; interest deductions, $6,601,059, and net income, $13,212,495.

Wilbur H. Zink Forms Zink & Co. In Cleve.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — Wilbur H. Zink has formed W. H. Zink & Co. with offices in the Union Commerce Building, to engage in the securities business. Mr. Zink was formerly a partner in the firm of Perko & Zink.

Weil With Goodbody & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Julian S. Weil has joined the staff of Goodbody & Co., National City Bank Building. Mr. Weil was formerly with Merrill Lynch, Pierce, Fenner & Beane, and Sutro Bros. & Co.

Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

Fire losses in the United States in September, according to the National Board of Fire Underwriters, amounted to $31,448,000. This compares with $26,488,000 in September 1943, and $30,618,000 in August of this year. Total losses for the first nine months of 1944 amounted to $308,824,000, compared with $271,211,000 and $231,615,000 respectively, for the first nine months of 1943 and 1942. It is evident that, although the upward "war trend" in fire losses is continuing, the rate of increase is slackening, for 1943's nine month losses were 17.1% greater than 1942's, while 1944's losses are only 13.9% greater than 1943's. It appears logical to assume that, as war production is cut back and as we gradually approach normal peacetime production, fire losses will decline to a more rational level.

It seems worthwhile to present the accompanying table in order to gain some perspective through a review of trends and changes over the past 20 years. The tabulation shows fire losses in the United States each year as reported by the National Board of Fire Underwriters; also the index of industrial production in the United States, as compiled by the Federal Reserve Board, and the annual net premium volume of a group of 30 representative stock fire insurance companies.

Year	Industrial Production (1935—39=100)	Fire Losses ($000)	Net Premiums Written ($000)
1925	80	373,501	416,190
1926	96	393,021	430,425
1927	95	320,596	422,947
1928	99	301,268	428,142
1929	110	422,215	427,160
1930	91	*463,613	390,654
1931	75	452,017	345,291
1932	58	442,143	303,646
1933	69	316,897	280,367
1934	75	275,652	301,998
1935	87	†259,160	309,082
1936	103	293,357	328,367
1937	113	284,720	362,769
1938	89	302,050	335,355
1939	109	313,499	354,807
1940	125	306,470	399,089
1941	162	322,357	456,784
1942	199	314,849	501,521
1943	239	380,235	468,474
1944	‡237	§420,000	§500,000

*High. †Low. ‡Average of eight months. §Estimate.

When examining the tabulated figures, it will be observed that, in general, fire losses rise and fall with industrial production, as might reasonably be expected. However, there are certain exceptions. For example, following the 1929 economic collapse, while industrial production rapidly declined from 110 to 58, fire losses actually increased to an average annual volume of around $450,000,000, and reached a maximum in 1930 with a total of $463,613,000. The abnormally high losses of the depression years have usually been attributed to the so-called "moral hazard," or, to use a harsher and franker word, arson. The low in losses occurred in 1935 with a total value of $259,160,000 against an industrial production index of 87. Since then, as production expanded and intensified, losses increased rather steadily, and then quite rapidly as the war production effort hastened to its peak.

It should be noted, however, that fire losses do not increase proportionally with production. For example, from 1935 to 1943 the production index moved from 87 to 239, or 174.7%, while fire losses increased only 46.7%. Industrial production and fire losses do tend to move in the same direction, however. Of course it should be recognized that the industrial production index is greatly distorted under present conditions, on account of overtime, 24-hour operating schedules, etc. Thus, the plant and equipment which is receiving fire protection today is turning out a disproportionately greater volume of goods than it would under normal conditions.

The table, in addition, shows that premium volume likewise tends to follow the index of industrial production; and this also might logically be expected. In this case, again, there is a distortion due to the steady year by year decline of the average rate of fire premiums, from $0.97 in 1925 to $0.65 in 1943, or a total decline of 33%. With regard to 1943 premium volume, the decline below 1942 was in the categories of ocean marine and motor-vehicle writings; fire premiums actually increased more than 7%.

In closing these comments on fire losses, it is of interest to refer to a table published in the October issue of Best's "Insurance News," entitled "Annual Fire-Losses by Causes." Out of 565,000 fires reported, 130,000 or 19.5% were attributed to smoking and matches. The next highest cause was "electrical," which accounted for 58,000 or 8.7%; this was followed by 50,000 or 7.5% attributed to chimneys and flues, 45,000 or 6.8% through defective or overheated heating equipment, and 44,000 or 6.6% through sparks on flammable roofs. Children with matches accounted for 23,500 fires or 3.5%. Lowest in the list are films and fireworks, each of which accounted for 500 fires.

We think it pertinent to add that fire insurance companies might truly be called "indispensable."

Growth In Wartime Liquid Assets Analyzed

Federal Reserve Bulletin Estimated A Three Year Increase Of $107 Billions, Or About 2¼ Times Pre-War Level. Notes That This May Provide A Cushion Against Severe Depression But Presents Inflationary Possibilities, Too.

The October issue of the Federal Reserve Bulletin, published by the Board of Governors of the Federal Reserve System, contains a leading article on the Wartime Expansion of Liquid Assets. Estimating that the holdings of liquid assets by individuals and business corporations, (exclusive of banks, insurance companies and similar institutions) has increased from $83.4 billions at end of 1941 to a probable $189.9 billions at end of 1944 or about 128%, the Bulletin analyzes the significance of the expansion, and without predicting the future effect, states the conditions under which it "may provide a cushion against severe depression" or "may present inflationary possibilities."

During the war business and individual incomes have been greatly in excess of current purchases, notes the Bulletin, and the difference has been largely reflected in the growth of liquid assets. The Federal Government has spent considerably more than it has received in taxes, and it has been necessary to meet the deficit by borrowing. The amount of borrowing has corresponded closely to the excess of business and individual incomes over their expenditures. Businesses and individuals have used a large part of their surplus income to purchase some of the securities that the Government has sold, and have held a part in the form of bank deposits and currency. Banks have purchased the Government securities not bought by others. Some of the surplus income has been used for the repayment of debt or has gone into insurance or pension reserves, and a small amount has been used to purchase property.

"It is necessary to distinguish between accumulation of liquid assets and current savings," the article continues. "While current savings of individuals and businesses may be held in the form of liquid assets, these assets are not a measure of savings. In times of peace current savings of individuals and business are generally represented by the net increase in residences, plant, equipment, and stocks of goods, and have amounted to as much as 10 billion dollars a year; if no allowance is made for depreciation, obsolescence, and destruction of existing capital, the figure would be considerably larger. The growth in liquid assets has seldom equaled 5 billion dollars a year. In wartime, however, the opportunities for direct investment of savings by either individuals or businesses in new construction or for the purchase of goods are sharply limited. As a result there has been little saving in this form by individuals and businesses. They have had, however, an excess of current incomes over their current expenditures and have accumulated liquid assets in the form of cash and Government securities. These assets do not represent new capital formation; they are the result of borrowing by the Government from banks and from the public in order to finance war expenditures.

"The existence of such a large volume of readily available funds," it is pointed out, "raises important questions as to their possible significance in the peacetime economy. They provide a cushion against severe depression and also may present inflationary possibilities. If wartime liquidity and savings habits should continue, however, new investment outlets will be needed in order to utilize such a large amount of current savings and maintain economic activity at a high level.

It is not to be expected that the total volume of accumulated liquid assets will show any substantial decline in the first few years after the war. There will be shifts in their ownership and possibly in their composition as individual persons and businesses spend or invest their holdings, but they will continue to exist in other hands or in other forms. Since the wartime expansion of liquid assets has resulted primarily from the growth in Government debt, a substantial decline in the total can come about only as a result of the paying off of Government debt in amounts greater than any increase that may occur in private debt held by the banking system. This is not likely to occur on a large scale in any short period of time."

Effect on the Banking System

Referring to the effect on banks, the article states: "For banks the expansion of liquid assets has meant increased assets and liabilities, which may be expected to continue at high levels and possibly even grow further. Should individuals and businesses wish to liquidate some of their holdings of Government securities in order to spend the proceeds, these may be sold to other nonbank investors or they may be sold to banks. In the former case, assuming no other changes in public or private debt, there would be no change in the composition of liquid holdings in the aggregate, although ownership would have shifted. If banks purchase the securities, bank deposits, as well as bank holdings of Government securities, would increase. It is even possible that some individuals would wish to convert a portion of their large holdings of currency and deposits into Government securities and would buy them from banks, in which case bank deposits would decline, although the aggregate liquid asset holdings of businesses and individuals would show no change.

"Banking developments after the war will depend to a greater extent than in the war period on the demand for private credit. Although some concerns may be out of the borrowing market because of large liquid asset holdings, others will be seeking funds. There will undoubtedly be some new and rapidly growing firms that will be potential borrowers from banks. Extension of such loans will depend in part upon the willingness and ability of the banking system to make advances to more dynamic and rapidly growing firms whose credit has not yet been established. New credit standards may be needed in the post-war era.

"Consumer borrowings, which in the past have been a sizeable element directly or indirectly in the volume of bank credit extended, may increase again notwithstanding the large consumer holdings of liquid assets. Individuals may seek credit for their post-war purchases even though holding large savings.

"Although the total volume of bank credit may expand in the post-war period, there is a likelihood that the expansion will be smaller relative to the general level of incomes and business activity than was true in the prewar period. In retrospect it now appears that the large growth in liquid assets in the previous war meant that, although banks grew after the war, the demands on them for the types of credit previously customary were relatively not as great as they had been prior to that war. It was then that bank holdings of securities and security loans began to increase so rapidly. Changes in bank loans and investments over the past three decades are shown in the chart.

"If businesses and individuals should liquidate holdings of Government securities in order to provide funds for current use, banks may be called upon to purchase these securities. In this event there would be a conversion of United States Government securities held by individuals and business concerns to cash forms—currency and demand deposits. This would result in a growth of bank holdings of Government securities. In other words, part of the financing of consumers and of businesses by banks after the war may take the indirect form of bank purchases of Government securities from the public rather than the direct form of bank loans and purchase of corporate securities."

Tubize Rayon Pfd. Offered Publicly

An investment banking group headed by Kidder, Peabody & Co. and Union Securities Corp., as joint managers, offered for public sale Oct. 24 70,000 shares of 4¾% ($100 par) preferred stock of Tubize Rayon Corp. at $103 a share.

Of the net proceeds from the sale, $4,553,075 will be used by the corporation to redeem $2,450,000 of 3½% sinking fund debentures due Nov. 1, 1956, and all the 18,395 shares of 7% ($100 par) preferred stock outstanding. The balance of the proceeds will be added initially to the corporation's general funds.

Associated with Kidder, Peabody & Co. and Union Securities Corp. in the offering group are: Riter & Co.; Eastman, Dillon & Co.; Hemphill, Noyes & Co.; Merrill Lynch, Pierce, Fenner & Beane; Reynolds & Co.; Shields & Co.; Paul H. Davis & Co.; R. S. Dickson & Co., Inc.; Hornblower & Weeks; W. C. Langley & Co.; Clement A. Evans & Co., Inc.; Courts & Co.; Folger, Nolan & Co., Inc.; Graham, Parsons & Co.; Hallgarten & Co.; W. E. Hutton & Co.; The Wisconsin Co.; Bacon Whipple & Co.; Johnson, Lane, Space & Co., Inc.; Piper, Jaffray & Hopwood; The Robinson-Humphrey Co.; Oscar Burnett & Co., and Kirchofer & Arnold, Inc.

Mutual Funds

Nine Months Sales

The National Association of Investment Companies reports that 1944 sales of the 68 open-end member funds through Sept. 30 amounted to $115.9 million, as compared with $115.2 million for the full year 1943. Repurchases were also at a higher rate than last year, amounting to $54.4 million for the nine-month period, leaving net sales of $61.5 million.

On Sept. 30, 1944, total net assets of the Association's 68 open-end member funds stood at $776.9 million, representing a gain of $126.1 million since the first of the year.

Since 1894

Calvin Bullock's October issue of **Perspective** marks the 10th anniversary of that publication. It marks, too, the 50th anniversary of the founding of Calvin Bullock.

The occasion is taken to review the road which the firm has traveled during the past 50 years. A large chart shows the course of economic changes in the United States during this period and the text records the highlights along the way.

Looking toward the future, the conclusion is reached that, "the stock market does not appear to have yet taken into account the favorable post-war earning prospects of industry, especially if a material reduction in corporate taxation may be regarded as a reasonable expectancy."

Opportunity in Steel

Hugh W. Long & Co. has published an attractive memorandum on the Steel Industry Series of **New York Stocks** in which the basic improvement in that industry is compared to the recent comeback of the railroads.

"Prices of steel industry shares still seem behind the general market."

Comparative Sales

Distributors Group in a letter to affiliated dealers tabulates the nine months' sales of **Group Securities** as compared with total sales for the industry. Sales of Group Securities in the first nine months of this year were $17.5 million, or 15.1% of the total. Repurchases were $5.0 million, or 9.2% of the total, and net sales were $12.5 million, amounting to 20.3% of total net sales of the 68 open-end member funds in the industry.

Growth Stocks

National Securities & Research Corp. in its current letter on **Industrial Stocks Series** lists the various new industries in which this fund has a participation. Particular point is made of the fact that Industrial Stocks Series achieves its **growth position** through ownership of shares of **established** companies which are interested in the new industries.

Post-War National Income

A logical and encouraging analysis of the probabilities with respect to post-war national income is made by **Keystone Corp.** in the current issue of **Keynotes.** The rate of increase in national income which occurred in the first four years after World War I is used as a yardstick. It is then shown that, if the same rate of increase prevails after this war, the "national income for the first four post-war years would average $148 billion annually."

Approximately the same figure is then arrived at on an entirely different basis of projection. "If the rising trend established from 1910 through 1929 had been maintained during the depression 1930's, a projected level of $150 billion after this war would seem, not high, but low."

Like Banks

Lord, Abbett makes an interesting comparison between the operations of commercial banks and those of investment companies in the current issue of **Abstracts.** The money you deposit with a commercial bank is invested by the bank; the money you put into an investment company is likewise invested. The difference is that your money in the bank affords you no income and no chance for capital gain or decline. In the investment company your money will afford an income as well as the chance for capital change.

Discount Railroad Bonds

Distributors Group has published a folder on **Railroad (Bond) Shares** showing the "reasonable expectancy" of appreciation on the bonds held. At present market levels the possibilities exist for a market advance of over 30%.

"In seeking out investment values today it is well to keep in mind that bond interest comes before taxes and that interest-paying discount railroad bonds as a group afford the only bond investment available today where you can still get liberal income and substantial appreciation possibilities."

M. I. T. Report

Massachusetts Investors Trust reports net assets of $152,541,277 on Sept. 30, 1944, equal to $21.97 per share on the 6,942,970 shares outstanding. This compares with net assets of $140,643,966 a year ago.

Mutual Fund Literature

Keystone Corp.—Revised portfolio folders on **Keystone High-Grade Stocks (S-1), Fast Moving Stocks (S-3)** and **Inflation Hedge Stocks (S-4).** . . . **National Securities & Research Corp.**—The current issue of **National Notes**—subject: Post-War Building Boom. . . . **Calvin Bullock**—The current **Bulletin,** comparing high-grade bond and common stock yields. . . . **Lord, Abbett**—revised prospectus on **Affiliated Fund** dated Oct. 14, 1944. . . . **Selected Investments Co.**—Current issue of "These Things Seemed Important," highlighting Harry Hopkin's "conversion" to business orthodoxy; Sept. 30, 1944, portfolio of **Selected American Shares.**

We Are Losing The Peace

(Continued from page 1794)

and political, or whatever organizations are set up. Above all the peace must be non-imperialist. Every people must be assured self-government and where guidance to that end is necessary, it must be under international and not imperial authority.

These basic principles are being flagrantly violated by Stalin, Churchill and Roosevelt. Unnecessarily, they are sentencing thousands of our sons to death by the slogan, "unconditional surrender," which they use in part to hide their own divisions. Dumbarton Oaks, in its setting, merely provided a camouflaged triple alliance which, as history proves, cannot last long but can, while it lasts, do immense harm to genuine peace. It is preposterous nonsense to believe that existing governments can bind their successors to use parts of competitive armaments to constitute an international force against an aggressor, especially since the aggressor is likely to be one of themselves. Mutual security with general protection can exist only in a disarmed world.

The Stalin and Churchill struggle for spheres of influence and the Administration's campaign for post-war military conscription here in America prove that our leaders neither believe these truths nor really trust each other. They try to hypnotize idealists with words like "cooperation" and "internationalism" while they keep the masses drunk with hate. So many are the causes of conflict in the world, so keen are the latent rivalries among the victors, and so provocative of war is imperialism, that if by a miracle all the Germans and Japanese could be destroyed, Stalin and Churchill would go on demanding strategic frontiers and maneuvering for spheres of influence. And Roosevelt, I suppose, would go on with the futile task of trying to appease them both by underwriting their empires with the lives of our sons. Governor Dewey's New York speech was politically clever from a Republican standpoint and most of his concrete criticisms of Roosevelt's foreign policies were sound. But none of them went to the root of the matter. The Governor attacked the Morgenthau plan for Germany but not the slogan "unconditional surrender." He accepted the basic evil of imperialism in the setting of which Dumbarton Oaks is not, as he thinks, a promising beginning on the road to peace, but an invitation to new wars.

At this point someone is bound to want to interrupt me by asking me, "Mr. Thomas, don't you believe that the future of peace depends upon continued friendship between the major victors?" The answer is an emphatic "Yes." No one in the world would more vehemently oppose an Anglo-American war on Russia, a war doomed to failure because of Russia's growing strength, than I. But I think reaction from blind appeasement and a false and sentimental view of Stalin's character is far more likely to make for war than an honest facing of facts. Let us take, therefore, a further look at history and, on the basis of what it tells us, consider the future. Last week I emphasized British imperialism. This week let us examine Russia.

By the summer of 1939 Russia had come through the fires of revolution into a position of great actual and greater potential strength. Her economy, as I pointed out last week, was State capitalism; her government an absolute dictatorship. But the material conditions of her people were improving. Stalin was not so weak that he had to make the infamous deal with Hitler which gave the latter the green light for war. He had some excuse but no justification for his conduct in the fumbling power politics of the British and French governments. Probably his principal hope was that the Western Europe powers would destroy one another while Russia sat by. Anyway in alliance with Hitler he took possession of the little Baltic countries with which he had treaties of non-aggression, and occupied a large part of Poland. He telegraphed Hitler: "Our friendship is cemented in blood," and Molotov declared, "Fascism is a matter of taste." Stalin's other army, the strong Communist parties throughout the world, which had been agitating for collective security, denounced Britain and France in unmeasured terms. Meanwhile Stalin began a war against Finland at least as unprovoked as Hitler's attack on Poland. Ironically that war helped Russia by showing weaknesses in her army which Stalin set to work to remedy. He killed and deported thousands of Lithuanians and Poles, especially Socialists, whose appeal to the masses as over against his Communism, Stalin feared. Then Hitler perfidiously attacked him, the Russian people rallied to the defense of the homeland as once they had rallied to defeat Napoleon when more than half of them were serfs. Russian heroism and Stalin's firm leadership in war won the admiration of the world which the USSR, men felt, had done so much to save them from the Nazis.

With success Stalin took over the ambitions of the Czars for dominance over eastern Europe and access to warm water. Already, as I pointed out last week, the clash of Russia and Britain for spheres of influence in Europe is on. Stalin is harsh or lenient towards the little countries which had been his enemies according as it suits his interest, primarily in exalting Russia's power, and secondarily in advancing Communism which he has not forsaken. There can be no reasonable doubt on the record that he first invited the rising of Polish patriots in Warsaw over the radio and then denounced it and refused to send air-borne supplies. Thus thousands of Poles who might have been recalcitrant to a puppet Poland were slain He intends to fix Poland boundaries without even a fairly conducted plebiscite. It is quite true that he has a case for some alteration of them. So did Hitler in the west. Hitler's crime was in seeking these changes by violence. What was wrong for Hitler is not right for Stalin. It may be too late for America to alter Stalin's plans, although that is not yet certain. At least we need not underwrite them.

In spite of what Stalin is doing in the Baltic States, Finland and Poland, he is in far the best position to dominate most of Europe. His is the greatest country, the most strategically located, with the most natural resources. Whatever may be the faults of Russian Communism, it is at least free from the racism which curses the English speaking powers Despite Poland, Stalin or his successor, unless he blunders badly, will have Pan-Slavic support. He has the absolute obedience of the international Communist movement whose influence in the Civil Service at Washington and in the labor union movement, while less than Martin Dies imagines, is far greater than the professional liberals will admit.

In western Europe, Stalin will appeal because he has not had to bomb their cities or reduce their children to hunger by the blockade. He has no such responsibility for such a mess as Roosevelt has helped the British make in Italy under AMG. Already the Communist Party is the strongest single party in France and its press is playing up the Soviet role while it cries down the British and American contribution to French liberation. This rise of Stalin's power and influence in Europe cannot be counteracted by force. It need not be aided by the kind of blundering of which the British with some American support are guilty when they try to restore private capitalism and the status quo in western Europe, and propose plans for Germany which, as Dorothy Thompson has ably pointed out, play directly into the hands of Stalin and the Communists.

In the Middle East Stalin's plans are, at this distance, less obvious. But it is certain that Russia will not leave it to a cartel of British and American oil interests or to rivalries between the English speaking peoples for trade and power.

In the Far East he is temporarily, but only temporarily, appeasing the British Empire. He has not declared his intentions towards Chiang Kai-Shek but it is doubtful if he will forgive the only man in the world who ever got the better of him, especially since there is a strong native Communist movement in China. He will probably get into the war with Japan in time to sit at the peace table. He has been justified until now in concentrating his military force against Germany. Whether he has been justified in all his concessions to Japan is another matter.

One thing about Japan is sure. If Roosevelt or Dewey should be foolish enough to crush the whole Japanese people, and if the old power politics game goes on, Stalin will be the only winner. He can, if he wants, pose as a friend of the Japanese people and at the same time profit by their elimination as a power in eastern Asia.

These things need never have been if Roosevelt from Pearl Harbor onward had quietly insisted on a program fit for peace. Stalin is, above all, a realist and wants his country to recuperate. The Russian people have no reason to love a costly imperialism; they have plenty of room. There may still be time to appeal to them and to their realistic ruler for a better type of cooperation. At least they can be made to understand that we shall not underwrite Moscow or London's power politics.

Time fails me to examine other aspects of imperialism as the mother of war. If not our children, then our grandchildren, will suffer from the cruel and irrational exploitation of Africa by European powers. There ought to be an African federation of free peoples, and there should be international action towards that end. Those who believe that the white man has brought nothing but benefits to Africa should be reminded that some French authorities declare that under French rule with forced labor and the white man's diseases the population of French Equatorial Africa declined to about a tenth of its estimated number in 1900. (By the way I stand ready to document this and every other statement I have made in this speech.)

We Americans cannot afford to be self righteous. We have to our disgrace our treatment of the colored race at home and our bad handling of the economic and political problems of Puerto Rico. The best feature of the Roosevelt Administration's foreign policy was its good neighbor program south of the Rio Grande. But in most of those countries suspicion of Yankee imperialism is growing again. Too much American friendship and American money have been a bribe to dictators, too little help to the people. Doubtless there was some Nazi danger in Latin America, but the real danger which will not die with the Nazi defeat is active tyranny and exploitation, aided and manipulated by powerful foreign interests.

It is a tragedy for the future—and I use so strong a word advisedly — that not Roosevelt, not Dewey, but only myself, is discussing these basic issues on which our own, our children's and our children's children's peace depends. A choice between Roosevelt and Dewey on their relative merits or demerits in this field is meaningless. The policies of both of them point to no solution to the twin problems of war and unemployment, but rather to their intensification. If you vote for either you will not be voting for an internationalism a little less well developed than once you had hoped; you will be voting for stark imperialism disguised as a phony internationalism. Only by the greatest effort will we be able to avoid American imperialism and militarism as the result of Roosevelt's failure to develop and proclaim to all the world a program fit for peace.

The one thing you can do is to begin that effort by voting Socialist. The size of the Socialist vote will count in Washington and on public opinion. It will be a factor in creating that new political realignment which is essential to democracy as well as to prosperity and peace.

FIC Banks Place Debs.

A successful offering of two issues of debentures for the Federal Intermediate Credit Banks was concluded last week by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of $18,685,000 0.80% consolidated debentures dated Nov. 1, 1944, due May 1, 1945, and $23,685,000 0.90% consolidated debentures dated Nov. 1, 1944, and due Aug. 1, 1945. Both issues were placed at par. The proceeds, together with cash funds of $1,785,000, will be used to retire $44,155,000 of debentures due Nov. 1, 1944. As of Nov. 1, 1944, the total amount of debentures outstanding will be $269,915,000.

