Post-War Tax
Impendables

In opening the "Symposium on Post-War Taxation" held by the Associate Membership of the New School for Social Research in New York City on Jan. 30, A. Wilfred May, who presided, urged his audience not "to lose sight of the economic background behind suggested tax changes." He pointed out the "impendables" facing the plans for tax reforms as indicated by the wide disparities of post-war Government expenditures and in the future levels of national income. "Everyone, from the time of Adam Smith down to Henry George," Mr. May began, "has agreed on certain desiderata of taxation, such as:"

"The collection cost should be kept at a minimum."

"Taxes should interfere with production."

"And post-Battle-War: Everyone.

(Continued on page 467)

Index of regular Features on
page 468.

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Bankers' Report on Breton Woods


(Continued on page 644)

Secretary Morganthau Answers

Donald L. Kemmerer

The Recent International

Civil Aviation Conference

By DONALD L. KEMMERER

Assistant Professor of Economics, University of Illinois

Dr. Kemmerer Reviews the Previous Aviation Conferences and the Conditions That Led Up to Recent International Conference in Chicago. Points Out that the "Closed Sky" Principle Has Become Antiquated Due to War-Time Growth of Aviation and That the "Five Freedoms" of the Air, viz.: (1) Innocent Passage; (2) Technical Stops; (3) the Right to Land from the Home Country to Another; (4) Return Traffic, and (5) Intermediate Traffic Flights, Are Comparable to the "Freedom of the Seas." Explains the Antagonistic British and American Views Regarding International Quota System and Shows That Each Favoring a Policy Opposed to Their Previous National Ideas. Contends That Inability to Arrive at a Compromise Will Lead to Bilateral Arrangements, and Bitter International Rivalries, But Believes Groundwork Is Laid for Another Conference.

World Aviation Conferences

The third of the world's historic international civil aviation conferences ended in Chicago on Dec. 7 after being in continuous session for 71 days. The first of such conferences produced the document known as the Paris Air Convention of 1919 which recognized the principle that every country has complete and exclusive sovereignty over the airspace above its territory. It also established a permanent commission and drew up minimum technical requirements. The United States did not ratify this convention. The second conference produced the Havana Convention of 1928 which we did not ratify but which dealt with western hemi-

(Continued on page 636)

The Economic and Political

Consequences of Lord

Keynes' Theories

By PHILIP CORNTAY

Vice-Chairman of the Board and Treasurer of Cuyt, Inc.

Exchange Stability and the Hostility of Lord Keynes


An emaciated campaign in being conducted in England against the gold standard and against monetary stability, and sometimes even in favor of maintaining exchange control. This campaign is significant because it is addressed to the masses and is based on emphatic assertions of controversial theories or even outrights. On the first page of the Daily Express, one could quite recently read an article with the title in letters one inch high: "1923 and All That--Only Far, Far Worse," and signed by Paul Rinz. This campaign (Continued on page 628)

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(Continued on page 636)
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Post-War

War

Making Democracy Effective

By W. RANDOLPH BURGESSE

President of the American Bankers Association

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

Prominent Banker Calls Attention to Trends Away From Democracy, and While Admitting That War Has Many People and That Post-War Problems Point Toward Continued Regulation and Controls, Particularly in Banking, He Asserts That the Remedy Lies in "Doing Our Job as Best We Can in Paying More Attention to Public Options, and Have People "Whose Main Business Is Working With the Government." Says Socialized Credit Moves in Opposite Direction From Democracy, and Guaranteed Credit Makes Banker 'A Paid up Member of a Paid out Machine.'

Probably the most serious practical problem for every banker and every business man in the United States today, next to winning the war, is how will re-conversion be handled, or what's going to happen about taxes, or how badly are we going to be hurt by inflation.

There is one problem which is far more fundamental and more urgent. It is simply this: All that giving up service to the public is forcing the bankers to examine the fundamentals of democracy.

We say that we believe in the democratic way of life, do we? How much do we honestly believe in it?

We have a good deal of our common democracy, and most of that is our fault. We have taken too much, for granted. We have agreed that our Constitution, our Bill of Rights, our Supreme Court, and our carefully established political traditions were all the safeguards our country needed.