Mastic Asphalt Looks Good

Mastic Asphalt Corporation, manufacturers of patented products to accomplish proper insulation of buildings, has interesting post-war prospects according to a bulletin issued by Amott, Baker & Co., Inc., 150 Broadway, New York City. Copies of this interesting bulletin, which contains a tabulated comparison of Mastic with similar products, may be had upon request from Amott, Baker & Co.

Canadian Securities

By BRUCE WILLIAMS

The announcement of the SEC to the effect that drafts have been prepared of "a new simplified form for the registration of shares of mining corporations under the Securities Act of 1933" opens up new vistas for Canadian mining companies.

Already there are boom conditions in the Canadian gold-mining section, but unfortunately several spectacular discoveries, especially in the Yellowknife district of the North West Territories, have brought in their wake a mushroom growth of flotations of dubious worth. This has detracted from the real importance and significance of these developments.

It seems increasingly clear that these new Northern gold fields will contribute largely to Canada's post-war gold production. The surface has only just been scratched, and with a return to normal conditions after the war, there will be many discoveries of the order of Giant Yellowknife. Moreover, the mines in this area, such as Con, Rycon, Negus, Ptarmigan and Thompson Lundmark which had been in production before labor difficulties compelled their closing, will play a still more important part with the inevitable growth of the Yellowknife district in the post-war period.

Even at this difficult stage of development when the population of Yellowknife is less than a thousand, already three banks, the Canadian Bank of Commerce, the Imperial Bank of Canada and the Bank of Toronto are established, and it is rumored that the Bank of Montreal is also taking the Northern trail.

There has always been considerable interest displayed in Canadian golds in this country, but should it become possible to register new issues here, it is highly probable that the Canadian gold section of the Stock Exchange list will acquire an importance similar to that of the "Kaffir" group of the London Stock Exchange.

During the past week, the market was slightly more active with a firm undertone. Canada 4s of 1960/50 struck into new high ground at 110⅛ and there was continued demand for high-grade issues of all maturities. Few offerings were forthcoming in connection with the Seventh Victory Loan drive and the supply problem is again becoming acute.

There was little activity in internal bonds, but there was additional evidence of increasing interest in the shares of Canadian mining companies. The Canadian dollar in the "free" market after weakening to 10⅞% rallied to 10⅜% discount, and the turnover was surprisingly small in view of the anticipated large offerings of exchange in connection with the internal bonds called and maturing Oct. 15.

It is possible that holders are delaying their sales in an effort to avoid the experience on a similar occasion during October of last year when, after declining to 12½%, the rate strengthened rapidly to 10% as soon as their offerings were absorbed.

Turning to possible future developments, now that the Seventh Victory Loan campaign is in full swing, there is little likelihood of any great market activity, but prices should be well maintained as there is a persistent demand for high grade issues which is increasingly difficult to satisfy.

A welcome event that may not be much further delayed is an announcement concerning a definite plan for the reorganization of the Alberta debt. The fact that it is difficult to secure precise information on this subject and the fact that the Premier of Alberta, Mr. Manning, was again in Toronto last week make it abundantly clear that a public statement must soon be issued.

Cartels—A Program

(Continued from page 1795)

this subject of international business agreements, in conjunction with the industry branch of the Office of Economic Affairs of the Department of State. The President, himself, has only recently written a letter to Secretary Hull on the subject. The publications of our American universities are full of serious, informative statistical and analytical articles on the subject. The public press carries almost daily, some feature comment on the subject. You must admit that the subject of International Business Agreements — or, if you please, as I do, to call the subject cartels — is receiving widespread consideration, study and attention — if not agreement.

In all of these discussions that are going on about cartels, is there a common acceptance of a definition of what the word cartel means? The answer obviously is "no." There are almost as many definitions of what a cartel is, as there are people considering the subject. That statement does not mean that there are not broad acceptances of general principles in reference to cartels. One universally accepted principle is that no one will say that he is in favor of any foreign agreement—cartel, or otherwise—which is not in the interests of the United States of America. The point of difference of opinion, here, is of course, on whether any particular agreement is or is not in the interests of the United States of America, as well as in the interests of the participating parties. And you can generate considerable more heat than light in any argument on that point.

One group in this country seems to feel that an agreement of almost any kind between private enterprise in this country, with a private enterprise in a foreign country — down almost to the level of buying and selling transactions — comes under the category of cartel, in the bad sense of that word — and should be extirpated. This school of thought, generally, also seems to go on the theory that any one who touches alcohol is a drunkard, or that anyone who eats is a glutton—at least potentially.

The school of thought, at the other extreme, seems to feel that outside the twelve mile limit, government should not interfere—in other words, along the general trend of thought that "you" — meaning government — "can't do that to me" — all the while it's being done. It is in the more reasonable realm of thought between these two extremes that the opinion is ventured that there are almost as many definitions for the word "cartel" as there are people considering the subject.

There are "good" cartels; there are "bad" cartels. And I note, creeping into the nomenclature on the subject, the words "restrictive cartels" — which seems to draw some distinction between cartels that "restrict" and cartels that "don't restrict," — with the inference that a cartel that does not restrict might even be a "good" cartel — maybe! The only trouble, here, is, who is to decide whether a cartel is really restrictive, or not. And the argument is on, all over again!

Start out with this lack of common acceptance of the definition of a cartel, and, inevitably, the result must be great differences of opinion and confusion of thought on the subject.

That there are differences of opinion in governmental departments about cartels is indicated by a quote from a recent issue of the New York "Times," as follows:

"It is now anticipated that Secretary Hull will shortly report to the President, the executive committee's findings which, it is expected, will recommend an end to 'restrictive cartels' while recognizing the propriety of international commodity agreements, such as the petroleum pact with Great Britain, when they are made for purposes of 'conservation.'

"The greatest difficulty of the executive committee in making final recommendations has been to reconcile the view of the Department of Agriculture, which favors international control of surpluses through commodity agreements, with the attitude of other government departments that there should be **no** 'restrictive agreements'."

"International control of surpluses" is of course the boiled-down justification for any cartel agreement — a point which might at least be kept in mind by those interested in the subject of cartels, who do not, themselves, have to wrestle with the practical solutions of the problem of surpluses.

You may take it from one who has labored in the vineyards of many discussions on the subject of cartels, on the non-governmental side, that there are a grand and great variety of differences of opinion on the subject, existing within private enterprise — running the gamut of opinion not only of what a cartel is and what should be done about it — but of whether private enterprise should even express any opinion at all about cartels, as a matter of policy —apparently on the general theory of why should one stick one's neck out—and if so, when would be the propitious moment to do so. The general opinion on this latter point seems to be that it should better be postponed until that tomorrow which never comes, just on general principles.

Is this subject of cartels as important a one to us, as a nation, and to us, as individuals, as the interest and differences of opinion about it, would indicate? I think it may be of even more importance than we dimly foresee at this time. What our national policies are going to be on this controversial subject, will almost certainly shape not only our foreign trade relations but to a great degree our political relations with our present friends of the United Nations and even perhaps the future peace of this war-weary world.

Let me quote from the financial page of one of the recent issues of a New York newspaper, which is an outspoken supporter of the present administration in Washington, in reference to the possible effect of our policy on this subject of cartels, on our national relations with Britain. I quote: "Despite the fact that we and our British friends speak a common language and that we're in this war with a common goal, the breach between us on fundamental, key economic issues is growing wider by the day — and if we are to avoid tragic misunderstandings and bitterness, it is about time you and I woke up and faced this nasty truth.

"We don't agree on the propriety of cartels and the whole concept of private business agreements designed to divide world markets, restrict production, regulate competition and fix prices.

"Or again, to put it more bluntly, while England has indicated with dramatic clarity that at worst, she considers cartels a necessary evil in her economy, President Roosevelt and our Justice Department are fighting for their destruction."

Are these remarks an exaggeration? I hope so, but when I read the recent comments in a London daily, and in Parliament, about the reported visits of American business men to Paris, I wonder. I wonder, too, if this type of comment does not apply to a greater or lesser degree to our relations with other friendly United Nations. Remember that these other nations live and work under a different economic atmosphere than we have in this country. Recall that many of these nations have restricted domestic markets in which unregulated competition and lack of a control of surpluses, would be ruinous; that they **must** export up to 50% of their national production, if they are to live. Grave differences of opinion must be confidently anticipated if we, by any means, try to impose our own economic philosophies across national borders — and especially so when we are not even in agreement on these philosophies at home. Remember we found, at one time, in this country, how very difficult it was for one sector of domestic opinion to impose its own special philosophy on another sector of domestic opinion. That was at a time when another "experiment, noble in purpose," was tried out and later abandoned with the repeal of the prohibition laws, because it just would not work. Let us not, with the certain knowledge that different economic bases existing abroad will not permit acceptance of certain of our views on this question of cartels, try, on an international scale, to impose another passing national philosophy on other sovereign nations, even though it, too, be "noble in purpose." What can we gain by either trying to impose our ideas on international trade on other nations, or as an alternative, refusing to participate with them in such trade. Trying to impose our philosophies will almost surely result in bad blood. "Refusing to participate" is just what we shall do if American industry is not permitted to join in international trade under the rules accepted by other nations, as sound, and in the national interest, or at least, as in Britain, as just quoted, accepted, as a necessary evil.

I submit that the background which has been briefly sketched in these remarks indicates that the "so much" consideration being given in so many places by so many people has something of the aspect of that cavalry regiment that was reported to be charging in all directions at once. I submit that the "so much" consideration now being given in so many places, by so many people to this extremely important subject, has something of the aspect of being motivated largely by desire to advance individual opinion and personal prejudice, and not to seek out what is good—and good sense — from all sources available. Private enteprise engaged in foreign trade can well afford to recognize — and indeed must recognize — that any selfish opinions on this subject of cartels can not receive and actually never will receive public acceptance. Government, in this country should recognize — and indeed, in the long run, through the force of public opinion, will recognize—that private enterprise with its long experience in matters affecting foreign trade, in its practical details, can contribute greatly to the national welfare — and, indeed, to international welfare, as well — if it is brought into governmental considerations on the subject not as a suppliant, with hat in hand, not as a malefactor — potential or otherwise, whose opinions may only be considered, with great suspicion, but as a full-fledged, even if junior partner of government — and with the full obligations that go with such partnership — which, too, as well as government, is sincerely interested in the national welfare. This national policy, as is well known, is followed to the public benefit of all segments of their societies, by other nations with great and long experience, in international trade.

During this war, under the auspices and direction of government, the best scientific brains of the country have been marshalled to focus attention on specialized engineering problems intimately connected with the winning of the war. Outstanding and astounding —and I speak with due restraint —results have come from this method of delegating special problems to specialized attention and study. These problems, with the pressure of military necessity for finding the answers to them, under this technique have been tackled without thought of personal opinion or prejudice, but with the sole desire to come to the correct conclusions and answers, quickly and accurately. Are the post-war problems — I ask you — in the economic field of our relations with our foreign neighbors, to be of any lesser importance, than these war-time problems in the military field? Must government and industry, in the handling of these economic problems, sit on opposite sides of the table, eyeing one another with suspicion? If not, then, may it be asked why should not the same technique that has been employed in tackling these scientific and engineering problems connected with the winning of the war, be again applied to tackling the economic problems connected — and intimately connected — with the maintenance of world peace. Is it too much to suggest that great benefit might result if this same procedure were followed, in seeking the correct solutions to this problem of cartels — and what to do about them?

Well — if it is, then, may I at least suggest to the members of this Foreign Trade Convention that American industry, itself, should arrive at a common conclusion as regards its own thinking on this subject of cartels — and what to do about them. Instead of American industry having 100 different groups — trade, technical and engineering associations; economic and cultural groups, chambers of commerce, et cetera, — all considering and studying this subject of cartels — and all coming up with 100 different conclusions and answers — would it not be more practical and less confusing if there were a single group which could properly presume to speak for all of American industry, with authority, on the subject? Why, then, do not all of these 100 individual groups, each considering this subject of cartels from its own particular viewpoint, decide to name a delegate — or delegates — to a single, over-all group — a committee of the whole — an upper house of American industry — a COUNCIL OF AMERICAN INDUSTRY — if you will — which would constitute a forum where the ideas and conclusions of the individual groups — trade, commercial, economic, cultural — could be considered, discussed and resolved? Conclusions of such a Council of American Industry could well be said to express the statesmanlike thinking of all segments of American industry. Its over-all considerations and conclusions could be implemented in unequivocal phrases of definite recommendations. Such recommendations could and then, should, be broadcast, not as a right of American industry to express its opinion, undertaken with trepidation as to possible retaliatory consequences, but as an obligation, to be exercised in the public interest.

If American industry cannot or will not, through such a Council of American Industry, or otherwise, collectively consider and think through to the correct answers on this question of cartels—with the public interest always foremost in mind — and, then undertake, with one voice, not 100 voices, to express its honest conclusions and convictions, courageously and without hedging, then let it prepare in silence for what it is about to receive, and not undertake to criticize or condemn what others may think and do in the matter.

Mellon Securities And First Boston Group Dispose Of $130,000,000 Phila. Electric Issue

A group headed by the Mellon Securities Corp. and The First Boston Corp., as joint managers, offered Oct. 20 $130,000,000 first and refunding mortgage $2\frac{3}{4}\%$ bonds. The issue is in two series of $65,000,000 each, one series maturing Nov. 1, 1967, being priced at $100\frac{1}{2}$, and the other series, due Nov. 1, 1974, offered at par. The issue has been oversubscribed.

The underwriting group won the issue on a bid of 99.44888 for the 1967 series and 98.94888 for the 1974 series. This was the only bid submitted, and was approved by the SEC.

Included in the underwriting group with Mellon Securities Corp. and The First Boston Corp. are: Goldman, Sachs & Co.; Halsey, Stuart & Co., Inc.; Ladenburg, Thalmann & Co.; Lazard Freres & Co.; Lehman Brothers; Stone & Webster and Blodget, Inc.; Union Securities Corp.; A. C. Allyn & Co., Inc.; Bear, Stearns & Co.; Blair & Co., Inc.; Eastman, Dillon & Co.; Glore, Forgan & Co.; W. C. Langley & Co.; Lee Higginson Corp.; F. S. Moseley & Co.; Phelps, Fenn & Co.; E. H. Rollins & Sons, Inc.; L. F. Rothschild & Co.; Salomon Bros. & Hutzler; Shields & Co.; White, Weld & Co., and 102 other investment banking firms.

Proceeds from the sale, together with treasury funds or proceeds of short-term bank loans not in excess of $4,000,000, will be used by the company to redeem at 106 the $130,000,000 outstanding first and refunding mortgage $3\frac{1}{2}\%$ bonds due 1967. The redemption will be made on or about Dec. 1, 1944, and will require $137,800,000, exclusive of accrued interest.

Upon completion of the financing the company on a consolidated basis will have outstanding, in addition to the $130,000,000 first and refunding $2\frac{3}{4}\%$ bonds, $20,000,000 first and refunding $2\frac{3}{4}\%$ bonds due 1971; $31,866,037 subsidiary long-term debt; $12,000,000 subsidiary preferred stock; $27,954,210 ($100 par) 4.4% preferred stock, including premium of $482,210, and 2,368,943 shares of $1 dividend preference common stock and 8,160,287 shares of common stock, both without par value.

Coming Changes In Distribution

(Continued from first page)

establishments and retail stores have been streamlined and slenderized down almost to an indistinguishable trace. Classes in marketing, merchandising, advertising and selling in our schools and colleges have dwindled or disappeared. There are reports from all parts of the country that there are relatively few young people who are thinking of going into selling as a career. Selling has not only grown soft, it has for the most part become non-existent.

Now we face a new prospect. The end of the war is approaching. Business is going to have to change over to production and distribution for civilian markets instead of selling to the government. Production for peacetime conditions depends upon selling. Grain on the farms, textiles in the mills and household appliances in factories, are meaningless and wasted unless ultimate customers can be found for them. If we are to regain and maintain peacetime prosperity we must have selling, and a lot of it. Sales organizations must be rebuilt. Men and women must be found and selected who have the aptitudes and ambitions to sell. They must be indoctrinated, trained and inspired to do this essential work. They must be paid, coaxed and driven to accomplish more than has ever been done before. Distribution and marketing face a great responsibility. The distribution age, long discussed and forecast, is at hand.

Let us see what the job is that selling must do. The post-war task of private business has been very well described by the Committee for Economic Development. I draw upon the reports of that organization for my information. The job is to convert from war to peace economy as quickly, smoothly and effectively as possible. Business must build a prosperity based on full employment. To accomplish this, every factor of industry and distribution, every wholesaler and every retailer, and every sales and advertising employee must do his part. Those who sell are to the future of business what the marines and the paratroopers are to the army and navy in the present war.

The CED has indicated that following the war there must be work opportunities for some 57,000,000 persons. There must be a national income of from $135 billions to $140 billions, based on 1940 purchasing power, to maintain such employment. This income will provide the purchasing power to raise and keep our economy at a high and prosperous level. This amount, however, is only slightly less than the present national income stimulated by war production and maintained largely by government purchases on borrowed funds. It is greater by more than 50% than the largest national income that we ever had in any peacetime year preceding our entry into the war.

The CED has clearly and emphatically indicated that this income level must be reached and exceeded, or this nation will again be plagued by unemployment and depression, with its accompanying threats to our economy and proposals for the substitution of Statism, Socialism, Communism, or some other totalitarian system.

The gravity of the job to be done is further enhanced by the degree of inflation that is occurring and has already occurred, amounting to at least a 40% increase since 1939. The requirement of a national income of $135 billions at 1940 price levels must be restated as in excess of $150 billions at 1944 price levels. These figures mean that there must be a greatly increased production as well as greatly increased sale of civilian goods over anything we have ever seen before. This is the job that business must do.

The part that distribution must play in the creation of post-war prosperity may be suggested by the increases in sales that must be secured by retailers. In prewar years retail sales averaged from 55% to 60% of the total national income. Thus, in 1939, as against a total national income of $70.8 billions, retail sales amounted to $42 billions, or 59%. With the sharp increases in national income resulting from the war and the greatly extended use of government credit, coupled with the shortages of consumer goods, the ratio of retail sales has declined. In 1943 it amounted to but 50% of the national income. If retail sales in the post-war period were to regain the same ratios to national income as in the pre-war era, then retail volume will exceed $80 billions a year! The largest amount ever registered in any pre-war year, in 1929, amounted to just under $50 billions.

It may be assumed, however, that as the national income increases the percentage expended through retail stores may decline. Taxation, for example, will take a much larger share. There may also be proportionate increases absorbed by non-retailing channels, such as for services, professional fees, entertainment, travel and so on. Certainly, however, if the national income reaches a peacetime level of $140 billions, the total retail trade should be not less than $70 billions, and more probably $75 billions, as against a total of $46 billions in 1940, and $50 billions back in 1929.

Can this volume of sales be effected by our distributive system? In my opinion, it can and will. Certainly, however, it will require much more than usual effort. There must be the will to try. There must be the desire to exercise foresight and to make extensive plans. There must be the willingness to venture and to take risks. There must be adequate rewards and honors for those who succeed.

To accomplish this great purpose business needs to be freed of unnecessary burdens. There may not be too many slackers or free riders within the system itself. The grinding, burning brakes of government regulation, so tremendously extended during the war period, must be lifted or we will not go very far. The tax burden needs to be lightened. It is futile to expect any return to the moderate levels of taxation prevailing before the war, but present high tax rates, if continued, will strangle efforts to extend new business. Even more importantly, taxes need to be stabilized. The full faith of the nation in its institutions and its government may again be regained if the government will get back on an even keel and live within its means.

The legislative inequities that foster rather than reduce industrial strife, such as found in the National Labor Relations Act, and the Wage and Hour Law, need to be drastically corrected. If employers are to be encouraged to extend employment they should, at least, be accorded the same rights as employees and their unions in the settlement of common issues. The 40-hour work week with its penalties for overtime, never justified even in the serious years of depression, is now likely to become a heavy millstone around the neck of industry seeking the advancement of our economic society. There is a strong probability that American industry, all branches considered, can not produce enough under a 40-hour work week to supply the nation's needs. There is no possible excuse for this provision. It should be eliminated before it wrecks our economy. The minimum wage established by Federal law for interstate commerce, and by State law in certain States for local occupations, is another measure supported by well-meaning people who simply haven't thought through to the mischievous effects of this proposal. It is inevitable that, in the post-war period, after the government ceases to pay the bills for employment, the whole minimum wage program will prove a serious obstacle to full employment and consequently to prosperity.

The evils of the closed shop need correction. Finally, and most important of all, the destructive, brutal, primitive, if not moronic method of the strike and the lockout constitute a menacing obstacle to the future growth and prosperity of this country.

There is neither the time nor is this the place for a discussion of the merits of these imperatives. It must be clear to those who will think that they stand in the way of economic progress. It is even improbable that the national economic well-being for which we all hope can be achieved if these legislative evils are continued.

There are, however, other conditions that favor the achievement of post-war prosperity. First among these is the likelihood that the free enterprise system will be given a fairly free and open field in which to begin its work. In recent years the people of this country have learned and are still learning a great deal about the conditions of living under the various system of totalitarianism. What they have learned has made most of them rather glad to continue to live under the American system of free enterprise. For the present, at least, the voices of the proponents of state socialism, fascism and communism are not very loud. American private business has made a brilliant war record excelling that of every other system and country. With the utmost good-will and even gratitude American citizens are eager to give private business a chance to show what it can do for the post-war period. This is a psychological advantage that is highly important. I know that most of you will agree that the cessation of propaganda for totalitarianism may be but temporary. The advocates of national planning, central ownership and control in one form or another will return again. In the meantime, private business can enjoy this temporary relief from sniping and attack while busy in laying the foundations of post-war prosperity.

There are certain other material conditions which, if properly utilized, will, likewise, help the free enterprise system. **There will be surplus consumer savings of about $100 billions** available for post-war use by the end of this year. This is an enormous backlog. This should help to stabilize sales even if the period of reconversion should unavoidably bring on considerable unemployment.

In recent weeks some observers have suggested that an uncertainty of economic outlook and a prospect of widespread unemployment may retard or even prevent the use of these savings for the normal purchase of goods. To this the reply may be made that people have always used such savings for necessary expenditures in the past and there is nothing to indicate that human nature has greatly changed. There are, however, special reasons for believing that these savings and accompanying current incomes are likely to be ready for the fullest use as soon as the repressions of the war effort are withdrawn.

More than 5,000,000 marriages have taken place since Pearl Harbor. There have been no comparable increases either in the construction of housing units nor in the supplies of home appliances and furnishings. It is reasonable to suppose that a very large proportion of these married couples will start making direct efforts, even if there is some unemployment, to establish homes and households of their own.

There have been about 12,000,000 children born in this country since 1940, of which at least 2,000,000 are in excess of the normal birth rates in pre-war years. You can be sure that the parents of these children will use their savings and make their best special efforts to provide the ordinary necessities for these children as soon as the war regulations are lifted.

Then there is an abnormal need for replacements of all kinds. Beyond the housing and home furnishings needs for new families, there are millions of old homes that must be rebuilt, repaired, remodeled and modernized. Is there anyone who doubts that the demand for automobiles, tires and other automotive equipment is certain to be unprecedented? The wants for radios, refrigerators and other household appliances are currently held in check like tightened steel springs waiting for post-war release. Some companies are already doing a sizable business in offering deliveries of these goods as, if and when they are available. Customers are actually making down payments for priority deliveries after the war.

Factors contributing to obsolescence in consumer goods. There is also the prospect that the discoveries of numerous new materials and processes coupled with the application of new and more attractive, artistic design, will render much of present consumer goods and equipment obsolescent. Houses must be repainted and refurnished inside and out. Apparel will appear in new styles making wartime necessities seem ridiculous. There will be new foods and beverages as well as plenty of many other items now rationed or unavailable. As a result people will be in the mood to buy.

There is an enormous need for rebuilding and refurnishing factories. The potentials of demand are not, of course, confined to consumer goods. There will be a post-war demand for capital goods of every possible description. Many factories built in recent years to produce war goods are undoubtedly up-to-date. Some of them are described as models of efficiency. Certainly this not true of the great majority of plants producing consumer goods. In many cases such factories are out-of-date and even in advanced stages of dilapidation. They cry out for new equipment as soon as it becomes available. Millions of dollars will be required to bring these industries up-to-date.

The farms of this country will require extensive renewals as well as great quantities of new goods. It is true that the farmers and their families, with such little hired help as they have been able to get, have made a marvelous record of war food production, but with enormous costs to their farms. Farm plant and equipment, the country over, is largely worn out. Soils have been depleted. Fences are in disrepair. Barn and house roofs are leaking. Extensive repairs are needed and enormous quantities of paint will be required to cover the hungry weathered walls. New farm equipment of all kinds is needed. Not the least of the wants of the people who live on farms is for new clothing; yes, for Sunday suits and dresses, to take the place of work-clothing now very generally worn by farm people seven days a week all year around. There is likewise widespread need in the farm homes of the country for new home furnishings, household equipment and appliances, the demands for which have had to be shelved for the period of the war. Farmers will want many things after the war. They will have the money to pay for them. They will be entitled to them. The farm market will be a big one.

Consider the requirements of the retail stores of this country. Scarcely a new store has been built since 1941. Not even necessary repairs have been made in recent years. If there is now a retail store in this country that does not need considerable reconstruction and modernization to improve its sales efficiency, I have not seen it, nor have I heard of it. There exists a tremendous potential demand for new buildings, new fronts, new floors, new layouts, new fixtures, air conditioning, refrigeration and other kinds of equipment. When the war is over, when materials and labor become available, we are likely to see the most extensive program of retail store construction and modernization that this country has ever known. There is no danger that there will be no such demand. The real danger is that there will be a run-away demand and that it may be over-done.

What is true of retailing is probably equally true of wholesaling, warehousing, transportation and other institutions responsible for the distribution of goods. The plants and equipment of all of these institutions need extensive rebuilding, remodeling and modernization. It is difficult to overestimate the immensity of this program. So much for the conditions favorable to an expanded post-war demand. Once established the next problem will be to maintain it.

Changes in the Channels of Distribution. Many people are wondering whether the post-war period may bring any startling changes in the distribution of goods. So far as I can see there are not likely to be any revolutions either in the channels or methods of distribution.

The wholesaler-independent system, which has made extensive and remarkable gains during recent years is likely to hold its own and should continue to parallel the growth of future distribution of goods. In spite of the rise of chains, mail order houses and department stores during the past generation, the independent retail store business is represented today by more retail stores and enjoys a greater volume of business than it ever had before.

Changes may certainly be expected within the various channels of distribution. **Retailers' cooperatives, group buying and voluntary chains** are likely to have additional growth and, more particularly, to get down to more effective and systematic methods of doing business. Wholesaling is destined to further streamlining. More extensive development in **cooperative marketing in the producer and processing field seem inevitable.**

Since 1929 there has been a rather rapid development of the system of manufacturers' branch distribution. Such branches have to some extent displaced wholesalers. In a few instances such branch systems have been extended to displace the traditional or customary retail channels. We have probably not seen the end of this movement. It seems likely that a considerable number of manufacturing concerns, particularly those now in the war industries, concerns that are new and have no established relationships with distributors or retailers, and others whose relationships have been sharply broken off, may attempt distribution through owned branches. Expansion in this way will for a time at least be easy to finance from war earned reserves and newly expanded credit. That this method of distribution may prove more economical than the wholesaler-independent or chain store systems of distribution, or that it may be the means of greater efficiencies over any present form of distribution, have yet to proved. My guess is that experiments in manufacturers' branches and branch systems of distribution may in the long run make but little change in the present patterns of distribution.

Department stores are likely to held their own with other important retail channels of trade in the future growth of the American economy, subject only to the shifts in population in our metropolitan cities.

Variety stores are, I believe, certain to enjoy considerable expansion, but may follow the pattern of growth shown for these stores in the past; namely, not to grow as fast in a boom period, but, on the other hand, not to decline as fast or as far in a depression.

Supermarkets in the food field and roadside retail establishments of various kinds seem destined to expand considerably before they reach their leveling off periods and the beginnings of diminishing returns. Certainly the trend away from small specialty food stores towards general food stores which has been under way for several years may still continue.

There may be question, however, whether **self-service** which has expanded so enormously under the necessities of war will continue at the same high levels. The outlook for retail self-service is to a considerable extent dependent upon what retail labor costs are going to be. If excessive, self-service will remain at widespread high levels and may even see greater growth.

House to house selling will probably continue in the post-war period much as it was carried on in the pre-war period as an important form of distribution for certain specialties characterized by novelty, demonstration quality and relatively high margins to cover the necessary costs of direct to consumer selling.

Consumer credit, now drastically limited by Regulation W, will need liberalization. There will be the need in the future, as there has been in the past, for sound credit practices. The restrictions fixed by Regulation W are, however, so inflexible and so unsuited to normal consumer requirements and to business development that if left as they are at present they will prove a serious handicap. Too much emphasis has been placed upon over-extension of consumer credits as a cause of inflation. Not enough consideration has been given to the part played by legitimate consumer credits in the growth of our national economy. It may be presumed that the demands of our economy following the end of the war will include a considerable extension of consumer credit beyond present limits.

Auto, tire and automotive equipment stores are, for reasons that are obvious, due to enjoy an enormous post-war boom. We shall also probably soon see airplane agencies and stores serving the consuming public just as the automobile agencies served the consuming public back in the first and second decades of the present century.

Furniture, appliance, hardware and other durable goods dealers face the largest demands for their goods that they have ever seen. There will be not only the market for furnishing new homes, but also the extensive market for modern appliances for old homes as well. The sales opportunities in these fields seem almost boundless.

Restaurants may slump temporarily after the war industries come to an end, after the women war workers go back home and rationing is ended. In the long run, however, restaurants and the service of ready-prepared food on the premises are likely to expand indefinitely.

Consumer cooperatives which for more than 100 years have been at the bottom in importance on the list of American distributive institutions, have recently shown some very active signs of progress. Since the late 1930's up to the entry of this country into the war, they enjoyed the prenomenal growth of more than doubling their sales. Consumers' cooperation is to some extent favored by economic adversity. If prosperity can be achieved in the post-war period, it seems unlikely that consumers' cooperatives will show any gains in excess of other channels of trade. If, on the other hand, there is a slump with widespread unemployment, consumers' cooperatives are likely to spread rapidly.

The chief concern of the other and more usual channels of distribution affecting consumers' cooperatives is the threat that they may be granted preferential treatment in legislation or taxation. Except for this, and so long as the other channels of retail distribution serve their publics effectively and economically, there is really very little reason for the growth of consumer cooperatives beyond the opportunities afforded by such organizations to its members to agitate for a cause, to join something, to belong on committees and to strive for election to something and for leadership. I do not discount the importance of these fundamental functions of the consumers' cooperatives, but in the absence of substantial economic gains, it is unlikely that there may be enough people who want to agitate, to join, to belong to, or to support consumers' cooperatives to make them formidable rivals of other channels of distribution.

Many changes in products, packaging and services are undoubtedly on the way to post-war markets. The pre-packaging of fresh fruits, frozen and dehydrated goods is already well-established. It seems probable that consumers will be offered a much wider variety of fresh fruits and vegetables from all parts of the world, some transported by plane. Prepackaging of fresh meats will depend upon whether the consent of the labor barons in the butchers' unions can be obtained.

Advertising, both national and local, by newspaper, radio and other media, are certain to grow increasingly important. The old controversies between national and private brands are due to be revived again. Apparently the national brands have stood the test of war conditions better than most private brands, and a proper cultivation of the present advantages and prestige of the national brands may help to heal some of the old wounds of battle between national advertisers and the large distributors.

Market research, already well established in some companies and utilized as a matter of course, is certain to be applied even more extensively, not only in determining what consumers will buy, how much they will be willing to pay, in what quantities and in what kinds of packages they will prefer to buy, and where they will buy, but also as to the best methods of capturing their attention and in holding their repeat trade. The wasteful hit-or-miss methods of marketing goods followed in the past will certainly give way to methods and procedures whose effectiveness and results have been predetermined.

Other important but general changes in consumer demand may be safely forecast. Most consumers will want better quality goods than have been available under war conditions. Wartime victory models and make-shift substitutes will be a drug on the market as soon as newer and better goods are available.

Consumers will want and expect more variation and greater ranges of qualities, colors, sizes and prices than have been available in the past. There are probably few if any American citizens who are not tired of regimentation of product as well as of methods of distribution. Business institutions and consumers will vie with each other in their efforts to get away from such regulations as fast and as far as possible.

There is, of course, some danger that the wants of consumers may outrun the capacities of producers and distributors to supply them with post-war goods. There is a considerable danger that distributors in general and retailers in particular may not be adequately prepared to take care of the driving, moving demand of consumers when the war economy ends. The need for speed in making ready for the post-war market is evidend. There is, of course, the more than equal danger of moving faster than the consuming public is ready for it. Being the first in any movement may satisfy a personal pride, but being the first is rarely the sure way to a profit.

Importance of training. From what I have so far presented you will see that business and particularly distribution has an enormous opportunity as well as a great responsibility before it. That the performance of this responsibility will be difficult is certain. That it can be performed and that the responsibility will be discharged I have not the slightest doubt provided the owners, the executives and the employees of business will do the things that they should do with the same singleness of purpose in winning peacetime prosperity for themselves and their communities as shown in providing the production necessary for the winning of the war.

Most important of all aids to the reestablishment and maintenance of national prosperity is organized, systematic, thorough education and training. There is the need to think of development through training for all classes and grades of workers from the operating heads to the most routine workers of business.

The war has given us all a new idea of the value of training. Men in the military service are trained for every task and every emergency. Lack of such training would be fatal, not only for our men but for our nation. We must not allow the lesson of training taught by the military to go unheeded. We must similarly train for the task that lies ahead of us. There is, as we have seen a bigger job to be done than ever before. To do this job all workers must be trained. There must be training at every stage. There must be pre-induction training, training on the job, training for new jobs and training for advancement. If workers are to be highly efficient they must, like soldiers, keep in training all of the time. I am convinced that any plans made for the post-war period which require execution by officers or employees must include comprehensive, competent provisions for training. Without such provisions the plans will fail. Our training program, like our business program, must go far beyond anything attempted in the past.

What of the future of the costs of marketing? Many careful observers hold the opinion that wage levels established during the war will be maintained or but little reduced in the post-war period. Penalty, or time and a half, wage rates will, of course, be eliminated. A number of inequalities which have crept into the wage structure of the country during the war will have to be corrected. War workers, for example, are for the most part receiving wage rates considerably in excess of similar classes of workers in civilian industries. Some reductions may perhaps be expected in the wage rates on passing from war industries to peace industries. Other wage rates, however, particularly in the distributive trades and occupations, are more likely to rise to equalize the earnings of industrial workers.

It is to be expected and likewise to be hoped that an increasing number of workers in both industries and trades may be paid

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The Branch Banking Controversy

(Continued fro mpage 1801)

port of the F. D. I. C. (page 35), 'At the close of 1935, there were 18,448 banking offices in operation in the United States and possessions.' While it might be argued that the percentage of reduction of branch banks in Canada since 1920 has been smaller than the reduction of the number of banking offices in the United States, it must be remembered that many of the so-called banks in the United States which closed their doors in the trying years before 1933 were banks in name only—being in reality real-estate offices. The Canadian experience is valuable, since it proves conclusively that when it no longer pays to operate a branch bank it is closed, thereby denying banking facilities to the community concerned. This practice is contradictory to one of the basic arguments for branch banking. In various parts of the United States today affiliated banks and branches that do not pay are being transferred, closed, or sold to citizens in the communities in which they are located. The conclusion is inevitable."

In a study, "Banking Facilities for Bankless Towns," (1941), S. D. Southworth and John M. Chapman state on page 63:

"The branch banks in California undoubtedly serve to lessen the amount of banklessness that might otherwise exist, but the fact that many of the branches outside the head office city are located in other cities where there are other branches and banks means that the number of towns redeemed from banklessness by these branches is *much less than might be supposed* (italics are mine) . . . From the experience in Maryland and Louisiana, it is clear that a mere permission to establish branch banks is no guarantee that banklessness will not exist."

Obviously, therefore, no branch bank will be organized or operated in a community if it must be done at a loss. The argument that there will not be bankless towns under branch banking is contrary to the facts and, therefore, without merit, although it has won many advocates to the cause of branch banking. Not much hope in that for the small business man!

(3) According to its advocates, branch banking would "increase the liquidity of the financial resources" of the country by making it possible to transfer funds between sections of the country. Not only could the idle funds of one community be transferred to meet the financial needs of another community, but, it is claimed, branch banking would enable banks to take advantage rapidly of any shift of population or business centers. It should be pointed out that funds can be transferred now between any sections of the country by means of the Federal Reserve banks, inexpensively and without delay. Furthermore, an independent unit bank with idle funds can invest it in many ways outside of its immediate community in commercial paper, bonds, etc. It is certainly not encouraging to the small business man on Main Street to know that an "absentee" board of directors of a parent bank may without notice and without consultation, decide that its funds can be more profitably invested elsewhere and transfer them accordingly, leaving him without the financial resources that mean life or death to his—in the opinion of the absentee directors—unimportant business.

(4) It is argued that, should it become unprofitable to continue the operation of a branch in a community, it could be closed without loss to any depositor. Such depositors, however, would be without a bank. Furthermore, under the F. D. I. C. depositors in a unit bank are now protected up to $5,000 each against loss should such a bank go out of business for any cause.

This argument is contrary, however, to the whole philosophy of branch banking, since it is implied that branch banks will be located in communities where it is unprofitable for a unit bank to function and that certainly a community would not be deprived of a branch bank even if it should be operating at a loss.

(5) The arguments that a system of branch banking can accommodate the legitimate borrowing needs of any customer is of little importance today. Even in the South, unit banks have been able to increase their resources in a most satisfactory manner. Southern industry can now look to Southern unit banks for the funds they need. Unit banks are eager to care for the legitimate financial needs of American businesses, large or small.

(6) The argument of the branch banker that an officer of a unit bank may be forced to make a loan against his better judgment because of the pressure brought to bear by friends, politicians, and others, is based upon the erroneous assumption that unit banks are manned by an untrained and unsatisfactory personnel. Experience has proved in the past twenty years that officers of branch banking systems are not as skilled in interpreting financial statements and in making safe loans as some persons have assumed. Many so-called secondary reserves proved to be a tragic mistake. Furthermore, the almost constantly changing personnel in a branch banking system is a definite handicap to patrons. A branch manager may be there one year and gone the next, and therefore, cannot come intimately in touch with the bank's patrons or with local business conditions.

(7) The basic argument in favor of branch banking is that it doesn't put "all its eggs in one basket." Diversification is possible; hence branch banking is safer and sounder. The author threw considerable light on this argument in his address in New York when he stated:

"The small, independent unit banker knew from experience that the prosperity of the twenties was an illusion long before the crash came in 1929. Furthermore, he was fighting the battle alone, for there was no Reconstruction Finance Corporation to save him during those twelve bitter post-war years prior to 1932—there was no agency to lend him ninety million dollars as in the case of one banking system, or a hundred and twenty-five million dollars as in the case of another banking system, or whatever amount he needed to keep his doors open, when his assets became frozen. The Comptroller of the Currency did not race to his rescue. . . .

"No system of banking can be better than the individual unit upon which it is based. It is for this reason that the unit banker is strongly opposed to the development of branch banking in this country. He is convinced that such a banking system will not make weak banks strong nor provide better security for depositors. For safety is primarily found in sagacity and integrity of management, which account for the fact that, despite the banking troubles of the preceding decade, there were thousands of small country banks more solid and safe when the depression was at its worst than some of the large city banks whose assets were enormous. The same is also true today.

"Branch and chain banking in the United States may be credited with the greatest failures in our banking history since 1865. An editorial in the April 15, 1933, issue of the "*American Banker*" stated: 'The bitter truth revealed by a survey of the branch banks which have failed to receive licenses to reopen is that there are at least 19, controlling at least 494 branches, or 17% of the 2,800 branch offices in the country. The record must be faced. It should dispose forever of the propaganda that branch banks are any better under similar laws than unit banks, and moreover, it should be clear that an ambitious, u n s o u n d branch banker can precipitate a national scandal and bank collapse, as resulted from the Michigan situation, such as not a thousand unit bank failures could cause.'

"It was the financial condition of the two big chain banking systems in Detroit that precipitated the banking crisis in Michigan—viz.: the First National Bank with 174 branches and the Guardian National Bank of Commerce with 58 offices.

"In Ohio the crisis was due to the financial condition of the Guardian Trust Co. of Cleveland with 19 branches and the Union Trust Co. of Cleveland with 22 branches. In Maryland the financial difficulties of the Baltimore Trust Co. with 19 branches, and the Union Trust Co. with 18 branches, and in Louisiana the financial condition of the Canal Bank and Trust Co. of New Orleans with 20 branches and the Hibernia Bank & Trust Co., also of New Orleans, with nine branches, forced State-wide banking holidays. Add to these the failures of the $200,000,000 Bank of United States in New York, the $23,000,000 Peoples State Bank of South Carolina with 44 branches, the $19,000,000 North Carolina Bank & Trust Co. with 15 branches, and we get a picture that is not pleasant to behold, even though we omit a detailed enumeration of the other branch and chain banking systems that broke down in the recent depression. These facts refute the claim that branch banking will cause a cessation of bank failures.

"Instead we have witnessed unscrupulous financial manipulations, stock watered to the nth degree, losses to stockholders and to depositors—a sorry story of financial mismanagement such as would not be tolerated or such as could not be possible in the organization and operation of unit banks. It must be stated also that many independent unit banks were forced to close their doors because of the collapse of large city banks in which they had deposits.

"Only banks not members of the Federal Reserve System are examined by the F. D. I. C. and data regarding the proportion of bank assets which are worthless or doubtful have been compiled only for these banks. The annual report of the F. D. I. C. for 1935 (page 41) reveals the startling fact that for non-member banks the ratio of estimated losses and doubtful items to total book value of assets increases with the size of the banks. The average of these estimated losses in 1935 was 4.1%; for banks with deposits from $100,000 to $500,000 the average was 2.35%; for banks with deposits from $500,000 to $1,000,000 the average was 2.7%; but for banks with $1,000,000 to $50,000,000 in deposits, the average of estimated losses to total assets was more than 4.8%. This report of the F. D. I. C. (page 41) states: 'Large banks appear to have larger proportions of worthless and doubtful assets than do small banks.'"

The reply of the branch banker to this very unfavorable record is that his area of operation is not large enough. He wants authority to establish branches not only within a given State but anywhere within a given Federal Reserve district. However, since very little diversification can be secured in several of the Federal Reserve districts, his next logical plea will be for branch banking on a nation-wide basis. In no other way can he attempt to prove the merits of his case. Thus he is forced to create the financial "octopus" he knows the American people will never permit or tolerate. At the same time he would be setting up an organization that is incompatible with the Federal Reserve System. Furthermore, it would be an organization that would make it easy for some political demagogue to destroy our system of free private enterprise by nationalizing the resulting "banking monopolies" and financial "octopuses." It is a price the American people cannot afford to pay.

The Government has already entered the field of banking on a competitive basis in too many ways. Many of these public financial agencies can and should be liquidated if we are going to avoid a collectivist economy. The system of free private enterprise can be adequately financed under proper Government supervision through the resources of our independent unit banks. Until the financing of the war absorbed some of their funds, their vaults were bulging with surplus deposits.

Just as our railroads are being taxed heavily to secure funds with which the Government subsidizes their competitors, so our unit banks are being subjected to taxes that are taking an ever-increasing portion of their income, which is used to subsidize competition that takes their business away from them on an unprofitable basis.

If Government competition destroys our railroads and unit banks, then I repeat—because it is so fundamental—our system of free private enterprise is doomed. It is for this reason that we should avoid any movement that may facilitate such a calamity. Hence let us strengthen our independent unit banks rather than follow a jack-o-lantern labeled "branch banking."

Chain and group banking have developed in some parts of the country, primarily as a means of evading legal restrictions against branch banking. It has been described as branch banking's "fifth column." "Both go hand in hand." Hence, the objections to chain and group banking are many times more serious than those against branch banking, since it can be an indirect means of setting up a financial "octopus" and securing a banking monopoly before the public is aware of its danger.

In view of the impressive growth of chain and group banking since 1929, the F. D. I. C. stated in its annual report for 1938:

"*Holding Company Banking.* The Annual Report of the Corporation for the year ending Dec. 31, 1937, pointed out that by use of holding companies a single interest can operate offices in many different States and can operate a large number of offices or banks within any State regardless of existing restrictions on branch banking. Attention was also called to the effect of holding company banking upon bank practices.

"'The holding company device facilitates self-dealing and concentration of lines of credit to related interests beyond the limits contemplated by law. The

Pensions And Social Security

Babson Discusses Effects On Investments

BABSON PARK, MASS.—Many businessmen and investors are becoming frightened at the thought of the huge pensions, etc. with which the nation will be burdened after the War. In fact, Harry L. Hopkins, the President's closest advisor, in the current issue of "American Magazine" calls also for more benefits and bonuses. Instead of suggesting a general tax reduction, he demands lifting all taxes from those in the lower brackets and increasing minimum wages to 50 cents an hour. Certainly, this will not encourage businessmen to enter new ventures and employ more people.

Roger W. Babson

Hedging Against Higher Wages

When the price controls and the excess profits taxes are removed, most businessmen can pass on a good portion of their taxes. This, however, cannot be done by those who have retired from active business except through a most careful selection of investments. What are the investments by which investors can compensate for these Federal expenditures for pensions, Social Security, relief, etc.? I believe that one answer lies with putting one's money into good merchandising stocks.

You see that people who are to get veterans or old-age pensions and, in fact, Social Security, will not save the money; but will immediately spend it at the food, variety and chain stores in the neighborhood. Hence, one way for investors to protect themselves is to own stocks in these stores. Instead of fighting pensions, benefits, Hopkins' minimum wages or Hillman's labor union rates, it may be safer in the end to let the politicians give this money to the people and then collect it back again through the stores at which they trade.

Buy Merchandising Stocks

But there are other reasons for buying good chain store stocks besides those above given. Consider the following:

1. Very few of these merchandising chains have bonds outstanding and a number have no preferred stock. I like best common stocks which are not preceded by either bonds or preferreds.

2. Many of the chain store stocks are selling for not more than their book values. If we are headed for further New Deal interference with business, book values are an important factor to consider.

3. Most of the chains rent their stores and, hence, are not tied down, like a manufacturing company or a large department store, to one spot. They can move when, as and if desirable.

4. These chains have a fairly low labor cost; but any wage increases will apply also to competitors. Hence, the labor expense is not an important factor.

5. A good merchandiser can liquidate quickly if necessary. Some of these merchandising companies might well be compared with a good bank or fire insurance company — as far as their assets are concerned.

6. If some State enacts taxes which are too severe, a chain can quickly move out of that State as leases become cancelable. I know of certain cases where they have started to move and the Legislature has repealed the taxes.

7. Merchandiers pass along Federal taxes by adding them to the price of goods. If there is not a profit in carrying certain merchandise, the stores will not carry such merchandise. In fact, I believe that most taxes are ultimately paid by those manufacturers or wage workers who are tied down to one locality, not by the storekeepers.

8. Various new inventions, processes and products are coming on the market after World War II. This will be beneficial to many industrial concerns, but will be harmful to many others. This is a problem, however, which the merchant need not consider. He is in a position to sell whatever the public wants, whether old or new, and by whomever it is manufactured.

9. The merchandising stocks yield well and most of them are listed. The chains cover large areas and many States. Hence, they give an important geographical diversification.

10. Merchandising stocks should not be harmed by inflation. Of course, in a bull market everything goes up, while in a bear market everything goes down; but after World War II we may not necessarily have either a bull or a bear market, but rather a selective market.

What Stocks to Buy

Don't write me to make selections for you. Here is a simple rule to follow: Make a list of the chains operating in or near the busiest corner of your city. Take the list to your banker and have him check those whose stocks are listed on the Big Board in New York City. Then visit and compare these stores yourself. Buy the stock of the store which you think to be the best operated. I think all will be in excellent financial condition. If you believe that two or three are equally well-operated, then divide your money among all of these. Diversification never harmed anyone.

development of large banking organizations extending over many States and possibly over the entire nation involves a concentration of risk through the hazard of failure of important groups. Difficulties of examination and supervision multiply with the growth of banking organizations controlled by single interests.

"The Corporation recommends legislation which will prevent further expansion of holding companies in the field of banking."

The author not only agrees with this but believes such legislation must be enacted without delay.

In view of the facts set forth in this discussion, it is difficult to see any justification for branch, chain, or group banking beyond the county in which the parent bank is located, or within a limited trading area.

Although improvement and progress are always in order in a dynamic society, it is equally important that we deal in realities and that we properly evaluate what is "progressive." Our independent, unit banks, functioning under our dual system of control, constitute the first line of defense of our democratic, American institutions. They are of vital importance to every business man on America's Main Street. The economic stability of our country —the welfare of our people—demand their preservation.

The confidence of our small business men in our independent, unit banks is evident from the fact that they do not fear their inability to borrow money after V-Day. In a report by the New York "Sun" of Aug. 3, 1944, their first five fears are listed as follows: "First place was held by fear of post-war bureaucracy and regimentation; second was inability to retain sufficient earnings to remain in business. A fear of economic dictatorship was third and concern over governmentally subsidized competition was fourth. The fifth fear was of politics remaining in business."