It is characteristic of many sub¬

versive political changes that they come gradually, kind insidiously, here a little and there a little, gaining control more and more seeming as a given moment to be doing anything very alarming.

The attainment of democracy in the United States has happened for a long time. We have always had well meaning people who prefer persuasion to persuasion, and whose ideal of government is a small group that rules for powerful people.

* * *

A paper prepared by Mr. Bur¬

gess on the 26th Mid-winter Trust Conference, American Bankers Association.

(Continued on page 632.)

The Treatment of Capital Gains

And Losses

By RANDOLPH E. PAUL,

Former General Counsel of the Treasury


Mr. Paul has come to the conclusion that the problem of taxes, which has been a constant problem of our country for a long time, ought to be solved in the most favorable way. He has come to the conclusion that the problem of taxes should be solved by a new Supra-Capital Gains Theory of the United States.

Mr. Paul discusses the pros and cons of capital gains taxes, and explains that the breaking up of capital gains for tax purposes, and the re-examination of the post-war situation, should lead to a new supra-capital gains theory of the United States. He also discusses the need for a new capital gains tax law.

Sound results in taxation are not always achieved in direct proportion to the number of words a taxpayer writes, or the kind of capital gains. It has also differentiated between ordinary and capital gains, and that is what the British are somewhat more interested in doing.

"Why should capital gains be treated more favorably than any other kind of income?" Advocates of special treatment have one good reason for their stand and several dishonest arguments which, I believe, weaken under the light of careful scrutiny.

The good reason applies only to gains which have accrued over a reasonably long period of time at least more than a year. Realiza¬

* An address by Mr. Paul before the American Bankers Association.

** An address by Mr. Paul before the American Bankers Association.

*** An address by Mr. Paul before the American Bankers Association.

**** An address by Mr. Paul before the American Bankers Association.
Post-War Problems in Their Relation to Securities
By RON J. EDWIN LARSON*

State Treasurer of Florida
Chairman, Florida Securities Commission

Mr. Larson Analyzes Transition Problems from War to Peace, and Lists as Requiring Early Determination: (1) Prompt Payment of Cancelled War Contracts; (2) Early Disposition of War-Related Securities; (3) Sales of Government Plants and Equipment; (4) Creation of Jobs for Ex-Service Men and Women; and (5) Taxation Reforms. Sees No Need for a Post-War Depression and Urges Treasury to Make Full Use of 1942 Trustee Plan by Establishment of Securities Laws to Encourage Investment and Giving Encouragement to the Small Securities Dealers and the Small Investor. Contends There Is No Such Thing as "Ricebergers" and That Regulatory Bodies Should Consider This Calls for Liberal Policy in Regulation.

It hardly seems possible that more than 15 months have elapsed since last we met in Cincinnati in our 26th annual convention, but time passes swiftly in the busy days of the past few days when we have all had so much to do. The rapid passing of the time reminds me of the story of the old lady who kept a parrot which was noted for his prolific use of profanity. She put up with it all as long as possible because she was quite fond of the old bird, but was unwilling to see the Lord's Day decorated in this manner so she kept a cover over the cage each Sunday, as usual, Monday morning. One Monday afternoon she gave her minister's car- rying up the walk toward the house -on one of his regular pastoral vis- its, so she quickly placed the cover over the cage. As the revered gentleman entered the par- lor for the parrot remarked, "It's been a damn short week!" So I say to you now, relatively, this has been - a very short fifteen months.

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International Investment Position Of the United States
By ROBERT L. SAMMONS*
International Economist and Statistics Unit, U. S. Bureau of Foreign and Domestic Commerce

Analyzing the Present Investment Position of the United States, Mr. Sammons States That Due to Wartime Developments, the Nation, from the Basis of the Standpoint of International Payments, Has Become, for the Time Being, a Debtor Nation, Though on the Basis of Long-Term Investments It Is a Substantial Creditor. However, He Holds the U. S. Is Far From Being the Greatest Creditor Nation of All Time. Says the Net-Creditor Position of U. S. Exceeds its Net-Debtor Position by Only About One-Quarter. For the Time Being, Opportunity for Substantial Expansion of Post-War Foreign Investments.