Obviously, our small business men are awake to their real problems and dangers. Our small business men—our independent, unit banks — both still venturesome pioneers — if protected from the dangers that can destroy them.

Attractive Situation

The common stock of Merchants Distilling Corporation offers interesting possibilities according to a memorandum prepared by A. A. Bennett & Co., Inc., 105 South La Salle Street, Chicago, Ill. Copies of this memorandum discussing the present situation and outlook may be had from the firm upon request.

W. L. Lyons & Co. To Admit F. P. Kemp

LOUISVILLE, KY. — F. Pennington Kemp will be admitted to partnership in W. L. Lyons & Co., 235 South Fifth Street, members of the New York Stock Exchange and other leading exchanges, on Nov. 1. Mr. Kemp in the past was a partner in the firm.

William L. Lyons, Jr., general and limited partner in the firm, will cease to be a limited partner effective Nov. 1, on which date Lewis G. Kaye will retire from limited partnership.

SEC, Mining Men To Confer In November

HELENA, MONT. — A conference of the Securities and Exchange Commission, western metal mining men, securities underwriters, and the investment commissioners of the 48 states has been called by Governor Sam C. Ford of Montana. The conference, which will take place at the Finlen Hotel, Butte, Montana, on Nov. 10 and 11, will be confined entirely to small mine financing.

Governor Ford is acting in conjunction with the governors of the 11 western states and South Dakota to carry out one of the mine financing recommendations unanimously adopted by the recent Western Governors' Mining Conference held at San Francisco.

The two new mine financing forms, which the SEC has recently released for approval of the mining interests, will also be discussed at the Butte conference.

Forming Scheffmeyer & Co.

J. Eldridge Scheffmeyer, member of the New York Stock Exchange, and John E. Scheffmeyer will form the partnership of Scheffmeyer & Co., with office at 26 Broadway, New York City, as of Nov. 3. Mr. J. Eldridge Scheffmeyer has recently been active as an individual floor broker; prior thereto he was a partner in Pollard & Co.

War Finance Discussion Planned For Annual Meeting Of IBA At Chicago

A war finance discussion will figure in the 33rd annual meeting and War Finance Conference of the Investment Bankers Association of America which will be held at the Edgewater Beach Hotel, Chicago, on Nov. 26, 27, 28 and 29. In the discussion Ted R. Gamble, National Director of the War Finance Division, Treasury Department, will participate. Addresses by Alfred P. Sloan Jr., Chairman of the General Motors Corp., and by the Earl of Halifax, British Ambassador to the United States, are also scheduled, and besides the annual address by President John Clifford Folger, there will also be an address by a prominent speaker to be announced later. As was indicated in our issue of June 22, page 2581, Mr. Folger, who is head of Folger, Nolan & Co., Washington, D. C., has been nominated for reelection to the presidency.

The program of the convention as now outlined follows:

Sunday, Nov. 26—9 a. m., train arrivals; registration of delegates; 12:30 p. m., luncheon, Marine dining room; 6:45 p. m., get-together reception, West Lounge; 8 p. m., dinner, Marine dining room.

Monday, Nov. 27—10:30 a. m., committee meetings; 12:30 p. m., luncheon, Marine dining room; committee meetings; 2:30 p. m., first session of the meeting, East Lounge; address by President John Clifford Folger; certain committee reports; 6:45 p. m., get-together reception; West Lounge; 8 p. m., dinner dance, Marine dining room.

Tuesday, Nov. 28—10:30 a. m., second session of the meeting, East Lounge; meeting of the board of governors (open session); 12:30 p. m., luncheon, Marine dining room; address by a prominent speaker to be announced later; 2:30 p. m., third session of the meeting, East Lounge; certain committee reports; war finance discussion, Ted R. Gamble, National Director, War Finance Division, United States Treasury, will participate; 6:45 p. m., get-together reception, West Lounge; 8 p. m., dinner, ball room; address by Alfred P. Sloan Jr., Chairman General Motors Corp.; address by The Earl of Halifax, British Ambassador to the United States of America.

Wednesday, Nov. 29—10:30 a. m., fourth session of the meeting, East Lounge; certain committee reports; election of officers for 1944-45; induction into office of governors-elect; remarks by John Clifford Folger as incoming president; adjournment.

The announcement states that all reservations for rooms at the convention must be made through the Association, the headquarters of which are 33 So. Clark St., Chicago.

To Form Iseman & Co.

Harold M. Iseman, member of the New York Stock Exchange, Alfred Bruno Wolfe, and John W. Schulz, will form Iseman & Co. as of Nov. 3. Mr. Iseman has been acting as an individual floor broker.

Coming Changes In Distribution

(Continued from page 1811)

for work done and in accordance with the amount of work accomplished rather than for time. Incentive remuneration should result in greater production, greater take-home wages and at the same time no increase in unit costs.

Among the expenses in the distribution of goods the cost of wages comes first. If there are to be wage increases in the distributive trades such as suggested here, it seems inevitable that the costs of distribution will rise.

Under the free enterprise system management may never risk a departure from the effort to produce and to sell goods at lower and lower prices. It is well within probability that through the use of new materials and improved methods of processing, the costs of production may in many cases be reduced. There may also be some instances in which the costs of marketing may likewise be lowered. It seems inevitable, however, that overall costs of marketing will increase. People who do not understand may complain about these higher costs of marketing. It is a matter of common sense that a system of distribution that builds up national income and accompanying prosperity, even though the costs of marketing do increase, is much to be preferred to a low cost but inadequate system of distribution. If the various factors of distribution discharge their responsibilities effectively and so help to reestablish national prosperity we should not for the present at least be too greatly concerned about higher costs of marketing.

In conclusion, it is my conviction that through the free enterprise system post-war prosperity can be attained and maintained. I do not, however, wish to minimize the difficulties. That these difficulties can be overcome I have no doubt, but whether or not they will be overcome will depend upon the extent to which the American business public, including its managers and its employees, bend their good-will and their best efforts to the job ahead. The alternatives to a successful achievement are very dark indeed. I am bound to believe that there can be no half-way solutions. I believe that the free enterprise system must succeed affirmatively, brilliantly and continuously, or that it must give way to something else. I shall not attempt to describe, but will rather leave to your imagination, what the alternatives may be. What the outcome will be rests with business and, more particularly, with those engaged in the distribution of goods.

The free enterprise system can justify its existence and performance not only by producing abundantly, but also by distributing effectively and by paying workers proportionately to their services rendered and well. A nation's prosperity is made up of the prosperity and good living of its individual concerns and its individual workers. National prosperity will have been achieved when each unit and each worker will have done his job.

The Securities Salesman's Corner

By JOHN DUTTON

Don't Spread Your Efforts Too Thin

One of the traps into which even the most diligent and intelligent salesman can drift, is that he sometimes gets "too many balls in the air" all at one time, and tries to keep them there. It is the diligent salesman rather than the fellow who tries to take the short cuts, that is often plagued by having too many things to do, so that he doesn't know where to start first.

You can have too many ideas, too many prospects, and too many small clients that take up too much of your time in service calls that do not pay. In fact, you can have so many things to do that you can literally knock yourself out trying to do them. When you see such a situation arising, it's time to halt and CAST ASIDE WHAT IS UNESSENTIAL.

Have you ever seen the salesman's prospect file that is just piled high with cards upon which few, if any, consistent calls are being made? Or, how about the calls that are repeatedly made upon accounts that have never been productive? Instead of casting them aside and spending valuable time on other calls that could be productive — the old cards are kept. Then there is the salesman who tries to know everything about everything — it can't be done!

The securities salesman has two things to sell — his knowledge of his business and his time. There are only so many hours in a day. Therefore it behooves anyone who wishes to be successful in the securities business to USE HIS TIME and NOT WASTE IT. When the realization that wasted effort is being expended becomes apparent then the first thing to do is — CUT OUT TIME WASTED ON ACCOUNTS, PROSPECTS AND SALES IDEAS, THAT BRING SMALL REWARDS.

Keep the small accounts but put them on the mailing list; call them occasionally on the telephone and do your business with them by mail or phone. Go after the larger accounts where your time and effort expended will bring you rewards that are commensurate with the headwork you are putting into your job. Boil your work down to two or three essential selling ideas and stick to them. If you like special situations, pick out one or two in the low-priced range; one or two in the medium-priced range and specialize in them. If you have some accounts and prospects interested primarily in purchasing securities for income, here again pick out a few good ones and specialize. Stop jumping all over the lot — you can't sell all the prospects in your territory and you can't be offering a different security every day and at the same time know what you are doing.

As far as new accounts are concerned — prospect among those individuals, institutions, trust funds, estates, etc., where the larger account can be found. Take a plan, map it out, work it, follow through and make your TIME COUNT. One hour spent discussing securities with an investor who can see and talk in round lots and substantial sums for investment is worth several days of running around in circles looking for the small odd-lot buyers. The mark-up is so small in the securities business, the way to make it pay is to put in effort where you can take out the rewards. Short cut the small business — concentrate on the larger accounts.

Expects Protracted Prosperity After 1945

(Continued from page 1797)

the German war should continue in 1945 and war production continues we would have greater surpluses to dispose of."

"What would be the effect of this decline in Government spending and its consequent decline in consumer spending?" continued Mr. O'Connell. "It is estimated," he pointed out, "that income payments to individuals will total at least $150 billion for 1944 and if Government cutbacks run as high as 50% we could look for a decline of $25 billion in the income of individuals for 1945. In other words a national income of $125 billion."

Continuing his address, Mr. O'Connell asked "what effect will that have on personal income taxes? They, of course, will show a decline as income decreases. The $23 billion personal income taxes estimated for 1944 can very well drop to $15 billion or even less in 1945.

"What effect will this have on the psychology of the people? Unemployment will likely total 4,000,000 to 5,000,000 by the end of 1945. With the discharge of men and women from the armed services and from industry the total could well be from 7,000,000 to 10,000,000 unemployed. This therefore, presents a very serious problem and one which will take the best brains of the country to bring about a satisfactory solution.

"Many distributors are counting on war-time savings to support business during reconversion. Both manufacturers and distributors seem to believe that the war worker has been storing up almost unlimited resources.

"War-time savings are large. What effect will they have upon our war-time economy? The commonly quoted figure of these savings is somewhere in the neighborhood of $120,000,000,000. Who holds the greater part of these savings? If the millions of war workers in the lower income families hold most of it they would have a tremendous backlog of buying power. As a matter of fact they do not hold it. To a very great extent the greater part of these billions is held by the same families that generally receive the greater part of savings, families with incomes of $5,000 and upwards. It is estimated that families earning $5,000 or more hold somewhere between $40,000,000,000 and $45,000,000,000; families earning between $3,000 and $5,000 hold between $8,000,000,000 and $10,000,000,000; families with less then $3,000 a year, and who represent about 75% of the entire population, probably hold $7,000,000,000 to $8,000,000,000 out of the total savings of $120,000,000,000. While these a e rough estimates, I think they are close enough for all purposes.

"What is the outlook beyond 1945? The economic trend will depend upon the liquidation of the war economy influenced, of course, by the ending of the Jap war. If the Jap war should end in six months after the German war it would result in a very sharp drop in Government spending and practically a total cancellation of war orders. If such should be the case it would cause serious disturbances coming, as it would, before industry had fully completed its reconversion program.

"If, as it is predicted, the Jap war should continue for 12 or 15 months, this would give industry a longer period to complete their physical task of reconversion and result in less unemployment."

Referring to the more distant future, Mr. O'Connell remarked that "looking beyond 1945 we should expect a rather protracted period of prosperity somewhat similar to that experienced in the twenties. The important factors leading to this prosperity period would be a great revival in building and replacement of consumers' durable goods which have not been available for two years or more. Such things as automobiles, refrigerators, washing machines, major appliances of all kinds, and home furnishings, new building and repairing of homes. Soft goods will probably show a decline, as a result of the following factors:

"Beginning of layoffs and shutting down of war plants;

"Reduction of premium pay due to elimination of overtime work;

"Psychological effect of layoffs on those still employed, who will be fearful that they too may lose their jobs;

"Desire to wait for fresher merchandise and newer items.

"Reconstruction goods for shipment to Europe will be an important factor in our post-war economy."

Problems Of The Transition

(Continued from page 1795)

trial managements. The essence of the problems of transition lies in the degree to which we succeed in doing this.

Transition Will Be Prolonged

Actually the transition is likely to be a prolonged period. Just as the transition to war took many months and was a gradual process, so the transition to peace will take a long time. The Japanese phase of the war will last many months after Germany's defeat. It may last two years. As a result it is not possible as yet to talk about the transition to the final peace as any near term development. The immediate problems of transition will be those following the European phase of the war coming during the period while we are still fighting Japan. Additional problems of transition will come after Japan's defeat, but this may not be until 1947.

Estimates of post-war national income and other economic data are frequently made without reference to these war developments. Chances are that such estimates have little value unless they are intended to apply to the post-Japanese war period. If they are so intended, their value is greatly reduced, because of the time element involved.

A Hybrid Economy

It is far more practicable to speak of the transition to the hybrid economy which will develop during the year or two following Germany's defeat. The problems that will face us during 1945 and 1946 will be those of transition to civilian production in an economy still dominated by war. In fact, the transition to a civilian economy is already under way although on a very small scale.

These transition problems depend upon the economic conditions that will prevail during that period. It is possible to paint a picture in general outline of these conditions at present, but obviously such a picture is bound to be subject to error. The picture that I have in mind is based on the following assumptions:

(1) There will be at least a 50% cut-back in the output of munitions after Germany's defeat.

(2) The Japanese war will last until the end of 1946 or longer.

(3) There will be no immediate large scale attempts to support the economy by Government intervention. The emphasis will be on encouraging and supporting free enterprise.

Economic Conditions Likely to Prevail

Under those assumptions I foresee the following conditions during the years 1945 and 1946 presuming Germany's defeat within the next few months.

(1) A gross national product no higher than $130 billion as against almost $200 billion this year.

(2) Income payments to individuals no higher than $110 billion as against nearly $160 billion now.

(3) Income from farm marketings no higher than $14 billion as against more than $20 billion now.

(4) A declining trend of commodity prices and the cost of living.

(5) Unemployment of four million persons or more.

(6) A Federal Reserve Board Index of Production averaging about 160.

(7) Government revenues substantially below Government expenditures.

I shall not discuss these estimates in detail but will make the comment that they are worked out most carefully with an upward bias if anything. They suggest a lower level of business than generally assumed and accepted by many observers. Also remember that this is while we are still fighting Japan.

Within a few months after Germany's defeat there will be a sharp slump in production to a low point of about 140 to 150 in the Federal Reserve Board Index. This many be reached about 6 months after her defeat. Following this low point production should rise as civilian industries get going and large armament expenditures continue. The Federal Reserve Board Index may reach 160 to 170, during the following eighteen months while we are still fighting Japan.

Such a level of business would be regarded as a boom against pre-war standards. A large volume of civilian business would be super-imposed upon continued expenditures for war. This combination is equivalent to a high level of normal peacetime activity accompanied by huge Government expenditures.

Future Cannot Be Judged Against Pre-War Conditions

One might think that this picture would not bring "transition problems." Such a point of view does not make allowance for the changes that have been brought by the war. It is possible only to a limited extent to think of the next few years in terms of pre-war conditions. A pre-war boom level of business might easily be considered an unsatisfactory state of affairs after the war. It may prove true that a deflation from present conditions of the magnitude suggested will not be tolerated for long without important political and social repercussions. This may be particularly so if another downward adjustment of substantial proportions will follow Japan's defeat. Such an adjustment at that time seems inevitable.

The problems that will arise should be judged against this background. Certainly the widespread publicity given to post-war prospects of a boom and full employment are substantially at variance with the picture I have drawn. If actualities will be so much less favorable than expectations, a surge of disappointment might sweep the country.

The Most Important Transition Problems

The following are the most important problems that will arise against this background. There are nine of them.

1. **The Problem of Employment**—Unemployment, even while we are still fighting Japan, will be large enough to demand action on a National scale. Serious unemployment will develop in many sections of the country on a scale beyond the ability of local and state communities to deal with it. There will be a rush to start Federal and State public works. The question of the use of Government-owned plants for purposes of creating employment will be debated hotly. We are all aware of the aids that will be given returning veterans in the form of loans, bonuses, unemployment insurance, etc. The crux of the problem however, will be in giving present war workers jobs.

2. **Maintenance of Farm Income**—There will be great surpluses of agricultural products which will have to be disposed of. At the same time a sharp reduction will be required in the output of agricultural products despite the substantial quantities that will be shipped abroad. The net result will be a sharp contraction in farm income. This problem will invite continued and enlarged Government action to stabilize agricultural prices, even at the cost of billions of dollars. Such action is likely to be successful only in part. If successful, the effect will be to maintain agricultural prices that are not competitive on the world markets. This will act as a detriment to large scale exports of agricultural products. It will force the development of two price levels—one for our domestic market and one for exports. We will in effect subsidize our export trade.

3. **Disposal of Non-Agricultural Raw Materials**—There will be large surpluses of steel, non-ferrous metals and other raw materials that will have to be disposed of. Government stock-piling on a huge scale is bound to be resorted to and price regulations and controls will continue. Both Government and industry will be in favor of combating the deflationary effect of a free market in many of these commodities. A prolonged phase of the war with Japan would make the solution of this problem less difficult. There will be a sharp division of opinion as to the best policy to follow to protect the smaller and high cost producers. Government subsidies for such producers might be attempted even though they are uneconomic and wasteful. This is in line with a policy of assisting small business.

4. **Federal Income Taxes**—There will be a great deal of discussion of revamping our tax structure and reducing taxes. It will surely be difficult to reduce corporate or individual taxes if large deficits continue. The drive to aid private enterprise, however, will stimulate strong pressure for lower corporate tax rates even in the face of large deficits. A tax structure may be evolved giving corporations tax credits for a part of new capital expenditures and for venture capital. This, however, is not likely to be done until after Japan is defeated.

5. **Price Policies**—This is a field of thorny problems. These can be divided into two major categories, opposed in character. The first will be problems of pricing of commodities in excess supply. Demands will be made for the establishment of "price floors". The second will be problems of pricing scarce commodities, particularly consumers' durable goods and building materials. The Government will impose "price ceilings" probably at the 1942 or 1941 level. It will be much easier to maintain the ceilings than it will be to maintain the floors. In fact the ceilings may be necessary in most cases only for a short time because of the rapid increases in supplies and keen competition. The floors will be hard to maintain except through subsidies. They may become permanent.

6. **The Problem of Wage Rates**—Labor will demand the continuation of present or higher wage rates. A rigid wage structure seems almost certain. Under the pressure of an increasing labor supply wage rates will probably come down moderately even though the Government will not tolerate widespread wage reductions.

Prices and wage rates are intimately related. Lower prices and inflexible wage rates accompanied by much lower volume spells only one thing — a sharp contraction in profits and many losses. This will be the case at least for a while immediately upon Germany's defeat and despite the relatively high level of business that will prevail. The Government will then be faced with an even more delicate task. Control of prices and wages leads to control of profits. This leads to such delicate questions as return on capital, profit margins at various levels of production, competitive advantages and disadvantages and in effect the whole gamut of industrial financial and distribution problems of managements. This would be a hornet's nest for any Administration and for Congress.

7. **The Disposal of Government-Owned Equipment**—Considerable thought and publicity has already been given the problem of the disposal of Government-owned equipment in private plants. While a difficult problem, chances are that it will be solved successfully within a relatively short time.

8. **Foreign Trade**—Foreign trade is becoming one of the keystones to Government policy in the future. The trend will be to attempt to stimulate foreign trade on a huge scale as a means of supporting production and employment. This will be possible only by new methods of conducting foreign trade at variance with pre-war policies. First an assurance of peace and international cooperation will be required. Second, huge loans to foreign nations, to be repaid over a period of years. The Dumbarton Oaks Conferences and the Bretton Woods Conferences give the clue of the trend. Future foreign trade in many areas will be conducted largely under the control of their respective Governments or through foreign Government agencies cooperating with private capital of foreign countries. For the United States to develop an enormous increase in foreign trade, it will be necessary to develop policies to deal with our customers abroad within this framework. Otherwise foreign trade will be much less than Lend-Lease at the present time.

These are some of the principal problems that will arise as a result of the substantial deflation in business from present levels. They are problems largely resulting from surpluses. Now I shall discuss some problems of scarcities.

Problems of Scarcities—There will be a temporary lack of sufficient capacity in some industries. The automobile industry is the outstanding example. Here the problem involves the decision as to the desirable expansion of capacity to meet a temporary highly abnormal demand. The successful solution is not readily found. The industry will be asked to provide employment on a huge scale. The small and marginal companies will greatly increase their relative standing if the large companies hold back. The pressure will be great to over-extend capacity from a long range point of view. The answer is likely to be a compromise with production higher than ever within 12 to 18 months after Germany's defeat but still insufficient to meet the demand and therefore insufficient to eliminate the necessity for voluntary or Government sponsored price controls.

There might be a problem of lack of capacity to provide electric power equipment. The growth of the utility industry suggests that the return to normal shift operations in industry may strain power facilities. If large foreign orders should be superimposed on the domestic demand, the problem of insufficient capacity to produce electric power equipment might arise. Problems of scarcities will also develop in other industries but these examples will suffice.

Other Problems of Lesser Importance—There are many other problems that could be discussed. I am purposely leaving them out for several reasons. They are on the whole less important than the ones I have discussed. Many of them are subsidiary problems flowing from the larger ones. Others will not arise until after the defeat of Japan.

We will have financial problems arising from the cashing of war savings bonds. We will have political and social problems arising from keeping large armed forces on land, sea, and in the air fighting Japan or policing Germany while we at home are enjoying a boom in civilian production. We will have strikes and social disturbances, perhaps serious in some parts of the country.

Our Problems Can Be Overcome Successfully

Some conclusions stand out. Our problems will arise largely from surpluses. Surplus of labor, surplus of capacities to produce or surplus of raw materials. Our problems of scarcities will be minor and will be largely solved within a year or two.

The problems we face will be so large and difficult that it will become virtually impossible to rely on "free enterprise" to do the job without substantial and continuing Government controls and intervention. This is not a rosy prospect for those who want "Government out of business." It is far better, however, to recognize the facts as they are and to make the best of them than it is to hide one's head in the sand. Cooperation between industry, labor and Government can be developed which will assure us a satisfactory solution of these problems. Policies can be designed both in our domestic and foreign affairs which will be of great aid in softening the deflationary trends that will descend upon us. If such cooperation and policies should materialize, we can overcome these problems. If not, we will run into stormy weather. We are faced with a crucial period ahead. Only time will tell the outcome.

Central Pacific Ry. Gives Exchange Offer

The Central Pacific Ry. Co., a subsidiary of the Southern Pacific Co., announced Oct. 23 an offer whereby holders of $50,000,000 of its $88,211,000 outstanding first refunding mortgage 4s, due in 1949, may exchange them on an even basis for newly-created first and refunding series A 4¼% bonds due in 1974. If tenders do not attain the $50,000,000 limit, the plan may be declared operative by the company on the basis of the lesser amount of exchanges.

The offer will terminate whenever the tenders attain the $50,000,000 figure, or on Nov. 15, whichever date is earlier. Kuhn, Loeb & Co. heads a nation-wide group of banks and brokers for the solicitation of exchanges under the plan, which is part of Southern Pacific's long-range program of debt reduction.

All bonds due in 1949 that are exchanged under this plan will be deposited under the new mortgage and, in addition, there will be pledged initially $8,119,500 principal amount of like bonds, most of which were acquired recently by the Central Pacific.

E. H. Rollins Offers Liberty Aircraft Stock

E. H. Rollins & Sons, Inc., and Van Alstyne, Noel & Co. head an underwriting group that offered Oct. 24 the unsubscribed portion of 80,000 shares of Liberty Aircraft Products Corp. $1.25 cumulative convertible preferred stock of $20 par value. The price is $25 a share plus accrued dividend from Oct. 1.

Owners of common stock of the company received prior rights to buy the preferred at $25 a share at the rate of one share of preferred for each 3½ shares of common held on Oct. 7. This offer expired Oct. 23.

Net proceeds from sale of the stock will be applied to repayment of a $1,000,000 loan from the Marine Midland Trust Co. made on July 24. The remainder will be added to working capital.

Each share of new preferred is convertible into two shares of common stock, subject to adjustment in the conversion rate.

Post-War Depression?

(Continued from page 1797)

during the cyclical advance and decline in business activity from 1915 to 1921:

Stock Prices (Dow-Jones Industrials)

Pre-War — 1915 low, Feb. 24: (close) 54.22.
High—Nov. 3, 1919: (close) 119.62.
Low—Aug. 24, 1921 (close) 63.90.

Rediscount Rates (Federal Reserve Banks (New York and Boston)

Pre-War—Rates prevailing, 1915-1919, 4 to 5%.
High—Jan., 1920, 6%; June, 1920, 7%.
Low—Rates prevailing, 1921-1922, 6½% to 4%.

Industrial Production: (Federal Reserve Bank Index)

Pre-War—1912-1915 yearly average: 55.
High—Feb, 1920, 82.
Low—April, 1921, 55.

Employment (Bureau of Labor Statistics)

High—March, 1920, 115.6.
Low—Feb., 1921, 81.7.

Payrolls (B. L. S.)

High—March, 1920, 125.4.
Low—July, 1921, 71.6.

Wholesale Commodity Price (B. L. S.)

Pre-War—1912-1915 yearly average: 69.
High—May, 1920, 167.2.
Low—June, 1921, 93.4.

It will be noted that stock prices, after a 120% advance from the 1915 low closing, successfully discounted danger ahead by turning downward from the high of 119.62 on Nov. 3, 1919. By May of 1920, when wholesale commodity prices turned downward, stocks were already in the lower 90's and headed downward toward a final low of 63.90 in August, 1921.

In January, 1920, the Federal Reserve Banks of both Boston and New York raised their rediscount rates abruptly from 4¾% to 6%, and a further rise to 7% followed in June. This led to drastic restrictions of credit by commercial banks which further aggravated an already bad situation.

Industrial production started downward early in 1920. The index fell from 82 in Feb., 1920, to 55 in April, 1921, a drop of 33%. Despite extremely adverse conditions, however, it did not crack its pre-war average.

Employment started tumbling from 115.6 in March, 1920, to 81.7 in Feb., 1921; and payrolls from 125.4 in March, 1920, to 71.6 in July, 1921.

Then in May, 1920, wholesale commodity prices started their fall. Note that the index had added no less than 142% to its pre-war average of 69, and registered its high in May, 1920, at 167.2. From this peak it went into a gruelling month-by-month decline to 93.4 in June, 1921, a collapse of 44%. War demand had ceased. Shortages in both consumer and capital goods were apparent, but the demand was not sufficient to support the highly inflated price levels and extended credit of the day.

The business mortality which followed was high. Manufacturers saw about 40% of their liquid inventory values fade to zero in a year. Commercial failures (Dun & Bradstreet's) in the four years, 1917-1920, averaged $183.7 million, whereas in the succeeding four years, 1921-1924, the average climbed to $583.3 million.

Falling stock prices had merely represented investors' readjusted opinions of corporate values. The advance of the rediscount rate had signalled the Reserve Banks' opinion that it was time to curb a too rapidly expanding credit structure which, in turn, was financing an inflated commodity boom. Buyers of goods had become cautious or had taken to the sidelines entirely. The start of the declines in production, employment and payrolls had come naturally enough under the circumstances.

Finally the collapse in commodities came which was the real storm-center. It is safe to say that the real cause of the whole business depression was this drastic decline in commodity prices. Similar periods of price collapse and industrial depression had taken place at the end of, or closely following the Civil War and the War of 1812.

Further diagnosis plainly points to the condition which made possible the commodity price collapse. The evil seeds of the collapse were sown in the years of the vicious jump from 69 to 167. To be sure, the action of the Reserve Banks both presaged and precipitated the downward turn in commodity prices; but if the action on the rediscount rate had not been taken, the inevitable break in prices would have been delayed, only to take a nose-dive from still higher levels and with immeasurably more tragic results.

It is easily apparent that many conditions are strikingly different today from those of World War I. In the years immediately preceding the present war, 1935-1939, the wholesale commodity index averaged 80.5. Because of the accumulated obsolescence and shortages of goods prior to this war and the colossal demands for war production, there has been more reason for commodity prices to boom upward than at the time of World War I. Actually, however, the index has risen from 80.5 to the present level of 104, or 29%. The 142% boom of the last war covered about four and one-half war and post-war years. In the present war we have already had four years of tremendous war production, but a price advance of only 29%, the unmistakable effect of price ceilings.

True, there are still many months of war ahead, with the post-war years and their special problems still later. Exactly what will happen with prices cannot be predicted, but the case has been amply proven that prices can be held down during a war economy. As to the post-war years, if jobs are to be had and large amounts to be taken in taxes, industry must prosper. Industry requires a free, or nearly free, economy to prosper. But speculative commodity price booms are by no means a necessary accessory to business prosperity, as is plainly shown in the prosperous years, 1921-1929. During this period the yearly average of the wholesale commodity index moved upward from 97.6 in 1921, to 103.5 in 1925, and then actually eased off to 95.3 in 1929. In the same period industrial production climbed almost steadily from the yearly average of 58 in 1921 to 110 in 1929.

If it is correct to conclude that the real cause of the 1920-1921 depression was the drastic collapse in commodity prices and that the seeds of the collapse were sown in the years of the preceding speculative boom, then it must follow that had the boom not occurred, the resulting collapse would not have followed.

There are many business and financial problems ahead of us to be solved, and still others may arise. It becomes plain, however, that any cause for a post-war business depression similar to the last war and stemming from a commodity price boom is simply not in the making. There has been no boom in commodity prices and, so far, there is no apparent reason to expect one. A period of some price readjustment may well occur when the present war demand is over, but industry can, and frequently does, take an orderly downward price readjustment without harm to industrial prosperity.

W. M. Brock Nominated For Pres. Of U. S. Savings And Loan League

W. Megrue Brock, Dayton, Ohio, internationally prominent leader in savings and loan activities, was placed in nomination this week for the presidency of the United States Savings and Loan League, which will elect its 1945 head at the annual meeting in Chicago, Nov. 13-15. President of the $30,000,000 Gem City Building and Loan Association of Dayton, which he has served for the past 40 years, the prospective new President of the organized thrift and home financing business in the country, is a member of the Council of the International Union of Building Societies and Savings and Loan Associations, and was a delegate to the last international congress of the business, held in Zurich, Switzerland, six years ago.

W. M. Brock

Henry P. Irr

For Vice-President of the League the Nominating Committee names Henry P. Irr, President of the Baltimore Federal Savings and Loan Association.

The Nominating Committee's report went to the 3,586 member savings and loan associations, cooperative banks and State organizations which compose the 52-year-old United States League. It points out that Mr. Brock, who has been serving as First Vice-President this year, has been active for more than a decade in the organization work for the business, and that Mr. Irr, this year's Second Vice-President, is active in post-war advisory capacities to the State government in Maryland.

Mr. Brock has been Vice-Chairman of the board of directors of the Federal Home Loan Bank of Cincinnati since 1936, and has been a member for some years of the statutory advisory group, the Federal Savings and Loan Advisory Council, having served as Chairman last year.

In the United States League he has served on the Executive Council, the Committee on Trends, the Constitution Committee, and has been Chairman of its important Committee on Economic Policies and of the Insured Institutions Committee. He was President last year of the Ohio Savings and Loan League, and had served on the principal committees of that State organization.

His civic leadership in Dayton includes the treasurership of the Wilbur and Orville Wright Memorial Commission; vice-presidency of the Dayton Community Chest; directorship of the Dayton Better Business Bureau, and chairmanship of the endowment fund of the Dayton Art Institute. He entered the employ of the Gem City Building and Loan Association as a teller in 1904 and has received successive promotions which placed him in the chief management responsibility in 1931.

Marked Growth Of Savings And Loan Associations Reported

CHICAGO—One out of every four of the savings and loan associations and cooperative banks with more than $5,000,000 in assets gained $1,000,000 or more apiece during the first half of 1944, the United States Savings and Loan League reported. Morton Bodfish, Executive Vice-President, said that 55 out of the 217 member institutions of the League in this group made gains of this size as compared with 19 for the same period the previous year. The growth reported among these institutions breaks all records of the past 15 years.

Morton Bodfish

Altogether, 200 out of the 217 increased their assets, and 30 institutions moved up into the over-$5,000,000 group during the first six months. There are now 69 member institutions of the League with more than $10,000,000 in assets and this is the longest list of these since 1930.

The most spectacular gain of all, that of the Coast Federal Savings and Loan Association, Los Angeles, was a net addition of $8,450,758. Gains of more than $4,000,000 each were chalked up by the First Federal Savings and Loan Association of Detroit, and by the Carteret Savings and Loan Association of Newark, New Jersey.

Largest institution of the savings and loan type in the country continues to be the Perpetual Building Association, Washington, D. C., which has shown a steady growth in and out of depression reaching $63,694,089 as of June 30, 1944. Holding its place as second in rank among the League's member institutions is the Old Colony Co-operative Bank, Providence, Rhode Island, which had $41,261,095 at mid-year.

Geographical distribution of the over-$5,000,000 associations and cooperative banks is the widest it has even been, Mr. Bodfish pointed out. There are institutions at least this large in 35 States. At the previous predepression high mark of savings and loan growth, the more-than-$5,000,000 institutions were located in just 31 of the States. Connecticut, Florida, Georgia, North Dakota, Tennessee and Vermont are among the States which now have institutions in this group and did not have them at the close of the 1920's.

Bright Possibilities

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

SEC Commissioners To Be At Mining Meeting

Commissioners Sumner T. Pike and Robert O'Brien, Baldwin B. Bane, Director of the Securities and Exchange Commission Corporation Finance Division; John L. Geraghty, Denver Regional Administrator, and Day Karr, Seattle Regional Administrator, will represent the Securities and Exchange Commission at the Western Governors' Mining Conference to be held in Butte, Mont., on Nov. 10 and 11.

The meeting called by Governor Sam C. Ford of Montana will discuss problems involved in financing mining enterprises.

The Business Man's Bookshelf

How We Live—Fred G. Clark and Richard Stanton Rimanoczy—D. Van Nostrand & Co., Inc., 250 Fourth Ave., New York City—cloth—$1.00.

Your Stake in Community Planning—National Committee on Housing, Inc., 512 Fifth Ave., New York 18, New York—paper.

Your Servant the Molecule—Walter S. Landis—The Macmillan Co., 60 Fifth Ave., New York, N. Y.—cloth—$2.75.

R. L. White & E. J. Platts With Clifford J. Murphy Co.

PORTLAND, MAINE — Raymond L. White and Everett J. Platts have become associated with Clifford J. Murphy Co., 443 Congress Street. Mr. White was formerly with Goldman, Sachs & Co. and prior thereto conducted his own investment business in Portland under the name of White & Co.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum on the Sept. 30th, 1944 statement of the bank, which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Compulsory Military Training In Peacetime For America?

(Continued from first page)

Catholic Prelate Opposes Program

By REV. CYRIL F. MEYER C.M., Ph.D.*

answer of those who are lining up behind the Gurney-Wadsworth Bill (H. R. 1806) and the May Bill (H. R. 3947). Both of these bills have the same objective, namely, to impose on our American boys one year of military training. The proponents of these bills urge their passage on the plea that this year of peacetime compulsory military training will keep us out of another war. If I were convinced for one minute that the only way we could keep out of a future war would be to pass this bill, I would preach from the housetops for its passage. But I am not at all sure that this is the right answer.

What makes me very doubtful are the arguments which are advanced in favor of this legislation. Some of them miss the point completely. Others touch the point, but do not appear convincing. Let's take a look at those which really do not relate to the issue. Remember, the real issue is whether or not the future safety of America depends on this year of compulsory peacetime military training. The arguments which I consider irrelevant may be reduced to these: (1) the physical fitness argument, (2) the discipline argument, (3), the use of facilities argument.

The physical fitness argument runs like this: Statistics show that about 25% of our boys were not physically fit to enter the armed services. A year of compulsory military training would correct this unfortunate condition. The argument fails to mention that many of the reasons for rejection were organic troubles that no year of military service could correct. But, aside from that, we have already in our elementary, secondary schools and colleges, facilities for physical education. Why not expand these, if necessary, and insist that especially in our high schools, the boys are taught skills which will make them good fighters later on, if they should be needed? The Government has enough to do without running a gigantic physical fitness program.

The discipline argument points with pride to the products of military training: "See how responsible the Army and Navy makes men! It gives them a stability of character which the schools were never able to do." Personally, I question the fact. The discipline of the Army is the discipline imposed by authority. If you don't do what you are supposed to do, you get a dose of K.P. or worse. There is not a great difference between the discipline of Sing Sing and that of the Army. If we hark back to the post-war period of World War I, do we find these noble products of military training edifying the rest of us by their "stability of character"? If my memory serves me well, I think that most of the boys were so delighted when the discipline of the Army was removed that they really went to town and made "whoopee." We don't want that kind of discipline. What we do want is self-discipline based on a man's appreciation of his relation to his community and springing from his willingness to make a contribution to the democracy in which he is fortunate enough to live. And it is not Uncle Sam's job to teach that kind of discipline. That is your job who are mothers. The discipline suited to a democracy starts in the home and is aided by the Church and School. If the Government is smart, it will not barge into the home where it does not belong. There are many Americans who think we have too much governmental nosiness, as it is.

The third argument professes alarm at so many buildings which will be idle after the war is over. Why let this equipment go to waste? We built camps, and schools, etc., and now they will be white elephants. My answer to all this is: "So what?" For 12 years we have been spending money like a drunken sailor, and now we are supposed to become excited about the waste of a billion or so. Why all the excitement? In this era a billion dollars is only "chicken feed." As a matter of fact, these buildings could be sold or put to some other use. I see no sense in urging military training just to use the buildings. One might just as sensibly argue that because Mr. Jones bought a crutch to help his son Jimmie who twisted his ankle in a football game, now that Jimmie's ankle is healed, he should twist his other son's ankle, so that the crutch could be used.

Putting aside these irrelevant arguments which are so much padding to create the impression that the reasons for compulsory military training are overwhelming, our main objection to this legislation pending in Congress is that it is definitely a rejection of the American tradition of a voluntary peacetime army and navy. We have always gone on the principle that "a willing worker is better than a forced worker." If we need, for purposes of national security, a larger peacetime army and navy than we had before the war, let us have them by all means. But what is the matter with expanding our present Reserve Officers Training Corps at colleges? What is wrong with making enlistment in the services attractive? What is wrong with "selling" army and navy careers to those who are interested? By what title do the proponents of this measure assume that the ONLY way to secure national safety is by this compulsory military training? Why should we reject a good method that has worked in the past, when there is absolutely no proof that it will not work in the future?

Another reason why I do not like this measure is that I believe it will create a definite military caste in this country. We shall find ourselves facing this paradox. While we seek to protect democracy from attacks from without, we shall slowly be undermining it from within. And I might ask: Against whom do we need this gigantic pool of manpower? Against Germany? Against Japan? Hardly, if we keep our threats to make sure that these countries will not be in a position to wage war for many, many years to come. Then against whom? The answer should come from the proponents of this measure, because I don't know the answer.

Before I close I would like to ask two questions of the proponents of this measure. Why is it that it is not an issue in this present campaign? We are being asked to vote for the return to Congress of many men and we should know how they stand on this matter. Are we to return them to Washington uninstructed? If we do that, then the might consider that we have given them a "mandate" to reach into our homes and take our boys for a year of military training. Why don't they declare themselves? I should like to know how Senator Wagner and Senator Meade stand on this measure.

The second question is this: Why all the hurry? There are roughly 11,000,000 Americans in the armed forces who know a lot more about real war than our Congressmen. These boys have faced hunger, exhaustion, strafing and murderous machine-gun fire. If this measure becomes law, it will affect not them, but their sons. Do they want their sons to receive this training compulsorily? At least we should have the decency to give them a chance to answer the question. They won't like it, if they come back to find that we have passed this law, just like we passed the Prohibition Amendment, when they were out of the country. There is no need at all to rush this bill through Congress. Wait until the hysteria of war has subsided, when our heads will be cooler and our judgment keener.

There is one thing we should remember. The members of Congress are sensitive to the attitude of their constituents back home. If enough people let their Congressmen know that they definitely oppose this measure, I don't think they will risk the loss of reelection by voting for it. In the last analysis, if this bill becomes a law, it will be nobody's fault but our own.

*An address made by Rev. Dr. Meyer at the luncheon of the New York Assembly of the Catholic Daughters of America, Hotel Pennsylvania, Oct. 12, 1944.

Universal Training What Kind?

By DR. HARVEY N. DAVIS*

fects on our colleges of the measures that as citizens we feel bound to accept and even to advocate.

As citizens we must, I feel, recognize the absolute necessity of universal military training for some time to come as insurance against possible disaster. I fervently hope that out of this war there will emerge some form of world organization that can enforce lasting peace. I also hope and trust that the United States will not again be afraid to play its appropriate part in such a world organization. But, nevertheless, I do not believe that the millenium is just around the corner. Institutions of this sort mature slowly. It may take a generation or several generations to forge a world organization that can be depended upon to keep the peace internationally as effectively as a local police force keeps the peace within its own bailiwick.

For Women as Well as Men

In the meantime, in these days of air-power, we may some time have to mobilize for our own defense far more quickly than we did this time. I am, then, ready to accept the necessity for some form of universal military training as a premise of this afternoon's discussion.

I am even ready to accept as a premise that "universal" means that young women as well as young men should be included, the women being traianed for such military duties as are now being performed by the Wacs, Waves, Spars, and other groups of women now serving, including the training of appropriate contingents of airplane spotters, nurses aides, canteen workers, and the like, even though some of these are services not now performed by women in uniform; though I shall not press this point today.

As a citizen, however, I feel strongly that we should proceed with utter singleness of purpose to the accomplishment of the end in view which is to provide for adequate national defense in an emergency. I have no sympathy whatever with the suggestion that perhaps we can combine a period of "national service," whatever that may mean, with the proposed period of military training. I heartily agree that the C. C. C. camps of the great depression were an admirable form of relief and that they did much good both to those who went to them, and to the areas in which they worked. But I have no sympathy whatever with the suggestion that every young man in the country should be compelled by law to go to a C. C. C. type of camp for all or a part of a period of military training for national defense, just so that some of the trainees may learn some forestry on the side.

Federalized Education Opposed

And finally, I am not in sympathy with the suggestion that a considerable part of a period set aside by law out of the lives of young men for military training shall be devoted to general education by means of "courses that will be accepted for credit by any school or college in the country," the quotation from a recent newspaper article being from memory and therefore not guaranteed as to wording. This would mean federalization of education on all levels with a vengeance. I believe in leaving education to the educators just as I believe in leaving military training to military men. The only education other than of a strictly military sort (including physical education) that should be included in a period of universal training is such literacy education as may be necessary to enable every man to receive and to transmit orders and other military information accurately and intelligently.

For Intensive and Expeditious Training

My first plea, both as a citizen and as an educator, is, then, that any period that may be demanded by law of every young man for universal military training be devoted, with singleness of purpose, to that training, and to that training only, that that military training be given as intensively and as expeditiously as possible, and that the young men be returned to civil life with as little delay as possible as soon as the minimum requirements of national security are accomplished. Let us not countenance the mixing of a lot of Federal dispensing of sweetness and light with the stern job of preparing to defend ourselves if and when we have to.

All this raises the question of how long a period of universal basic training needs to be. The various sweetness-and-light suggestions mentioned above, which have come from people in high places, are tacit admissions of the fact that the full year commonly talked about is considerably longer than is absolutely necessary for any strictly military purpose. There is also other evidence to the same effect.

Early last spring, in Washington, when fighting for certain plans that might have provided a more adequate supply of technically trained men for the war industries, I prepared a memorandum in which I mentioned what I supposed to be common knowledge to the effect that it takes a year to train a new recruit for combat service. The first man I showed my memorandum to immediately said, "The Army claims it can now train combat replacements in four months."

It is also a well known fact that Navy recruits not selected for advanced specialist training are now being sent directly into the fleet after only ten weeks at boot camp, and that, in certain periods of stress, recruits have been sent into the fleet after as little as seven weeks of basic training.

Is a Full Year Necessary?

In the light of these facts why should the armed services now be asking that a full year of universal basic training be required by law of every able-bodied young man? We civilian educators have heard much lately about the new and highly efficient educational processes devised by the armed services for getting quickly and effectively into the heads of draftees what they *have to know*. We have been duly impressed. We have also been galvanized into active soul-searchings as to what we can and should learn from our military colleagues about doing our own regular jobs more effectively. But may we not at the same time expect the armed services to continue to do in time of peace under a universal military training plan as good a job as they are now so proud of doing in time of war?

In considering whether such a suggestion is reasonable, we should, I think, distinguish sharply in our thinking between three different kinds of military training, namely the training of the rank and file, the training of non-commissioned specialists, and the training of commissioned officers. Let us consider them in turn.

Training Rank and File Main Job

The training of the rank and file will necessarily be the major job, and, I personally think should be the sole job of any scheme of compulsory universal training. The essential things to be taught are physical fitness, a knowledge of the ways of an army, familiarity with and some measure of proficiency in the use of the basic weapons of foot soldiers, and, above all, morale which means self-discipline and the understanding and acceptance of military discipline generally. That is about all that one can hope to impart to all and sundry of our citizenry in time of peace as preparation for a war that may be years away. It would be foolish, once peace has returned, to train everybody in the details of modern mechanized warfare, because those details will change from year to year. They are changing now almost from week to week. But the fundamentals do not change. They are all that it will pay to try to impart in time of peace. I believe that they could be effectively imparted in four months, and that that ought to be the limit of what is required by law of everybody.

Commissioned Officers

At the other extreme are the commissioned officers. They, like everybody else, would have their basic training in the regular way. Then they could well be further trained in an enlarged West Point and an enlarged Annapolis, in special Army and Navy schools for turning selected enlisted men into officers, in State militia organizations, and to such an extent as may be necessary, in R. O. T. C. units in the colleges. Officer training does not seem to present a problem that needs to be solved, or could be solved, through a scheme of compulsory universal training.

Non-Commissioned Specialists

Finally, there are the non-commissioned or petty officer specialists that our contemplated civilian army and navy ought to have in reserve. In some specialties another four months (or even less) of specialized training beyond the suggested four months of basic training would suffice. In other specialties eight or ten additional months would be needed. Let us assume that the Army and

*An address made by Dr. Davis before the New Jersey Association of Colleges and Universities at Seton Hall College. South Orange, N. J., Oct. 12, 1944.

Navy continue to give under universal service the specialized training they are now giving. Let us assume that during the last month of the basic training the better men are invited to volunteer for this or that period of advanced training in a specialty. Let us assume that the pay and allowances are appropriately higher than during the universal basic training. Let us assume that a man passing a specialist course has a permanent right to higher pay and greater responsibility if and when the civilian army is mobilized. And finally, let us assume that in many specialist courses a man could learn a trade useful in civilian life. I have no doubt whatever that under these circumstances, an ample supply of non-commissioned specialists could be trained, year after year, on a completely volunteer basis.

Should Not Affect Schools and Colleges

Such a compulsory universal service plan as this would not seriously affect any of our schools or colleges. It would, I think, be best, both for the armed services, and for the schools and colleges themselves, that each man enter universal service on or as soon as possible after his 18th birthday, except that individuals in high school or college might ask for deferment to the end of the term or semester in which their birthdays fall. This would keep men of an age together in basic training, would ensure a fairly steady flow of men into the training, and would get the training in early enough in each man's life to make it easy for him to go on into such advanced military training as appealed to him.

If some such plan as this appeals to you, what if anything, do you think we here can or should do about it?

"Unconditional" Surrender Plan Costs Lives Of U. S. Soldiers, Says Landon

President Roosevelt's foreign policy — "unconditional surrender" —is costing the lives of untold numbers of American soldiers, Alfred M. Landon told a Republican meeting at Sabetha, Kansas, on Oct. 24, according to an Associated Press dispatch from there on that day, which added:

"Unconditional surrender," Mr. Landon asserted in his prepared address, "has never been defined. Everyone is entitled to draw his own conclusions, including the Germans.

"Strangely, our American broadcasts to the Germans themselves are more specific and make a lot more sense than what Mr. Roosevelt is willing to say to the American people.

"Our official broadcasts overseas make it clear, over there, that we are not fighting Germans because they are Germans, but because they support a system that threatens us."

The 1936 Republican Presidential nominee brought Secretary of the Treasury Henry Morgenthau, Jr., into his talk, declaring:

"To pile blunder on blunder we have the most unbelievable proposal of Morgenthau to destroy every German factory and turn Germany into an exclusively agricultural country.

"We see Mr. Roosevelt lending weight and emphasis to the Secretary of the Treasury's proposal by taking him to the last conference in Quebec with Churchill and leaving the Secretary of State at home.

"We have a tough enough job for our soldiers to crack the final shell of the fanatical German resistance without Morgenthau firing them anew with the desperate courage of despair. The war in Europe has been prolonged by Morgenthau's folly."

"We must face the facts," Mr. Landon added. "Instead of a hard-boiled hoss trader, Roosevelt is like the sap that is always grabbing for the check."