Under the influence of wartime developments, foreign business and investments in the United States increased until, as of September, 1944, they exceeded $64 billion dollars held abroad by an amount estimated at some $1,260,000,000 (table 1). By a widely accepted somewhat technical criterion, therefore, the United States at this time becomes, at least for the time being, a "debtor" nation.


(Continued on page 638)

The Significance of Public Debt
By MURRAY SHIELDS*
Economist of Irving Trust Company, New York

Mr. Shields Reviews the Growth of Public Debt in Britain and U. S. and Points Out That It has Been Accompanied by an Equally Significant Growth in Economic Resources and Productivity. Describes the Present Absence of Inflation Effects to "the Deluge of Goods and Services" During the War, but Warns That Unless the Forcings Making for Expansion in Private Enterprise Are Freed, Great Problems Portend.

On Pearl Harbor Day our national debt was about $62 billion. Today it exceeds $230 billion and it may be well beyond the $300 billion mark before the full cost of the war has been met. What does so colossal a debt mean to us? A lively controversy prevails as to its ultimate portent; some people argue that the increase in the national debt is an almost certain ruin, others, that it has no permanent economic significance. Probably the truth lies somewhere in between these two extremes, and the actual effect of the debt increase will depend in large measure upon what we do as a nation do or fail to do in a number of other important respects.

British experience is frequently cited as proof of the idea that more and more spending and a bigger public debt necessarily mean economic disaster and for a country. Mr. Henry A. Wallace referred to this British record in his testimony before the Senate Commerce Committee.

But the real test, on either this or the American score, will be found in the future, and in the ability of the British government to "get the job done" in a way that is both efficient and humane.

*A paper by Mr. Shields prepared for the 86th Mid-Winter Trust Company Taxation Division, American Bankers Association.

(Continued on page 649)

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Quarterly Bulletin

The National Association of Investment Companies, which represents 117 companies with combined assets in excess of $200,000,000 has published the first issue of a new quarterly statistical bulletin covering closed-end investment company securities. In convenient form, the bulletin includes the more important statistics which are not easily obtained from any other single source.

The purpose of this quarterly bulletin is to provide as much information as is feasible within the limits of a publication of this type to aid the individual investor to make his own decisions about the various closed-end investment company securities which are best suited to his purpose.

Securities of closed-end investment companies are divided into separate categories in the bulletin as follows:

1. Investment Company Common Stocks

   A. Non-leverage, general portfolio
   B. Non-leverage, specialized portfolio
   C. Conservative leverage
   D. Medium leverage
   E. High leveragae
   F. Options

2. Investment Company Preferred Stocks

3. Investment Company Bonds

Copies of this bulletin may be obtained free of charge by writing:

BOSTON SECURITY TRADERS ASSOCIATION
Because of transcription difficulties, the Boston Securities Traders Association has postponed its annual Winter dinner which had been scheduled for Feb. 21.


As usual, there were no speeches, and a brand of entertainment was presented that seemed to please the handsome audience. A general feeling of good fellowship and sociability was evident throughout the entire evening, and the prizes drawn for were just what the doctor ordered. The Committee in charge was given a vote of thanks for a job well done.

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Government Controls and Industry's Pricing Policies
By HOWARD E. BLOOD
President, Norge Division, Borg-Warner Corporation, Detroit

 назначен Admitting that Price Inflation Checks Are Needed in Recession Period, States That OPA Takes Its Present Course
Manufacturers Will Be Forced to Absorb Unavoidably Increased Costs, Attacks the "Pricing Pinching Policy" as Detrimental to Full Reemployment,
and Cites the Case for a Reduction of Profit Margins. Argued That Distributors' Historic Margins Should Not Be Squeezed Down, and
Expresses Opposition to the Use of Government Capital and Taxing Powers to Favor Special Types of Business in a Competitive Enterprise System.

When a businessman man nowadays dares to raise his voice in protest against OPA's publicly announced profit squeezing intentions, he is immediately tagged an inflationist and a profiteer. And the slightly skilled propaganda machine of OPA, together with its facilities for publicity by radio and the press, in too many cases are causing business men to feel helpless and to stand mute.