Mr. Landon said future war or peace was being decided in the European arrangements — more than at Dumbarton Oaks. "Yet, Mr. Roosevelt has retreated to the isolationism which was the policy of his administration from 1932 until after the 1940 election, and which encouraged the aggressions of Hitler. He is holding himself aloof from the decisions in Europe."

Interesting Racing Issues

The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., have issued a bulletin of comment on racing association securities, indicating which of a list of 16 appear to offer the greatest attraction. Copies of this bulletin may be obtained from The Bankers Bond Co. upon request.

Broker-Dealer Personnel Items

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

(Special to The Financial Chronicle)
BOSTON, MASS.—**Carl B. Joel** has been added to the staff of **H. P. Wood & Co.**, 75 Federal St.

(Special to The Financial Chronicle)
GREENSBORO, N. C.—**Earle G. Warmath** is with **Equitable Securities Corp.**, Jefferson Standard Building.

(Special to The Financial Chronicle)
LOS ANGELES, CAL.—**Harold B. Marr** is with **Broad Street Sales Corporation.** Mr. Marr was previously with Hill, Richards & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CAL.—**Siegfried A. Schmidt** and **Augustus A. Stanhope** are with **Maxwell, Marshall & Co.**, 647 South Spring St.

(Special to The Financial Chronicle)
RALEIGH, N. C.—**Robert H. Houston** is with **R. S. Dickson & Co.**, Security Bank Building.

(Special to The Financial Chronicle)
ST. LOUIS, MO.—**Edward O. Bramman** has joined the staff of **Bramman - Schmidt - Busch, Inc.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)
ST. PETERSBURG, FLA.—**Alfred F. Thomasson** is connected with **W. H. Heagerty & Co.**, Florida Theatre Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Charles W. Derryberry**, formerly with Bankamerica Company, has become associated with **Schwabacher & Co.**, 600 Market St.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**John O. Greub** has become affiliated with **Stewart, Scanlon & Co.**, 220 Montgomery St. Mr. Greub was previously with Frank Knowlton & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**George C. Morgan**, formerly of Detroit, Mich., has become associated with **Wulff-Hansen & Co.**, Russ Building.

Stettinius Indicates Peace Parley Here In Early Winter

Edward R. Stettinius Jr., Acting Secretary of State, indicated in Washington at the State Department on Oct. 24 that invitations for a full dress United Nations security conference in this country to endorse the tentative charter framed at Dumbarton Oaks may be sent out in December and the conference itself may be convened in early winter.

A special dispatch from Washington, on Oct. 24, to the New York "Times," in reporting this, continued as follows:

He said that business left unfinished by the Dumbarton Oaks conversations must be settled before that time, but that they would not necessarily require another meeting of Marshal Stalin, Prime Minister Churchill and President Roosevelt.

Such questions, he said, could be dealt with in three other ways, either by a conference of Foreign Ministers, by another meeting "on the humble official level" as the Dumbarton talks were described by Sir Alexander Cadogan, or by an exchange of views through regular diplomatic channels.

Any one of these methods, the Secretary pointed out, would take some time and would preclude the calling of the general conference before the year end. Precluding any immediate meeting of Chiefs of State, he said, was the fact that President Roosevelt was going to be very busy during the next few weeks and that after that he would be entitled to some rest.

To get other machinery for the settlement of outstanding questions, he said, would take time, but in the meantime the charter would be under examination by all the governments to be invited and public discussion in all countries would help the delegates toward a rapid decision once they met.

Mr. Stettinius expressed the hope that the exchanges of views would be accomplished so that the invitations could be sent out in December and the conference held in the early winter.

Asked whether any special consideration had been given to Latin American views on the security organization, Mr. Stettinius answered in the affirmative.

He recalled that on the conclusion of the Dumbarton Oaks conversation a full outline of the proposed charter was communicated by the State Department to the interested governments and that on Columbus Day, after their visit to the White House, diplomats from Latin American countries were received by Mr. Stettinius at the Blair House, where they received detailed explanations of the accords.

Since that time Norman Armour, former Ambassador to the Argentine and at present chief of the Department of Latin American Affairs, has been conferring with the individual representatives of Central and South American countries. Secretary Stettinius said that he was planning another meeting with the American diplomats as a single group to discuss the security projects some time during this week.

Although President Roosevelt in his address to the diplomats on Columbus Day urged the setting up of the United Nations Peace Organization promptly "without waiting for the end of hostilities," this statement by Secretary Stettinius makes it evident that it cannot be accomplished until well into next year.

The five leading powers must still come to an agreement on the points left in abeyance and a conference of the nations must approve the charter, after which the individual powers, or at least the principal ones, must ratify the project before the work of actual organization can be instituted.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1798)

chances are that a retreat from the lower levels of the upper ranges will bring out increased volume. As a rule, there is little logic where the stock market is concerned. But in the matter of decline on volume there is actual cause, though it is psychological. A public long of stocks will hold and hold in the hope that their initial purchase will justify itself. Even clear signs of reaction will not make them sell. But if the evidences of coming reaction won't bring out selling, the actual decline will. This it-can't-happen-to-me philosophy is basic. An accident can happen to the next man, never to you. A selling drive can affect the other guy's stocks, never yours.

* * *

When the holder of securities becomes convinced, by visual proof, that it can happen to him, all reason is thrown out of the window. The desire to hold through is relegated to the ash can. The urge to get out from under becomes paramount.

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This is one of the real causes for deeper reactions than market signals ordinarily call for. By the same reasoning, it is during such periods that the potential buyer with vision and guts can pick his spots to get the stocks that will rebound once the reaction has run its course.

* * *

Monday's market declined. Tuesday's market showed a slight rebound. Such action is normal. And if this normality is to be carried forward you can prepare yourself for another reaction to follow this minor recovery. How far this second reaction will carry them is hard to say. Technical factors call for a base at about 145-146. But a public desire to liquidate can carry them lower. Yet, if this drive does carry them below technical points, the chances of a sharper recovery from these lows becomes that much better.

* * *

To sell stocks now would seem to be short-sighted. For even if the reaction breaks into ground which is dangerous, the possibilities of a sharp rally on which to dispose of them has by no means been eliminated.

* * *

Readers are still long of certain issues. Practically all of them show paper profits. If the writer thought their recent highs were all that they would go to he would have suggested liquidating before this. Long-term indications, however, still point up. So, until there are sufficient indications in the market itself, the advice to hold on still applies. It must be emphasized, however, that the various stops given here in the past few weeks are not to be ignored. They still apply, and should any stock sell under its stop point by a half point the stock affected should be disposed of.

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A complete list of the stocks, purchase levels and individual stops, appeared in this column Thursday, Oct. 19.

* * *

More next Thursday.

—Walter Whyte

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

Available On Request

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

Mallory Interesting

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

Talbott With A. C. Best

(Special to The Financial Chronicle)
MILWAUKEE, WIS.—John A. Talbott has become associated with A. C. Best & Co., 757 North Broadway, Mr. Talbott for nine years was with R. Alger Dake Company.

Open New Branch

Cohen, Simonson & Co., members New York Stock Exchange have opened a branch office at 95 Delancey Street corner Orchard Street, under the management of Jules Glass.

Treasury Reveals Reservations To Bretton Woods Agreements

(Continued from page 1795)

entrusted the work of compiling and preserving the records and minutes of the proceedings, were importuned by interested parties, who desired to have the facts made known, to release to the public the specific nature of the reservations to the various provisions of the two plans to which exception was taken.

Moreover the recognition this week of the de Gaulle Government lends interest at this time to its attitude toward Bretton Woods. When the Conference met in July, the French delegation represented only a National Committee, not a Government, and therefore may have felt inhibited in revealing publicly the content of the special letter on France's reservations which it sent to the President of the Conference, the Honorable Henry Morgenthau, Jr. They are still not talking for publication. However, the following facts are of current interest:

One thing that definitely displeased the French at Bretton Woods, and still displeases them, is the small quota assigned to France in the Fund. China, a country much less important in world trade than France, obtained a larger quota. France is also displeased with her quota position as compared with that of Russia and other countries.

France is not satisfied with the Bretton Woods provisions relating to multilateral compensation. Among French representatives at the Conference it was insisted that the Fund should act as a multilateral clearing center where any member's currency would be redeemed for any other member's, regardless of how obtained.

France feels that the occupied countries should have been accorded special privileges, beyond those granted at Bretton Woods.

Another point of French dissatisfaction was the 25% per annum limitation on a member country's use of its quota. The French argued that fluctuations of trade balances and business cycles are such that a member might justifiably require more than 25% in one year, and that all members should automatically be allowed to use their full quotas as necessary. This they felt to be in the interest not only of the individual members concerned, but of the Fund as a whole, because as now worded, the Fund actually induces countries to use the full 25% when not necessary, the French maintain. Although France was in this matter supported by various other delegations at Bretton Woods (including Australia, Belgium, Brazil, Czechoslovakia, Netherlands and Poland), the point was not carried. The United States particularly objected.

The French authorities also object to the inflationary implications of the method whereby any member country acquires foreign exchange by "exchanging" its currency for the desired currency. In this case, its currency may consist of merely a credit in favor of the Fund on the books of its own central bank. When the currency so credited is drawn upon by the Fund and spent, it tends to cause inflation. The French favor a provision whereby each member's subscription is made by taking currency out of circulation, so to speak.

A minor point on which France differed from the majority at Bretton Woods was the decision to treat all immigrant remittances as current transactions. France feels that such remittances often are capital transactions, but the views of United States and such countries as China and Poland, which benefit from American immigrant remittances, prevailed at the Conference. France is not a beneficiary nowadays of immigrant remittances.

Some of the French delegation at Bretton Woods were dissatisfied with the loose provisions of the Fund relating to redemption of the Fund's holdings of local currencies. Also, the opinion prevails in French circles that the Fund, far from being open to criticism because it gives debtor countries a place in the management, draws humiliating distinctions between debtors and creditors, as for example in connection with the distribution of any profits from operations.

In summary it may be said that France has too much to gain from the Bretton Woods program not to want to see it succeed, and yet is far from pleased with its achievements at the Conference. Now that France has been liberated and is again assuming the dignity of a sovereign nation, one may expect to see French views more forcefully presented in international relations.

Text of Reservations Issued By Treasury

The following text of the Treasury Department's release of the specific reservations and statements of each of the national delegations in respect to specific articles and sections in the agreements on the International Fund and the International Bank should be read with the complete text of these documents, as published in the "Commercial and Financial Chronicle," July 27, 1944.

Statements of Certain Delegations Concerning The Articles of Agreement of The International Monetary Fund.

Statement By The Delegation of Australia

Article I

In the opinion of the Australian delegation the purposes of the Fund, which provide criteria for its management, place too little emphasis on the promotion and maintenance of high levels of employment, and too much emphasis on the promotion of exchange stability and on shortening the duration and lessening the degree of disequilibrium in international balances of payments.

Article III, Section 1

In view of the fact that Australia has little gold and few dollars, the quota fixed for Australia will compel her to build up liquid reserves outside the Fund to meet the wide fluctuations in her balance of payments. In doing so she is likely to have to take action in conflict with the purposes of the Fund.

Article IV, Section 5 (f)

The Australian delegation considered that the Fund should be required to concur in a requested change in a par value when a country has a serious and persistent deficit in its balance of payments accompanied by a seriously adverse change in its terms of trade.

Article V, Section 3 (a) (iii)

The Australian delegation considered that in view of the wide fluctuations in the balance of payments of many agricultural countries, the annual drawing rights should be greater than twenty-five percent of the quota.

Article V, Section 8

The Australian delegation considered the charges provided for in this Section are too high and questioned the principle of charging countries interest which have an adverse balance of payments while provision is made for the payment of two percent interest to countries with a favourable balance of payments. (See Article XII, Section 6 (b).

Article XV, Section 1

The Australian delegation considered that the right of withdrawal should be protected from being made meaningless by membership of the Fund being made a condition of membership of other international bodies.

Statement By The French Delegation

Article III, Section 1

Reservation as to the size of the French quota and of European quotas in general.

Article III, Section 3

Reservations as to the omission of a clause permitting enemy occupied countries to reduce their gold subscription by one-fourth.

Article IV, Section 7

Reservation on the veto power on uniform changes in par values accorded to members having 10 percent or more of the total of the quotas.

Article V, Section 3 (a) (iii)

Reservation as to lack of flexibility as a result of prescribing a definite quantitative limitation on the purchase of currency from the Fund to the extent of 25 percent of the quota in a 12-month period.

Article V, Section V (b)

Reservation as to the non-inclusion of a clause in favor of enemy occupied countries in connection with the provisions requiring a member to repurchase its currency from the Fund with gold or convertible currencies.

Article XIX (b) and (c)

Reservation as to the definition of "official holdings of monetary reserves."

Article XIX (i)

Reservation as to the definition of "current transactions."

Article XX, Section 3 (b)

Reservation as to the date mentioned for the selection of permanent executive directors which may not take sufficiently into account the situation of enemy-occupied countries.

Statement By The Delegation of India

Reservation as to the size of the quota for India.

Statement By The Delegation of Iran

Reservation as to the size of the quota for Iran.

Statement By The Delegation of Peru

Peruvian Law No. 7526 of 18th May, 1932, which suspended the free conversion of the currency into gold, provided that the gold reserves existing at that time, viz., 16,338.71115 kilos of gold, valued by law at 38,784,832.53 Peruvian soles, were to be earmarked and kept in custody by the central reserve bank, and were not to be used in any way or manner, nor were ever to become liable to seizure or disposal in any contingency whatsoever. ("Oro intangible" in the original Spanish wording of that law.) Consequently, the gold thus set aside by Law No. 7526 cannot be taken into account either for the purpose of estimating Peru's quota and its proportion to be paid in gold, or for use in any of the operations of the Fund, or to cover any contingent or eventual liability of Peru if it ceases to be a member or if the Fund is liquidated.

Statement By The Delegation of The Union of Soviet Republics

In the opinion of the Soviet delegation the following additions to, or alterations of, language should have been made in the articles of agreement:

Article III, Section 3

"Any country represented at the United Nations Monetary and Financial Conference whose home areas have suffered substantial damage from enemy occupation or hostilities during the present war may reduce its initial gold payment to 75% of the amount it would otherwise have to pay."

Article V, Section 8 (f)

To reword this paragraph as follows:

"Charges and commissions shall be paid partly in gold and partly in local currency of the member, or fully in gold—uniformly by all members—independent of the amount of the monetary reserves of each member."

Article V, Section 7

The principle that so long as a member's holdings of gold and gold convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold, should be maintained in conformity with Article III, Section 7 (b) of the joint statement by experts on the establishment of an international monetary fund of the United and Associated Nations.

Article XIII, Section 2 (b)

After the words "in the depositories designated by the remaining four members" to add the words: "in each of the four remaining countries having the largest quotas, gold shall be held in the amount not less than the amount of their respective gold contributions."

Article XIX (i) (4)

Not to include in the term "current transactions" the "remittances for family living expenses," having in view that the Fund may upon the agreement with the members concerned, determine whether certain specific transactions of such kind are to be regarded as current transactions or capital transactions.

Article XIX (a) and (e)

Because of the centralization in the Union of Soviet Socialist Republics of banking operations concerned with international transactions as a rule, in the central bank—the State Bank of the Union of Soviet Socialist Republics, which is performing the functions of financing foreign trade, the Fund in calculating the net foreign exchange holdings of the Union of Soviet Socialist Republics shall take into account the necessity for the State Bank to maintain working exchange balances abroad.

Statement By The Delegation of The United Kingdom

Article XIII, Section 1

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between governments rather than in a technical conference.

Statements of Certain Delegations Concerning the Articles of Agreement of the International Bank for Reconstruction and Development:

Statement By The Delegation of The United Kingdom

Article XIII, Section 1

In the opinion of the British Government the location of headquarters of the Fund ought not to be considered without reference to the location of other international bodies which will be established. The same observations apply equally to the location of the projected Bank for Reconstruction and Development. The British Government may therefore find it necessary at some later date to ask that all such interrelated questions should be considered as a matter for decision between governments rather than in a technical conference.

Statement By The Delegation of The Union of Soviet Socialist Republics

Article I (iv)

This section should be deleted.

Article III, Section 1 (b)

After the words "and expediting the completion of such restoration and reconstruction" the following words should be added: "and shall establish favorable interest and commission rates for such loans."

Article V, Section 11 (b)

The word "initially" should be deleted from the last clause of the second sentence.

Hornblower & Weeks Add Roer & Craig In Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL. — Arthur B. Craig and Herbert C. Roer have become associated with Hornblower & Weeks, 39 South La Salle Street. Both were formerly with Cruttenden & Co. for a number of years.

Congress Can Enable Swift Use Of Force To Preserve Peace--Dewey

(Continued from page 1796)

whelming majority my good friend, Edward J. Thye.

The experience of the people of Minnesota under these great Republican Administrations points the way toward the progressive, forward-looking teamwork government the people will install in the nation next Jan. 20.

I had intended to talk tonight about some of the problems of the American farmer. I have deferred that talk so that I can without delay correct some errors and omissions in the speech of my opponent last Saturday night.

But before doing so, I want here and now to repledge my adherence to the farm program of the Republican platform which was drawn by the farm leaders themselves. The wide fluctuations of prices on farm products that followed the last war will not be tolerated.

A floor will be placed and maintained under farm prices with assurance of seal-up crop loans. A proper farm program will be created and so operated that it will leave with the farmers the administration, control and operation of their program without domination or dictation from appointed bureaucrats.

I shall discuss in detail the problems of our farmers on the Farm and Home Hour next Saturday.

On three great objectives we, the American people, are wholly agreed. We are determined to carry through this war to swift and total victory. We are determined that the United States shall take the lead, even before victory, in the establishment of a world organization to prevent future wars. We are determined that our fighting men shall find when they return victorious a vigorous and productive America, the kind of America in which there will be jobs and opportunity for all.

It was for the very purpose of keeping our unity for peace that, last August, I lifted our peace plans wholly out of partisan conflicts—by joining hands with Secretary Hull in work on the proposed organization to prevent future wars.

In my addresses on that subject I have tried to keep it out of partisan debate.

Unhappily, however, last Saturday night my opponent once again sowed among us the seeds of disunity. He made a speech, a very long speech, on foreign affairs. We had hoped he would speak to the American people as grown-ups and tell us what our foreign policy is and where it's going.

We had also hoped to hear some word of cheer about the smaller nations, so important to the conscience of the American people—some word about the fate of Poland, some hope for the people of Italy, some assurance that the Scandinavian countries which have suffered so much, and the other small countries, might soon be admitted to their full partnership in the work for organized peace.

But Mr. Roosevelt gave us none of that. Instead, he sat by the fireside and dreamed of yesterday. He paraded before the American people the ghosts of the long-dead past. He told us a few bits of history, carefully selected, and then said in effect: "Ask me no questions—you are not entitled to know where we are going. Just leave everything to me."

Now, Mr. Roosevelt said in that speech, and I quote him: "I am giving you the whole story." Let's look at the vital events my opponent left out of what he called the whole story.

My opponent says that the heavy hand of isolationism governed our country in the 1920's. Does he mean to apply that term to the three great Republican Secretaries of State: Charles Evans Hughes, Frank B. Kellogg and Henry L. Stimson, his own present Secretary of War? If so, I am afraid he has a very convenient memory.

It was my opponent himself who said on the day he took office, the 4th of March, 1933, and I now quote his words: "The world picture was an image of substantial peace. International consultation and widespread hope for the bettering of relations between the nations gave to all of us a reasonable expectation (he continued) that the barriers to mutual confidence, to increased trade and to the peaceful settlement of disputes could be progressively removed."

That statement about 1933 was the truth. My opponent did inherit a progressively improving structure of international cooperation from the Disarmament Conference of 1921, led by Charles Evans Hughes, through the great Kellogg-Briand Pact of 1928, in which most of the nations of the world renounced war as an instrument of national policy.

But it was on March 5, 1933, that Adolf Hitler made himself dictator of Germany. That was a fateful year. Germany walked out of the Disarmament Conference. Germany and Japan quit the League of Nations. And tragically, under the leadership of Mr. Roosevelt, America did her own bit toward the breakdown of international cooperation for peace.

Mr. Roosevelt now speaks fondly of the League of Nations. But it was he who in 1933 said this of the League, and I quote his words: "We are not members and we do not contemplate membership."

He rejected the policy of collaboration with the League which had previously been established, and in 1933 the American representative at Geneva was instructed "that we desire to follow our course independently."

Here are two parts of the story my opponent conveniently forgot. Now let's look at some more.

It was also in 1935 that, instead of the policy of consultation with other nations, an overwhelmingly Democratic Congress adopted the fruitless Neutrality Act and the President signed it.

It was in 1933 that we really had our last chance to bring order out of the chaos of international money exchange and trade. The London Economic Conference had been labored over for months by Republican Secretary of State Harry L. Stimson. Yet, as one of his early acts as President, Mr. Roosevelt deliberately scuttled that conference. That was the most completely isolationist action ever taken by an American President in our 150 years of history. It was that tragic event that led at least one European statesman to say there was nothing then ahead in Europe but war.

Year after year our chiefs of staff reported on the utterly impoverished and pitifully small manpower of our Army. Year after year, the Budget Bureau, which is under the personal direction of the President, cut down the amounts requested. It was right in the fall of 1939, after the second World War had actually begun that Mr. Roosevelt's Budget Bureau cut out 550 millions of dollars of amounts certified by the Army for critical and essential items.

It was in January, 1940, that Mr. Roosevelt told the Congress that $1,800,000,000 for national defense was in his judgment and I quote him, "a sufficient amount for the coming year," although he then admitted that it was "far less than many experts on national defense think should be spent."

It was in that month that I publicly called for a two-ocean Navy, a concept which Mr. Roosevelt still later called "just plain dumb."

It was in those terrifying days of the Nazi blitz, in May of 1940, that he told us we should not become "discombobolated" (per Dewey pronunciation). Then, with France about to fall, he publicly announced on June 4, 1940, that he saw no reason for Congress to stay in session. It was an election year—so in that hour of national peril he said that a continued session of Congress would serve no useful end except, sarcastically, the laudable purpose of making speeches.

It was that American Congress which refused at that historic time to go home. It stayed in Washington and went to work.

It was that Congress which then passed the National Selective Service Act, sponsored by a Republican Congressman and an anti-New Deal Democrat. It was that Congress which stayed after it had been told to go home and ran the appropriations and authorizations for national defense up to twelve billion dollars, and it was that Congress that authorized our two-ocean Navy.

Those are a few more of the chapters of the whole story—all of which my opponent conveniently forgets. But the American people will not forget them when they go to the polls in November.

Now in his speech of last Saturday night, my opponent did remember the Washington Arms Conference by which, for the first time, we succeeded in restricting Japan to an inferior naval relationship of 5-5-3. But he forgot that he was supposed to be telling the whole story. He complained that we "scuttled" part of the strength of our Navy. But that's not what he said at the time. Then, in a magazine article, Mr. Roosevelt asked America to trust Japan and complained, and I now quote his words, "of the delay in the scrapping of United States ships as provided for and pledged, in accordance with the treaty," close quote. What he also forgot last Saturday night was that as late as 1934, he called the Washington Arms Conference "a milestone in civilization."

How election times do change men's memories! If we're going to learn our lesson for future use, we have to keep the record straight.

It was in that year, 1934, that Japan served notice of termination of the limitation treaty which kept her navy inferior to ours. Yet it was in the first two administrations of the New Deal that this country sent 10,000,000 tons of scrap iron and steel to Japan, unchecked by my opponent until Oct. 16, 1940. The weight of that scrap iron alone was ten times the tonnage of the whole Japanese Navy.

Mr. Roosevelt said last Saturday night that we could have "compromised" with Japan, and I quote him, "by selling out the heart's blood of the Chinese people." Well, let's see what we did.

In addition to scrap iron, he permitted the shipment to Japan of as much as three million barrels a month of oil, the heart's blood of war, for use against China and for storage against America. That oil continued to flow until July of 1941, four months before Pearl Harbor.

Let those who claim to have exercised great foresight remember these lessons in history. And let us as a nation never forget them.

Now, my opponent in his speech actually blamed a handful of Republicans for our failure to go into the World Court in 1935.

That was when Mr. Roosevelt was still on the crest of his leadership, with three-quarters of the United States Senate Democratic And even with the help of nine Republicans he still couldn't muster a two-thirds vote. Since then he has warred with Congress at every major turn. He has insulted its integrity publicly and its members have learned the bitter lesson that legislation asked for one purpose is twisted to another. This is a sad foundation on which to build the teamwork necessary for the future. And that's why it's time for a change.

Three times in recent months I have discussed at length what I consider the sound and successful program for lasting peace. I have emphasized that this work must be pressed forward without waiting for the end of the war. I have emphasized, as my opponent has not, that, and I am quoting, "we must make certain that our participation in the world organization is not subjected to reservations that would nullify the power of that organization to maintain peace and to halt future aggressions."

That means, of course, that it must not be subject to a reservation that would require our representative to return to Congress for authority every time he had to make a decision. Obviously Congress, and only Congress, has the constitutional power to determine what quota of force it will make available and what discretion it will give our representative to use that force.

I have not the slightest doubt that a Congress which is working in partnership with the President will achieve the result we all consider essential and grant adequate power for swift action to the American representative.

But those who would attempt to ride roughshod over the Congress and to dictate the course it should follow before it has even been acquainted with the facts are trifling with the hope of the world. They are deliberately, in my judgment, seeking to precipitate a hardening of minds. If this stubborn course is pursued, it can only result once again as in 1919 in a disastrous conflict between the President and the Congress. To that I will never be a party.

I deeply believe that we cannot build an understanding and a purpose for our future if we are to continue to have abuse from the President of the United States of the members of the Congress of the United States.

None of us has been all-wise in these matters. Individual Congressmen and Senators of both parties have made mistakes. Individual citizens have made mistakes. Every single one of us—both in and out of office — has made mistakes.

I'm not interested in the mistakes of the past by any individual in either party. I am interested—the people of this country are interested—in what the next Congress will do. We must not find ourselves after next Jan. 20, stalled on dead center as a result of this series of recriminations between my opponent and the Congress. He's already demonstrated that he cannot work work a Congress of his own party. It is unmistakably clear that our future demands that we have a new Chief Executive who can and will, work with the new Republican Congress. We must be able to go forward harmoniously and effectively if we are to meet the mighty problems of peace.

Now who will lead the next Senate and the next House? Well here are the acknowledged leaders today:

Wallace H. White, Jr., of Maine Acting Minority Leader of the United States Senate.

Arthur Vandenberg of Michigan. Chairman of the Senate Republican Conference Committee.

Warren R. Austin of Vermont, Chairman of the Republican National Convention Foreign Relations Subcommittee.

Robert A. Taft of Ohio. Chairman of the Republican Steering Committee.

Kenneth Wherry of Nebraska, Republican Senate whip.

Joseph W. Martin, Jr., of Massachusetts, the Minority Leader of the House of Representatives.

I hold in my hand a telegram from each of these gentlemen Let me read you the wire from Senator Wallace H. White, the Acting Minority Leader of the United States Senate. It reads:

"Your statements in support of a post-war organization and your vigorous leadership in developing and clarifying our country's foreign policy have my respect and approval. Your views will be accorded enthusiastic and loyal support by Republicans of the Senate and by the American people."

Now let me read a wire from Joseph W. Martin, whom my opponent last Saturday night, by the way, practically conceded will be the next speaker of the House of Representatives. That wire reads:

"When elected President, you can count on enthusiastic support of the Republican House of Representatives to carry into effect your plan for United States leadership in organization to cooperate with other nations for world peace. I shall personally be very pleased to follow your splendid leadership in bringing this plan into reality."

The rest of these messages are in identical vein and I have made them public tonight. Here's the kind of unity we need in this country—this is the kind of unity we need so desperately in the years ahead.

From the beginning of this campaign I have insisted that organization for world peace can and must be a bipartisan effort. I shall continue to insist on that approach.

The avoidance of future wars is too important to be in the sole custody of any one man, of any one group or of any one party. It's too important to hang by the slender thread of one man's continuity in office.

Only with the unity now demonstrated by the telegrams I have read to you tonight from the next leaders of the Congress and the Senate can we achieve the kind of action necessary to preserve peace. Only with a Chief Executive who will work with the Congress in harmony can our future be assured.

Our work for future peace must and will become on Jan. 20 next a bipartisan effort, bringing to it the ablest men in our country from both political parties.

That sense of unity can also be brought to our domestic affairs. With a Congress and a President who will cooperate with each other, we need not fear the peace. For agriculture, for labor, and for business we have an unlimited future before us if we will seize it and unite to bring it about.

Certainly, this is the least we can do in the name of those who are fighting today to make that future possible. With God's help we shall unite America and go forward once again.

Attractive For Investment

Stock of the Emporium Capwell Company, which operates two large modern department stores in San Francisco and Oakland, Calif., offers an attractive situation for investment purposes according to a detailed study issued by Kaiser & Co., Russ Building, San Francisco, Calif., members of the New York and San Francisco Stock Exchanges. Copies of this study may be had from the firm upon request.

Post-War Prospects

American Box Board Co., a company with good peace-time prospects, offers attractive possibilities, according to a memorandum issued by B. W. Pizzini & Co., Inc., 55 Broadway, New York City. Copies of this memorandum may be had from B. W. Pizzini & Co., Inc., upon request.

Calendar Of New Security Flotations

OFFERINGS

AMERICAN TOBACCO CO. has filed a registration statement for $100,000,000 25-year 3% debentures, due Oct. 15, 1969. Proceeds will be applied to the extent required to payment of all short-term loans from banks and balance will be added to working capital. The total bank loans as of Oct. 16, 1944, are given as $15,000,000. From its working capital as augmented the company expects to finance the purchase of larger inventories of leaf tobaccos. The underwriting group consists of 148 investment houses headed by Morgan Stanley & Co. with $5,000,000. Other underwriters of $1,000,000 or more are Blyth & Co., Inc., $4,100,000; Clark, Dodge & Co., $1,500,000; Dominick & Dominick, $1,500,000; Drexel & Co., $2,000,000; Eastman, Dillon & Co., $1,500,000; Estabrook & Co., $1,250,000; First Boston Corp., $4,100,000; Glore, Forgan & Co., $1,000,000; Goldman, Sachs & Co., $4,100,000; Harriman Ripley & Co., Inc., $4,100,000; Hemphill, Noyes & Co., $1,500,000; Hornblower & Weeks, $1,500,000; W. E. Hutton & Co., $1,500,000; Kidder, Peabody & Co., $4,100,000; Lazard Freres & Co., $2,650,000; Lee Higginson Corp., $2,650,000; Lehman Brothers, $4,100,000; Mellon Securities Corp., $4,100,000; Merrill Lynch, Pierce, Fenner & Beane, $1,500,000; F. S. Moseley & Co., $2,650,000; Paine, Webber, Jackson & Curtis, $1,000,000; E. H. Rollins & Sons, Inc., $1,250,000; Smith, Barney & Co., $4,100,000; Stone & Webster and Blodget, Inc., $2,000,000; Union Securities Corp., $2,650,000; White, Weld & Co., $2,000,000. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

Offered Oct. 26, 1944, at 101 and accrued interest.

AETNA BALL BEARING MANUFACTURING CO. (name changed to Aetna Ball & Roller Bearing Co.) has filed a registration statement for 30,375 shares of 5% cumulative convertible preferred stock, par $20. The preferred stock is being offered to holders of common stock of record Oct. 14, for subscription at $20 per share on basis of one share of preferred for each four shares of common. Subscription rights will expire Oct. 30, 1944. Underwriters will purchase preferred stock not subscribed for by the stockholders. Proceeds will be added to working capital. The underwriters are Bacon, Whipple & Co., and Rawson Lizars & Co., Chicago, and Carlton M. Higbie Corp., Detroit. Filed Sept. 30, 1944. Details in "Chronicle," Oct. 5, 1944.

CENTRAL VERMONT PUBLIC SERVICE CORP. has filed a registration statement for 37,856 shares of 4.15% dividend series preferred stock, ($100 par). Company is offering to holders of its 37,856 shares of $6 dividend series preferred the opportunity to exchange their stock on a share for share basis for the new 4.15% dividend preferred stock, with a cash payment of $5 per share on the $6 preferred. The cash payment is equal to the difference between the initial public offering price of $102.50 of the 4¼% preferred stock and the redemption price of $107.50 per share of the $6 preferred. All shares of $6 preferred stock not surrendered in exchange will be called for redemption at $107.50 per share plus accrued dividends. Any shares of 4.15% preferred which stockholders do not take under the exchange offer are to be sold to underwriters. Filed Sept. 7, 1944. Details in "Chronicle," Sept. 14, 1944.

Issue awarded Oct. 16 to Blyth & Co., Inc. and associates at 102.5 for any of the preferred not issued in exchange. They specified a 4.15% dividend rate and compensation of $1.65 a share for the group's service in effecting the exchange.

KIMBERLY-CLARK CORP. has filed a registration statement covering 102,424 shares of 4½% cumulative preferred stock, par $100. Corporation is making an offer to the holders of its present 6% preferred stock on the basis of which each holder of present preferred would receive 1 and 3-107 shares of new preferred for each share of present preferred, with adjustment for dividends. The exchange offer expires Oct. 30. Proceeds from sale of any unexchanged stock will be used for the redemption of all the shares of present preferred stock not exchanged. Lehman Brothers, Wisconsin Co. and Hallgarten & Co. are underwriters. Price to public will be $107 per share. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

KIMBERLY-CLARK CORP. has filed a registration statement for 99,960 shares of common stock (no par). The 99,960 shares of common are being offered for subscription at $32 per share to the holders of its common stock of record Oct. 20 at the rate of one share for each five shares of common held. Rights expire Nov. 1. Unsubscribed shares will be offered by the underwriters to the public. Proceeds will be added to the general funds of the company. Lehman Brothers, the Wisconsin Co. and Hallgarten & Co. are underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

LIBERTY AIRCRAFT PRODUCTS CORP. has filed a registration statement for 80,000 shares of $1.25 cumulative convertible preferred stock (par $20) and 160,000 shares of common stock (par 50 cents). The common shares will be reserved for issuance with respect to the exercise of the conversion rights of the preferred stock. Net proceeds of the preferred shares will be applied to the reduction of a bank loan of $1,000,000, and excess proceeds, if any, will be added to working capital. Common stockholders of record Oct. 7 were offered the right to subscribe to the preferred stock (par $20) at $25 per share in the ratio of one new share of preferred for each 3½ shares of common held. Rights expired Oct. 23. Filed Sept. 16, 1944, unsubscribed shares (74,594) offered to the public by E. H. Rollins & Sons, Inc., and Van Alstyne, Noel & Co., Oct 24 at $25 per share and dividend.

PACIFIC GAS & ELECTRIC CO. has filed a registration statement for $115,000,000 3% first and refunding mortgage bonds, series L, due June 1, 1974. The proceeds from the bond sale, with other funds of the company, will be used to retire on Jan. 1, 1945, the $115,756,000 series H 3¾% bonds at the call price of 107½. Filed Oct. 10, 1944.

Offered Oct. 24 at 104 and interest by Blyth & Co., Inc. and associates.

PHILADELPHIA ELECTRIC CO. has filed a registration statement for $130,000,000 first and refunding mortgage bonds consisting of $65,000,000 2¾% series due Nov. 1, 1967, and $65,000,000 2¾% series due Nov. 1, 1974. Entire net proceeds together with treasury cash or cash augmented by means of short term loans will be used to redeem on or about Dec. 1, 1944, at 106 $130,000,000 first and refunding mortgage bonds. 3½% series due 1967, aggregating $137,800,000. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

The bonds were awarded to a syndicate headed by Mellon Securities Corp. and First Boston Corp., as joint managers, at a price of 99.44888 for $65,000,000 series of 1967 and price of 98.94888 for the $65,000,000 maturing in 1974.

Offered Oct. 20, 1944, the series of 1967 at 100.50 plus interest and the series of 1974 at 100 and interest.

SILEX COMPANY has filed a registration statement for 82,000 shares of common stock (no par). The stock is issued and outstanding and does not represent new financing by the company. Paine, Webber, Jackson & Curtis, New York, head the list of underwriters. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

Offered Oct. 25 at $14.25 per share.

STANDARD ACCIDENT INSURANCE CO. has filed a registration statement for 175,938 shares of common stock (par $10) and 175,938 subscription warrants evidencing the right to subscribe for common stock. Company is offering to stockholders of record Oct. 9, 1944, the right to subscribe to the new stock at $10 per share on the basis of one share of new stock for each share of common stock held. The rights will expire at 3 p.m. Oct. 27, 1944. Any shares of new stock not subscribed for by stockholders may subsequently be sold by the company direct. Of the proceeds $10 per share will be allocated to the capital stock account. Not underwritten. Filed Sept. 25, 1944. Details in "Chronicle," Sept. 28, 1944.

THE LIONEL CORP. has filed a registration statement for 52,714 shares of common stock (par $10). The shares are issued and outstanding and do not represent new financing. The proceeds will go to the selling stockholders. The principal underwriters are Granbery, Marache & Lord, Emanuel & Co., and A. C. Allyn & Co., Inc., all of New York. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

Offered Oct. 26, 1944, at $13.75 per share.

TUBIZE RAYON CORP. has filed a registration statement for 70,000 shares of 4¾% preferred stock (par $100). Net proceeds will be applied to the redemption of $2,450,000 3½% sinking fund debentures, due Nov. 1, 1956, and for redemption of 18,395 shares of 7% preferred stock, par $100, redeemable at $110 per share and accrued dividends. Balance of net proceeds will be added to working capital. Kidder, Peabody & Co., and Union Securities Corp. head the list of underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

Offered Oct. 24 at $103 per share and dividend.

UNITED STATES POTASH CO. has filed a registration statement for 50,000 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing. The underwriters are Lee Higginson Corp. and Paine, Webber, Jackson & Curtis, 10,000 shares each; Blyth & Co., Inc., and Smith, Barney & Co., 8,000 shares each; Graham, Parsons & Co., 5,000 shares; Bosworth, Chanute, Loughridge & Co., 4,000 shares; William R. Staats Co., 3,000 shares, and Newhard, Cook & Co., 2,000 shares. Filed Oct. 10, 1944.

Offered Oct. 25 at $35.50 per share.

VAN RAALTE COMPANY, INC., has filed a registration statement for 129,281 shares of common stock (par $10). Holders of common stock of record Oct. 16, 1944 are given the right to subscribe to the 129,281 shares of common stock at $10 per share, in the ratio of one additional share for each share held. Subscription rights exercisable on and after Oct. 17, 1944, expire Nov. 14, 1944. If all of the common shares offered are subscribed for it is estimated company will receive a net amount of $1,262,810. The company will use $1,110,210 of such proceeds to redeem, on March 1, 1945, the 9,654 shares of its 7% cumulative first preferred stock at $115 per share, and the balance of the proceeds will be added to working capital. In the event that proceeds from sale of common stock offered to stockholders are insufficient to redeem the preferred stock, the company will use its own treasury cash to make up any deficiency. Not underwritten. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

NEW FILINGS

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

SATURDAY, OCT. 28

KOPPERS CO. filed a registration statement for $23,000,000 first mortgage bonds, 3% series due Oct. 1, 1964, and $11,400,000 serial notes, issue of 1944. Following the issuance and sale of the bonds and notes, Koppers Co. and its parent, Koppers United Co., may be merged into Koppers Co., Inc., a new corporation formed for carrying out the merger, providing stockholders' approval is obtained. Proceeds from the contemplated financing will result in the retirement of all existing funded debt of Koppers Co. and Koppers United Co. and all of the existing 200,000 shares of preferred stock of Koppers Co. Underwriters are Mellon Securities Corp., A. C. Allyn & Co., Inc., Baker, Watts & Co., Blyth & Co., Inc., Alex. Brown & Sons, Coffin & Burr, Inc., First Boston Corp., Hallgarten & Co., Halsey, Stuart & Co., Inc., Harriman Ripley & Co., Inc., Harris, Hall & Co., Inc., Hayden, Miller & Co., Hemphill, Noyes & Co., Illinois Co. of Chicago, W. C. Langley & Co., Lazard Freres & Co., Moore, Leonard & Lynch, Reinholdt & Gardner, E. H. Rollins & Sons, Inc., Singer, Deane & Schribner, Stifel, Nicolaus & Co., Inc., Stein Bros. & Boyce, Stone & Webster and Blodget, Inc., Union Securities Corp., White, Weld & Co., and Whiting, Weeks & Stubbs. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

KOPPERS CO., INC., has filed a registration statement for 150,000 shares of cumulative preferred stock and 200,000 shares of common. The dividend rate on the preferred will be filed by amendment. Proceeds will be applied to the retirement of all of the existing 200,000 shares of preferred stock of the Koppers Co. after the merger and to pay off bank notes aggregating $4,786,624 of Koppers United Co. Underwriters same as above. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

TIDE WATER POWER CO. has filed a registration statement for $4,500,000 first mortgage bonds 3½% series due Nov. 1, 1974, and 10,000 shares of 5% preferred stock, par $100. Bonds and preferred stock are to be offered for sale at competitive bidding. Net proceeds estimated to be approximately $5,605,000, together with such cash from the company's general funds as may be required, will be used to redeem $6,065,500 first mortgage 5% series A bonds due Feb. 1, 1979. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

FEDERAL MACHINE & WELDER CO. has filed a registration statement for $2,000,000 15-year 5% sinking fund debentures due Sept. 1, 1959. Proceeds for working capital. Central Republic Co., Inc. and Peltason, Tenenbaum Co. are principal underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 12, 1944.

HARRIS MANUFACTURING CO. has filed a registration statement for 60,000 shares of 7% cumulative convertible class A stock (par $5) and 120,000 shares of class B (par $2) reserved for conversion. The 7% cumulative convertible class A stock will be offered at $5 per share. Proceeds will be used for working capital. Nelson, Douglas & Co. heads the list of underwriters. Filed Oct. 9, 1944. Details in "Chronicle," Oct. 19, 1944.

MONDAY, OCT. 30

BASSETT FURNITURE INDUSTRIES, INC., has filed a registration statement for 12,000 shares of common stock (par $10). The shares are issued and outstanding and do not represent new financing. Price to the public is $26.50 per share. Scott, Horner & Mason, Inc., Lynchburg, Va., is principal underwriter. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

WYANDOTTE WORSTED CO. has filed a registration statement for 120,000 shares of common stock (par $5). The shares are issued and outstanding and do not represent new financing. Shields & Co. heads the group of underwriters. Filed Oct. 11, 1944. Details in "Chronicle," Oct. 19, 1944.

TUESDAY, OCT. 31

MAJESTIC RADIO & TELEVISION CORP. has filed a registration statement for 297,500 shares of common stock (par one cent). Of the total 200,000 shares will be sold by the company, 95,000 shares will be issued to stockholders upon exercise of options and 2,500 shares will be sold by another stockholder. Proceeds from sale by Majestic will be used not in excess of $170,000 for the purpose of calling at $10 per share all of the outstanding 26,016 shares (no par) preferred stock. Holders of more than 9,000 shares of preferred, including British Type Investors, Inc., and Empire American Securities Corp. have stated that such stock will be converted into common stock and not presented for redemption, and company's statement said it is probable that other holders of preferred will take similar action. Balance will be used to record, manufacture and sell phonographic records and working capital. Proceeds to Majestic on sale of the 95,000 shares upon exercise of options amounting to $112,499 will be added to working capital. Kobbe, Gearhart & Co., Inc. is principal underwriter. Filed Oct. 12, 1944. Details in "Chronicle," Oct. 19, 1944.

SUNDAY, NOV. 5

TRAILER COMPANY OF AMERICA (named to be changed to Trailmobile Co.), has filed a registration statement with the Securities and Exchange Commission, for 80,000 shares of common stock, par $5.

Address—31st and Robertson Avenue, Cincinnati, Ohio.

Business—Second largest manufacturer of truck-trailers in the United States.

Offering—Of the total 40,000 shares of common are being offered pro rata to preferred and common stockholders at $7 per share, with provision for all stockholders, except the Columbia Terminals Co., the largest individual stockholder, to subscribe for additional shares which may remain unsubscribed. Columbia Terminals will purchase the remainder of the 40,000 shares which are not subscribed for by other stockholders. The remaining 40,000 shares will be offered to the public at $7 per share.

Proceeds—For additional working capital.

Underwriting—The underwriters are Paul H. Davis & Co., and Bacon, Whipple & Co., both of Chicago, and W. E. Hutton & Co., Cincinnati.

Registration Statement No. 2-5512. Form S-1. (10-17-44).

GENERAL TIME INSTRUMENTS CORP. has filed a registration statement for 38,380 shares of 4¼% cumulative preferred stock (par $100).

Address—109 Lafayette Street, New York City.

Business—Normal business is manufacture of various types of clocks. Since early part of 1942 business has consisted almost entirely of production of war materials.

Offering—Corporation will offer to the holders of its outstanding 38,380 shares of 6% preferred stock the right to exchange such shares on the basis of one share of 6% preferred for one share of new 4¼% preferred, plus $7, together with a cash dividend adjustment on the 6% preferred to date fixed for exchange. If all the 6% stock is not exchanged the corporation will retire as of Jan. 1, 1945, or as soon thereafter as possible between 4,000 and 5,000 shares of the unexchanged 6% preferred with funds it has available. Shares of new preferred not issued in exchange will be sold to underwriters and proceeds with other funds of the company used to retire balance of outstanding 6% preferred stock at the redemption price of $110 per share.

Purpose—To effect the retirement of the presently outstanding 6% preferred stock.

Underwriting—Underwriters are Kidder, Peabody & Co., W. E. Hutton & Co., Lee Higginson Corp., Stone & Webster and Blodget, Inc., Glore, Forgan & Co., and Hornblower & Weeks.

Registration Statement No. 2-5513. Form S-1. (10-17-44).

MONDAY, NOV. 6

BRUNSWICK-BALKE-COLLENDER CO. has filed a registration statement for 30,000 shares of common stock (no par value). The shares are issued and outstanding and are being sold by two stockholders, R. F. Bensinger and B. E. Bensinger, 15,000 shares each.

Address—623-33 South Wabash Avenue, Chicago, Ill.

Business—Manufacture and sale of bowling alleys, billiard and pocket billiard tables, etc.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds go to the selling stockholders.

Underwriting — The underwriters are Lehman Brothers and Goldman, Sachs & Co., both of New York, each underwriting 7,500 shares for each account.

Registration Statement No. 2-5514. Form S-1. (10-18-44).

HOUSTON LIGHTING & POWER CO. has filed a registration statement for $30,000,000 first mortgage bonds due 1974.

Address — 900 Fannin Street, Houston, Texas.

Business—Public utility.

Underwriting—To be filed by amendment.

Offering—The company will offer the bonds for sale under the Commission's competitive bidding rule with the successful bidder naming the interest rate. Offering price to the public will be filed by amendment.

Proceeds—Net proceeds will be used to redeem at 105, together with accrued interest, the outstanding $27,500,000 first mortgage bonds 3½% series due 1966. Any balance of net proceeds will be added to working capital.

Registration Statement No. 2-5515. Form S-1. (10-18-44).

GOODALL WORSTED CO. (name changed to Goodall-Sanford, Inc.) has filed a registration statement for $2,800,360 3½% sinking fund debentures and 246,566 shares of common stock (par $10). The securities are issued and outstanding.

Address—Sanford, Maine.

Business—Textile manufacturer.

Offering—The offering prices of the debentures and common stock will be supplied by amendment.

Proceeds—The debentures and common stock are outstanding securities of the company, which are being sold by stockholders of the company to the underwriters. The net proceeds will go to the selling stockholders, and no part will go to the company.

Underwriting — The underwriters are Union Securities Corp., W. C. Langley & Co., Blyth & Co., Inc., First Boston Corp., Harriman Ripley & Co., Inc., Smith, Barney & Co., Stone & Webster and Blodget, Inc., A. C. Allyn & Co., Inc., Hemphill, Noyes & Co., Paul H. Davis & Co., F. S. Moseley & Co. and E. H. Rollins & Sons, Inc.

Registration Statement No. 2-5516. Form S-1. (10-18-44).

WEDNESDAY, NOV. 8

PITTSBURGH COKE & CHEMICAL CO. has filed a registration for $3,400,000 first mortgage bonds, 3½% series, due Nov. 1, 1964.

Address—Grant Building, Pittsburgh, Pa.

Business—Engaged principally in the production and sale of coke oven byproducts and chemicals, pig iron, coke and cement.

Offering—The offering price to the public will be filed by amendment.

Proceeds — Net proceeds together with such additional funds as may be necessary will be applied to the redemption of $3,455,000 principal amount of first mortgage bonds, 4½% series A, due March 1, 1952, at 103 and accrued interest.

Underwriting — Hemphill, Noyes & Co. head the group of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5517. Form S-1. (10-20-44).

GLEANER HARVESTER CORP. has filed a registration statement for 177,689 shares of common stock, $2.50 par. The stock is issued and outstanding and does not represent new financing by the company.

Address—Cottage and Hayward Streets, Independence, Mo.

Business — Manufacture and sale of harvester-threshers, etc.

Underwriting—To be supplied by amendment.

Offering—The offering price to the public will be supplied by amendment.