Let's start out by again recognizing and acclaiming the great service rendered by OPA in holding the line against runaway price inflation. But let's also recognize the other segment of our population who is naturally more keenly aware of the dangers of inflation and of the need for holding the inflation line.

Likewise, let us body state


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Bowles Says Distributors Must Share in Absorbing Higher Costs
At Conference With Wholesalers and Retailers He Says Profits Have Risen or Have Been Maintained, But Promises Relief in Cases Where Ceiling Prices Are Below the Generally Fair and Equitable Level.

It would be expected from a serious economic pressure facing the nation in 1945, it will be necessary for retailers and wholesalers to absorb the entire increase of share of cost of living increases, except in those instances where there is a reduction in the general level of prices. This, in the words of OPA Administrator Chester Blood, is "the line we are ready to draw in this matter of cost increases." This is not for the purpose of cutting off a distribution of profits, but to be certain that the retail price of goods shall not be increased along with the higher cost of wages and materials.

The Chairman of OPA, Mr. Blood, is now visiting the western states. During a recent visit to the eastern states, he made the announcement that the Commission will speedily review all the higher price levels in the eastern states, and that there will be no increase of prices until the Commission has considered each and every claim for higher prices, and has determined some are due to cost increases as a result of the war, and other claims for higher prices are due to cost increases caused by a high profit structure.

This announcement is refreshing to the many who have been disappointed by the failure of OPA to act promptly in the eastern states in preventing the increases of prices. It is also significant that Mr. Blood has called the attention of the Commission to the fact that the higher price levels in the eastern states, the increases which have taken place, have been due to a high profit structure and not to a high cost of wages and materials, and that the Commission is bound to take this matter into consideration.

Mr. Blood has also announced that the Commission will review all the higher price levels in the eastern states, and that there will be no increase of prices until the Commission has determined that the increased cost of wages and materials has been a direct result of the war, and that the increased cost of materials has been due to the high profit structure of the companies involved.

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Public Utility Securities

A Favorable Rate Decision

Strength in utility issues recently associated with factors—increasing popularity of "peace" stocks, the Supervisors & Power Case, and the Pennsylvania & Light, Power & Light. The Commission did not merely find present rates to be reasonable, but went out of its way to discuss in considerable detail many problems relating to rate, utility valuation, taxation and earning power.

This was one of the few really favorable decisions which the utilities have obtained in any years. The changed political situation in Pennsylvania may, of course, have something to do with the present composition of the Commission and the liberality of the majority views. While the decision had a direct effect on utility earnings, it was, in the final analysis, a symbolic victory, as a battle against the many anti-utility decisions and policies of recent years, which have had their principal source of inspiration in the Commission.

The Commission, in considering the valuation of the Pennsylvania Power & Light evidently considered that "it is a mandate to follow the old-fashioned Smyth vs. Anes Supervisory Court philosophy and hence studied reproduction cost, operating expenses, depreciation, "fair" value, concern, capital worried, that main duty of the Commission is to respond to the public's concern in its own ideal of "fair value." After allowing for depreciation, the Commission arrived at a "fair value" of $194,000,000, and after adjusting for comparative subsidiaries, it arrived at $134,000,000. After taking into account the original theory of "fair return," it was an overpriced value.

San Francisco Trading in New York Stocks

One hundred and forty-eight stocks traded on the New York Stock Exchange were also traded on the San Francisco Stock Exchange between the hours of 10 a.m. and 3:30 p.m. (E.W.T.) Wednesday. Volume and quotations are available upon request.

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Book Value approximately $15.00 per share

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Public Utility Securities

A Favorable Rate Decision

Strength in utility issues recently associated with factors—increasing popularity of "peace" stocks, the Supervisors & Power Case, and the Pennsylvania & Light, Power & Light. The Commission did not merely find present rates to be reasonable, but went out of its way to discuss in considerable detail many problems relating to rate, utility valuation, taxation and earning power.

This was one of the few really favorable decisions which the utilities have obtained in any years. The changed political situation in Pennsylvania may, of course, have something to do with the present composition of the Commission and the liberality of the majority views. While the decision had a direct effect on utility earnings, it was, in the final analysis, a symbolic victory, as a battle against the many anti-utility decisions and policies of recent years, which have had their principal source of inspiration in the Commission.