Proceeds—The proceeds will go to the Commercial Credit Corp. which is selling the stock. Of the 300,000 shares of common outstanding as of Sept. 11, 1944, Commercial Credit owned 177,689 or 59.22%, which shares are being sold by Commercial to underwriters.

Registration Statement No. 2-5518. Form S-1. (10-20-44).

INVESTORS MUTUAL, INC. has filed a registration statement for 2,000,000 shares of special capital stock (no par).

Address—200 Roanoke Building, Minneapolis, Minn.

Business—Open-end investment company of the management type.

Underwriting—Investors Syndicate, Minneapolis, is named principal underwriter.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5519. Form A-1. (10-20-44).

SHAMROCK OIL & GAS CORP. has filed a registration statement for 101,593 shares of common stock (par $1). The shares are issued and outstanding.

Address—Amarillo, Texas.

Business—Producing and refining oil and natural gas.

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

Proceeds—The proceeds will go to the selling stockholders.

Underwriting—Kidder, Peabody & Co. is named principal underwriter.

Registration Statement No. 2-5520. Form S-2. (10-20-44).

THURSDAY, NOV. 9

AERONCA AIRCRAFT CORP. has filed a registration statement for 75,000 shares of 55-cent cumulative convertible preferred stock (par $1), and 33,600 shares of common (par $1). Of the common stock to be offered, 25,000 shares are for account of the company and 8,600 shares for the account of a stockholder.

Address—Middletown, Ohio.

Business—Normal business is production of light airplanes for civilian use.

Offering—Price of the preferred and common stock to the public will be supplied by amendment.

Proceeds—Will be used to increase company's working capital. The 8,600 shares being sold by a stockholder are owned by Carl I. Friedlander who will receive the proceeds.

Underwriting—F. Eberstadt & Co., New York, is principal underwriter.

Registration Statement No. 2-5521. Form S-2. (10-21-44).

FRANKLIN STORES CORP. has filed a registration statement for 200,000 shares of capital stock of which 114,000 are being sold by the company and 86,000 shares by Frank Rubenstein, President and a director of the company.

Address—519 Eighth Avenue, New York City.

Business—Operates a chain of 50 retail women's apparel stores.

Offering—Price to the public is $8 per share.

Proceeds—Company will use proceeds for general corporate purposes.

Underwriting—Van Alstyne, Noel & Co. heads the group of underwriters, with others to be named by amendment.

Registration Statement No. 2-5522. Form S-1. (10-21-44).

SATURDAY, NOV. 11

KEYES FIBRE CO. has filed a registration statement for $1,800,000 first mortgage sinking fund 4% bonds, series A, due Oct. 1, 1959.

Address—806 Bank of Commerce Building, Portland, Maine.

Business—Manufacture of wide variety of molded pulp products.

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

Proceeds—To provide funds for the redemption of $1,137,500 first mortgage sinking fund 4½% bonds and for additions to manufacturing facilities of the company.

Underwriting—Coffin & Burr, Inc., is named principal underwriter.

Registration Statement No. 2-5523. Form A-2. (10-23-44).

DATES OF OFFERING UNDETERMINED

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

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund notes, due 1954. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. To be offered mainly to people in the Alva, Okla., community who are interested in construction of the grain elevator. Filed Aug. 8, 1944.

CALIFORNIA OREGON POWER CO. has filed a registration statement for $13,500,000 first mortgage bonds series due Nov. 1, 1974. The bonds will be offered for sale at competitive bidding with the successful bidder fixing the interest rate. Company will apply net proceeds towards the redemption of $13,500,000 first mortgage bonds, 4% series due 1966, at 195½ plus interest. Filed Sept. 28, 1944. Details in "Chronicle," Oct. 5, 1944.

CENTRAL NEW YORK POWER CORP. has filed a registration statement for $48,000,000 general mortgage bonds, 3% series due 1974. The bonds will be offered for sale under the Commission's competitive bidding rule. Net proceeds with other funds of the company or other borrowings will be applied to the redemption of outstanding $45,000,000 general mortgage bonds, 3¾% series due 1962, at 104, and $5,000,000 general mortgage bonds, 3½% series due 1965, at 104½. Filed Sept. 29, 1944. Details in "Chronicle," Oct. 5, 1944.

COASTAL TERMINALS, INC. has filed a registration statement for 25,000 shares of common stock (par $10). Proceeds will be used for the acquisition of land, equipment and for working capital. Price to public $10 per share. Not underwritten. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% cumulative series 2 preferred, par $100. To be sold to officers and employees of company and Curtiss Candy Co. and its subsidiaries. Price $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

THE EUGENE FREEMAN CO. has filed a registration statement for $300,000 trade acceptances. Proceeds will be applied to organization expenses, acquisition of motor trucks, real estate, buildings, machinery, etc. Filed Sept. 13, 1944. Details in "Chronicle," Sept. 21, 1944.

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

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock. Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

FOREMOST DAIRIES, INC., has filed a registration statement for 13,000 shares of preferred stock, 6% cumulative, par $50, and 75,000 shares of common, 20-cent par value. The shares are issued and outstanding and the offering does not represent new financing. Allen & Co., New York, head the list of underwriters. Price to the public is $50 per share for the preferred stock and $7 per share for the common. Filed Sept. 30, 1944. Details in "Chronicle," Oct. 5, 1944.

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

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York. Proceeds will be applied to the reduction of bank loans. Price range 101 for 1945 maturities to 99.5 for 1960-64 maturities. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

LINCOLN PARK INDUSTRIES, INC., has filed a registration statement for $250,000 6% ten-year debentures maturing Nov. 1, 1954. Debentures to be offered directly by the company at par and interest. Not underwritten. Proceeds for additional working capital. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

METROPOLITAN EDISON CO. has filed a registration statement for $24,500,000 first mortgage bonds series due 1974 and 125,000 shares cumulative preferred stock (par $100). The interest rate on the bonds and the dividend rate on the preferred stock will be filed by amendment. The bonds and preferred stock will be offered for sale pursuant to the Commission's competitive bidding rule. Proceeds from the sale of the new bonds and preferred stock, together with $9,049,900 to be received from NY PA NJ Utilities Co. and other funds of the company to the extent required are to be applied to the redemption of the following securities: First mortgage bonds, series D 4½%, $20,330,500, series E 4%, $4,684,000 and series G, 4%, $11,710,900 and to the redemption of outstanding $6 and $7 dividend prior preferred stock, cumulative, no par, and $5, $6 and $7 cumulative preferred stock, no par. Filed Oct. 6, 1944. Details in "Chronicle," Oct. 12, 1944.

Bids for the purchase of the securities will be received by the company at room 2401, 61 Broadway up to 12 noon EWT on Oct. 30, 1944.

MOBILE GAS SERVICE CORP. has filed a registration statement for $1,400,000 first mortgage bonds, series due Oct. 1, 1964, 6,000 shares of cumulative preferred stock, par $100, and 100,000 shares of common stock, par $7.50. All three classes of securities are to be offered for sale at competitive bidding, with the successful bidder naming the interest rate on the bonds and the dividend rate on the preferred stock. The bonds and preferred stock are being offered for the account of the corporation, while the common stock is being offered by Consolidated Electric & Gas Co., parent, which owns all of the common shares of company, except directors' qualifying shares. Company will apply the proceeds from sale of bonds and preferred stock, estimated at not less than $2,000,000, together with general funds, to the redemption of $1,400,000 of first mortgage bonds, 3¾% series due 1961, at 104½, and to the redemption of 6,000 shares of 6% cumulative preferred stock at $110 per share. Filed Oct. 4, 1944. Details in "Chronicle," Oct. 12, 1944.

MONMOUTH PARK JOCKEY CLUB has filed a registration statement for $1,600,000 10-year 6% cumulative income debentures and 230,000 shares of common stock, one cent par value, to be represented by voting trust certificates. The offering price to the public of the debentures is par, although certain of the debentures are being offered otherwise than through an underwriter at a price less than 100%. The common stock, voting trust certificates, is being offered at par. Upon completion of the financing the underwriter, Bond & Goodwin, Inc., will be entitled to purchase 25,000 shares of common stock represented by voting trust certificates, at one cent per share. Proceeds will be use for construction. Filed Sept. 23, 1944. Details in "Chronicle," Sept. 28, 1944.

THE MUTUAL TELEPHONE CO., HONOLULU, HAWAII, has filed a registration statement for 100,000 shares ($10 par) capital stock. Stock will be offered to holders of presently outstanding 500,000 shares of capital stock at par on basis of one share for each five held. Any stock not taken by stockholders will be sold at public auction. Proceeds for working capital. Filed Aug. 16, 1944. Details in "Chronicle," Aug. 24, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

POTOMAC EDISON CO. has filed a registration statement for $16,981,000 first mortgage and collateral trust bonds, 3¼% series due 1974. Proceeds from sale, with additional funds of company, will be used for the redemption of $11,981,000 first mortgage gold bonds, series E, 5%, at 105, and $5,000,000 first mortgage gold bonds, series F, 4½%, at 107½, in each case plus accrued interest. Bonds to be sold at competitive bidding. Filed Sept. 22, 1944. Details in "Chronicle," Sept. 28, 1944.

Bids for the purchase of the bonds will be received by the company at 50 Broad St., New York, up to 12 noon EWT on Oct. 31.

RESISTOFLEX CORP. has filed a registration statement for 100,000 shares of common stock ($1 par). Proceeds for additional working capital. Price to public $4 per share. Herrick, Waddell & Co., Inc., New York are underwriters. Filed Sept. 16, 1944. Details in "Chronicle," Sept. 21, 1944.

S AND W FINE FOODS, INC. has filed a registration statement for 75,000 shares of common stock (par $10). Proceeds for working capital which may be used for plant improvements and office and warehouse expansion. Blyth & Co., Inc. are underwriters. Price to public $16 per share. Filed Sept. 28, 1944.

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

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment. Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 25-year 5% bonds at 105% plus accrued interest. Names of underwriters and interest rate to be supplied by amendments. Filed Ang. 18, 1944. Details in "Chronicle," Aug. 24.

The directors Sept. 5 voted to direct the officers to formulate plans to invite competitive bids for the new bond issue.

Due to a decision of the N. Y. Public Service Commission that it has jurisdiction over the proposed issue, the company has decided to defer the issue temporarily.

Municipal News & Notes

The municipal market, which has been severely handicapped in recent weeks as a result of investor fears as to the outlook for the price level during the reconversion period, reacted more than favorably to the exceptionally heavy flow of the new business that developed in the past 10 days. This was particularly true insofar as investor interest was concerned, their response to new emissions having been rather impressive. In consequence, underwriting groups for such recent offerings as the $33,000,000 Los Angeles, Calif., $12,000,000 Portland, Ore., and $9,450,000 Baltimores found it possible to distribute the bulk of these issues in relatively short order.

An important factor in the success achieved was the good judgment exercised by the underwriters in the matter of prices placed on these offerings. These on the average reflected the lower levels of from 15 to 25 basis points which made it possible to break the stalemate that developed some weeks back in the case of the substantial unsold balances then on hand from earlier awards.

Conceding the impetus occasioned by the more generous yields offered, the quick response with which investors greeted recent offerings undoubtedly was very heartening to the trade and bespoke greater optimism on the part of buyers generally. It would appear too early, of course, to conclude that the present level of prices, which reflect standings in the early part of the year, constitute a permanent base or is merely a temporary anchor. In this connection it may be noted that some dealers hold to the view that an advance to recent peak levels is not improbable.

The final answer, it seems, will not be evident until sometime after conclusion of the large volume of financing now in prospect, not to mention the degree of success achieved in placing the unsold portion of current offerings.

Mention may be made here of the fact that on Tuesday of this week bids were received on several awards involving about $25,000,000 bonds. This figure included $14,000,000 by Houston, Texas, a $7,365,900 portfolio liquidation by the New Jersey State Teachers' Pension and Annuity Fund, and a $3,000,000 Craven County, North Carolina issue. The two bids for the latter loan were rejected, while in the case of the Houston loan, the high bid was made by a syndicate headed by Halsey, Stuart & Co., Inc. Another large issue is scheduled for award today, when bids will be opened on an issue of $7,600,000 Miami, Fla., bonds.

As for next week's calendar, the present set-up is particularly heavy and is highlighted by the $27,000,000 Chicago Sanitary District, Ill., offering, for which bids will be received on Nov. 2. This will be preceded by such offerings as $3,000,000 by Portland, Ore., on Oct. 30; $9,030,000 by the Mutual Life Insurance Co., New York, on Oct. 31, and $2,000,000 by the State of Mississippi on Nov. 1.

Then, too, as the Sixth War Loan Drive is to get underway on Nov. 20, it is not unlikely that many other borrowers will elect to comply with their credit requirements between now and that date. In addition, it is possible that further liquidation of municipals may be carried out by institutions and public trust funds in order to reinvest proceeds in the Treasury offerings.

Under the circumstances, both underwriting and dealer firms will be called upon to do a vast selling job over the next few weeks. And the time element is the more important in view of the fact that, as in the past, municipal men will be no less occupied than other groups in exerting every effort in behalf of the complete success of the coming War Loan Drive.

W. L. Clayton Resigns Surplus Property Post

The resignation of W. L. Clayton as Surplus Property Administrator was made known on Oct. 4 by James F. Byrnes, Director of War Mobilization. Mr. Clayton had previously indicated that he would not accept reappointment, and that he opposed the enactment of the Surplus War Property Bill, stating that it was "unacceptable" to him and referring to the Board setup as "unworkable." Mr. Clayton is expected to remain at his post for a short time, until Mr. Byrnes, who tendered his resignation on Oct. 3, relinquished his post. Mr. Byrnes has accepted an interim appointment until his successor is named.

Mr. Clayton told reporters that he was desirous of returning to the cotton-exporting business with the firm of Anderson, Clayton & Co. in Houston, Texas, of which he was Chairman of the Board before going to Washington four years ago.

From Washington advices Oct. 4 to the New York "Times" we take the following:

The Surplus Property Administrator was named to that post last February, and operated under authority of a Presidential Executive Order until yesterday [Oct. 3] when the Surplus Property Act was approved by the President. He [Mr. Clayton] declined to enlarge on his previous statement that he considered the act to be "unbusinesslike" and difficult to administer.

According to reports, Mr. Clayton feels that Congress has hamstrung the Surplus Property Administration in disposing of farm land acquired for war purposes.

As far as surplus plants are concerned, the Administrator is reported to feel that the law's provisions for consultation with Congress will delay sales in the crucial period immediately after the war when prompt utilization of the plants for peacetime operation will be needed to provide jobs.

Previously Mr. Clayton had served as Assistant Secretary of Commerce under Jesse Jones.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED

111 Fifth Avenue New York 3, N. Y.

157TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on December 1, 1944, to stockholders of record at the close of business November 10, 1944. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*

October 25, 1944

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held today a dividend of two per cent. (fifty cents per share) on the Ordinary Capital Stock in respect of, and out of earnings for the year 1944, was declared payable, in Canadian funds, December 1, 1944, to Shareholders of record at 3 p.m. on November 1, 1944.

By order of the Board,

FREDERICK BRAMLEY, *Secretary.*

Montreal, October 10, 1944.

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street, New York 5, N. Y.

The Board of Directors has this day declared a dividend of twenty-five cents per share and a special dividend of twenty-five cents per share on the Capital Stock of the Company, payable December 9, 1944, to stockholders of record at the close of business November 21, 1944.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer

October 19, 1944.

INTERNATIONAL HARVESTER COMPANY

Quarterly dividend No. 105 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable December 1, 1944, has been declared to stockholders of record at the close of business November 6, 1944.

SANFORD B. WHITE
Secretary

SOUTHERN RAILWAY COMPANY

New York, October 24, 1944.

A dividend of One Dollar and Twenty-five Cents ($1.25) per share on the preferred stock of Southern Railway Company has today been declared, payable December 15, 1944, to stockholders of record at the close of business November 15, 1944.

A dividend of Seventy-five Cents ($.75) per share on 1,298,200 shares of Common Stock of Southern Railway Company, without par value, has today been declared out of the surplus of net profits of the Company, for the fiscal year ended December 31, 1943, payable on December 15, 1944, to stockholders of record at the close of business November 15, 1944.

Checks in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice-President and Secretary.

THE UNITED STATES LEATHER CO.

The Board of Directors at a meeting held Oct. 25, 1944, declared the following dividends—the regular quarterly dividend of $1.75 per share on the Prior Preference stock, payable January 1, 1945, to stockholders of record November 13, 1944, and a dividend of $2.00 per share on the Class "A" Participating and Convertible stock; payable 50c on December 15, 1944, to stock of record November, 13, 1944, 50c on March 15, 1945, to stock of record February 10, 1945, 50c on June 15, 1945, to stock of record May 10, 1945 and 50c payable September 15, 1945, to stock of record August 10, 1945.

C. CAMERON, Treasurer.

New York, October 25, 1944.

W. M. Fuller Dead

W. Maxwell Fuller, partner in W. E. Hutton & Co., members of the New York Stock Exchange, died on Oct. 17. Mr. Fuller made his headquarters at the firm's Cincinnati office.

Situations Interesting In Conn. Companies

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

"Our Reporter On Governments"

(Continued from page 1799)

if it is, it means that many banks will not be able to buy any of these bonds for their savings account in the coming drive, since they have already reached their limit. . . .

On the other hand, if it is not cumulative, it will mean that the banks with savings deposits have been given a much larger participation directly in the drive and will get a much greater amount of these bonds than have been available to them in the past. . . . The amount of Series F and G Savings Bonds the banks can buy for savings deposits is cumulative and may not exceed $100,000 in all. . . .

It was also announced that the insurance companies, savings banks and State and local governmental units would again be given the opportunity to make use of the deferred payment plan, which was used in the Fifth War Loan, with the period for deferred payments in the coming drive extending to February 28, 1945. . . .

CAPITAL RATIOS

Recently the Comptroller of the Currency urged that bank managements prepare to increase the capital ratio, that is, the ratio of capital, surplus, undivided profits and reserves, to deposits, so that these institutions will be in a position to meet changed conditions with the return of peace. . . . The Comptroller of the Currency pointed out that while the banks today are, generally speaking, in a strong position, the exigencies of war financing have greatly increased deposits without a commensurate increase in capital protection. . . . The capital ratio has been a point of considerable discussion among financial people for a long time, and in view of this and the statement of Mr. Delano, Comptroller of the Currency, a recent study points out that it might be advisable at this time to consider the importance of this ratio. . . . Since the volume of bank deposits will continue to grow, even after the ending of the war, and the capital account will not keep pace with the deposit increase, the ratio will continue to show further declines. . . .

Accordingly, it is quite evident that at the end of the conversion period the ratio of capital funds to deposits will be lower than ever before in the history of the country. . . . The traditional ratio of $1 of capital resources to $10 of deposits—or a 10% ratio of capital resources to deposits—it was pointed out lacks a scientific basis, as the test of adequacy of capital funds cannot be reduced to a mathematical ratio. . . .

Capital resources of a bank are intended to act as a cushion to absorb losses that may be incurred in earning assets. . . . Hence the capital funds of a bank should be correlated to the type of its assets in general and to risk assets in particular. What constitutes a "risk asset" is difficult to state and no definition would be generally applicable. . . . It is, however, much easier to define a non-risk asset. . . . The non-risk assets of a bank have been classified as follows:

(1) Cash on hand and due from the Federal Reserve Bank and other banks. These are non-earning assets.

(2) Treasury bills and certificates of indebtedness. Bills have a maturity of about 90 days, and accordingly their price can hardly be affected by a change in interest rates. While certificates of indebtedness are payable in one year, the range of price fluctuations caused by changes in interest rates is obviously limited. Furthermore, since the certificates held by individual banks have spaced maturities, resulting in an average maturity of about six to eight months, it is stated that there is no risk attached to Treasury bills or certificates of indebtedness. The same can be said about prime banker's acceptances and prime commercial paper. Government securities with a maturity of one to two years may under present conditions also be considered for all practical purposes riskless assets, since during the war and the reconversion period and refunding period interest rates will not be permitted to rise to an extent that would materially depress the price of Government obligations maturing in two years, or so.

(3) Short-term obligations of sound political subdivisions, such as municipal and State tax warrants, may also be treated as riskless assets.

COMPARATIVE FIGURES

It was pointed out that in endeavoring to maintain adequate capital funds against assets subject to depreciation, a bank should relate its capital funds (capital, surplus, undivided profits and reserves for contingencies, less the amount tied up in bank premises and furniture and fixtures) to total risk assets. . . . A comparison recently made of the 23 New York City banks shows the ratio of capital resources to deposits, and the ratio of capital funds, less bank premises and other real estate, to other assets, exclusive of Government bonds and cash. These figures are for the period ended Sept. 30, 1944.

	(‡)	(§)
Bank of the Manhattan Co.	1 to 20	1 to 8
Bank of New York	1 to 16	1 to 6
Bankers Trust Company	1 to 12	1 to 4
Brooklyn Trust Company	1 to 14	1 to 4
Central Hanover Bank & Trust Co.	1 to 15	1 to 4
Chase National Bank	1 to 15	1 to 5
Chemical Bank & Trust Co.	1 to 14	1 to 5
Commercial National Bank & Trust Co.	1 to 12	1 to 3
Continental Bank & Trust Co.	1 to 14	1 to 6
Corn Exchange Bank & Trust Co.	1 to 17	1 to 3
Empire Trust Co.	1 to 17	1 to 5
Fifth Avenue Bank of New York	1 to 15	1 to 5
First National Bank	1 to 12	1 to 1.3
Guaranty Trust Co. of New York	1 to 10	1 to 3
Irving Trust Co.	1 to 10	1 to 3
Kings County Trust Co.	1 to 8	1 to 3
Lawyers Trust Co.	1 to 15	1 to 3
Manufacturers Trust Co.	1 to 19	1 to 5
J. P. Morgan & Co., Inc.	1 to 17	1 to 3
National City Bank of New York	1 to 17	1 to 6
New York Trust Company	1 to 14	1 to 4
Public National Bank & Trust Co.	1 to 18	1 to 5
United States Trust Co. of New York	1 to 4	1 to 1.6

‡Ratio of Capital Surplus and undivided profits to deposits.
§Ratio of Capital Funds, less bank premises and other real estate to other assets exclusive of Government bonds and cash.

As is indicated in the table, the ratio of capital surplus and undivided profits to deposits, with only a few exceptions, is above the traditional ratio of 1 to 10, and compares with the ratio of 1 to 14 reported on Dec. 31, 1943, for all insured banks. . . .

It had been stated the ratio of capital funds to deposits has very little meaning since the protection in these capital funds should be applied against assets, and most specifically against risk assets. . . . It was pointed out in this study that it was not possible to get the information at this time to work out a clear distinction between the riskless and risk assets. . . . However, since the average maturity of the New York City banks' holdings of Government securities is well below the national maturity average, which is less than five years, and in some instances under two years, for the New York City banks, their holdings of Government obligations along with cash are considered in this compilation to be non-risk assets. . . . Likewise included in the other assets or risk assets are loans to brokers and dealers, as well as prime commercial paper and bankers' acceptances, which have no more risk attached to them than do short-term Government obligations. . . .

Nevertheless, it is believed that the ratio of capital funds, less bank premises and other real estate, to other assets—exclusive of Government bonds and cash—has substantial value in showing the protection that these institutions have against assets that may not be considered entirely without risk. . . .

This table shows the strong position of the New York City banks with respect to the ratio of capital funds to other assets and indicates that these institutions are in a strong position to handle any type of situation that may develop with the coming of peace. . . .

1-TO-10 BASIS NORMAL

It has been pointed out that since a capital resources-deposits ratio of 1 to 10 has been the practice for a number of years, many directors and large depositors may become concerned if the ratio continues to decline. . . . This may lead to the adoption of too conservative investing and lending policies. . . . Therefore, it was pointed out in this study, that where the ratio of capital funds to risk assets of a bank is less than 1 to 10, such an institution should endeavor to increase its capital or change the quality and maturity of its investments. . . . There appears to be considerable support for the belief that from now on more stress will be placed on the ratio of capital funds to risk assets, rather than on the much publicized, but apparently of little value, ratio of capital funds to deposits. . . .

It is reported that several groups are already working on the formulation of a new ratio of capital funds to risk assets.

C. B. Cooke, Jr. Mgr. For Johnson In Balt.

BALTIMORE, MD.—C. Berkeley Cooke Jr. is now resident manager of the newly-opened Baltimore office of R. H. Johnson & Co., First National Bank Building. Mr. Cooke was formerly Baltimore manager for A. W. Benkert & Co.

Attractive Situations

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

Du Mont Laboratories "A"; Merchants Distilling; General Instrument; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scoville Mfg.; Bird & Sons; Cons. Cement "A"; Riley Stoker; Alabama Mills, Inc.; and H. & B. American Machine preferred.

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