The Commission, in considering the valuation of the Pennsylvania Power & Light evidently considered that "it is a mandate to follow the old-fashioned Smyth vs. Anes Supervisory Court philosophy and hence studied reproduction cost, operating expenses, depreciation, "fair" value, concern, capital worried, that main duty of the Commission is to respond to the public's concern in its own ideal of "fair value." After allowing for depreciation, the Commission arrived at a "fair value" of $194,000,000, and after adjusting for comparative subsidiaries, it arrived at $134,000,000. After taking into account the original theory of "fair return," it was an overpriced value.

San Francisco Trading in New York Stocks

One hundred and forty-eight stocks traded on the New York Stock Exchange were also traded on the San Francisco Stock Exchange between the hours of 10 a.m. and 3:30 p.m. (E.W.T.) Wednesday. Volume and quotations are available upon request.

For details only

National Gas & Electric Corporation

Overseas Shares

Present Market 68% - 5.5%

Book Value approximately $15.00 per share

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International Air Trade and Travel Routes of the Future

By L. Welch Pogue
Chairman, Planning Board

L. Welch Pogue

Leading Federal Aviation officials discuss the projected International Air Routes of Which 20 Have Been Already Announced. Predicts Great Expansion in Future International Aviation Operations but States That It Has Not Been as Rapid as That Expected. Procedural and Precaution Measures Are Urged Against Rivalry and Prejudice.

Aviation Competition. Important in air service, which has already been scheduled by the International Air Transport Command, is the question of rivalry and prejudice. The American flag carrier in the international field or whether there shall be competition. Holds the Chicago Aviation Conference Accomplished Important Steps in Encouraging International and Precaution Measures Against Rivalry and Prejudice. American Shipping Will Not Be Adversely Affected by Growth of International Aviation but May Be Benefited by the New Traffic Thereby Stimulated.

I deeply appreciate the privilege of speaking to the New York Board of Trade. Your membership represents the active and vigorous business leadership of the very great city of New York. I take the opportunity to discuss some plans and ideas relating to the future.

Sometime in the 70's a company was fired with the courts of their convictions and willing to risk their money and careers in the establishment of commercial air transport there then stood in the Caribbean area of the great South American continent a very great city, New York. Early in the 20th century, the government of New York and New Jersey, in cooperation with the United States government, established the Pan American Airways System. The Pan American Airways System operated more miles than many of the other major air carriers.

The Pan American Airways System, which is owned by Pan American and Pan American-Grace, is the largest and most modern of the Pan American Airways systems. The Pan American Airways System operates more miles than many of the other major air carriers.

The Pan American Airways System operates more miles than many of the other major air carriers. However, it was not until the 1930's that Pan American Airways System began to develop a large-scale international air service. In 1930, Pan American Airways System was the first airline to begin scheduled international service. Since then, Pan American Airways System has expanded its international operations to include destinations in the Americas, Europe, Asia, and Africa.

Today, Pan American Airways System operates a network of routes that serve many of the world's major cities. The company is a major player in the international air transport market and is known for its high-quality service and innovative business practices. Pan American Airways System continues to be a leader in the international air transport industry and is committed to providing safe, reliable, and comfortable travel experiences for its passengers.
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To assist and learn unlisted trading business with well-known trading houses. Salary $60 per week to start. Write Box No. 8, The Commercial & Financial Chronicle, 25 Broad Street, New York, N. Y.
The Treatment of Capital Gains And Losses

(Continued from page 618)

ing a gain in a single year busses in that year that income that was not recognized before.
So the tax is higher than it would have been if the gains had been taxed bit by bit as they grew. A highly progressive tax schedule is appropriate when gains emphasize this in-
equity. It is no more than fair that the gains which are accumulated in years may be taxed at a higher rate than those which are accumulated in a single year.
However, this reasoning is only partially sound. It is based on the premise that gains are not accumulated over a long period of time. For example, an estate that gains which reflect expectations of enhanced future profits is considered.
Nevertheless, it is probably true that a large proportion of gains realized by individuals is the result of gains realized even, over the period of ownership, and that the client is justifying in extending to them a tax treatment that is applicable only if gains are realized over a period of time.
Bequests and Gifts
There are thousands of Mr. Smith's family and friends. Business. These losses may be treated as a special loss to the estate, if the loss is not realized.

Mr. Smith had to dip into his savings to pay for the second and final year of the trial. He faced a difficult choice. On the one hand, he had promised his family and friends that he would keep the estate's gains and losses which realizes the right to use the money. On the other hand, he may be held liable for taxes on gains which reflect expectations of enhanced future profits.

But the fact remains that price fluctuations are an integral part of business. Higher wages may not represent any increase in purchasing power. The increase in the cost of living has kept pace with the wages. Total purchasing power of an absolute item is the same, regardless of the purchases of other types of capital gains. But the British situation differs fundamentally from ours. The government does not allow any type of capital gains to be taxed. On the other hand, the government does not allow any type of capital gains to be taxed.

The impossibility of doing absolute justice is not a valid reason for failing to do justice that can be done. A perfect solution is that capital gains are taxed at a rate in the tax level, so there is no real increment at all in terms of purchasing power.

In 1913, Mr. Smith came to Washington to work for a brokerage firm. He bought a house for $10,000. In 1947, he voted for the firm's policy of a 5% commission on all votes. He had moved his family, Puerto Rico, and was now able to pay his taxes. But Mr. Smith was speaking of a house he had bought in New York; moreover, in Chicago he could find no space for his large family.

Reckoning the amount he had left in his pocket. The Treasury had part of the first $5,190.00.

The Treatment of Capital Gains and Losses

(Continued from page 638)

and the Government is guilty of sharp practice in taking away gains it has fully and rigorously claimed the right to tax.

The annual report of a large busi-
ness corporation used to be, as a rule, a model of candor, except for those closely interested: the stockholders, having been satisfied of the company's success, etc. But times have changed in America and in so-called "big business."

The chairman of the board and the president of this company, Schen-
by, have just made the usual annual report to the stockholders. In it there is something besides a very flattering accounting of actual business performance, because foremost in the minds of those who direct the affairs of this company is the "responsibility which our Com-
pany has to the community and to the country."

That note—and it is a good one—
is sincerely made today, this happy day, by nearly every worthwhile corpora-
tion in America. We have many laws and regulations affecting business, but the self-imposed rules are more binding on business and welfare of workers which pre-
tend to have nothing to do with the com-
pany—the humanities in the business—are among the most en-
tertaining highlights in our Ameri-
can life.

MARK MERIT

SCHENLEY DISTILLERS OF AMERICA, INC.

Free—Send a postcard or letter to Schenley Distillers Corp., 350 Fifth Ave., New York 1, N. Y. and perhaps you will receive a copy of a brochure containing excerpts of earlier articles on various subjects in this series.
Chicago Brevities

Reports that Marshall Field & Co. was planning to refinance its two issues of outstanding $5,000 were confirmed with the announcement by Hughston M. McNabb, President, that a special meeting of Field stockholders was being called for Feb. 26 to vote on a proposed plan to replace the outstanding preferred with a new issue carrying a lower dividend rate. While the dividend rate will depend on conditions existing at the time of issuance, it is presently expected that it will be 4%. The present preferred will be exchanged for the new stock on a share-for-share basis and in addition, holders of the present preferred will receive a cash payment equal to the difference between the redemption price of the 6% stock and the sale price of the new preferred to the public. A cash adjustment will be made for dividends accrued to date on the exchange. Unexchanged shares will be offered to the public at a price to be determined immediately prior to the making of the exchange. Forgan & Co. and Lee Higginson Corp. will head the underwritings.

Chicaco Corporation recently sold its entire holdings of 9,000 City of National Bank & Trust Co. and 100,000 shares of its holdings in Middle West Corporation. With proceeds from the sale of the latter were not disclosed, a cash consideration was realized of approximately $1,750,000 from the sale. Both City of National, which was purchased originally at 130, and sold at around 30, appears to have been expropriated.

INVESTMENT PLANNING FOR 1945

Some suggested issues for the intermediate and longer term. 4% preferred stocks and bonds will be sold on request.

THOMSON & MCKINNON

New Telephone Exchange, and all principal exchanges.

252 N. LaSalle Street

CHICAGO 1

The City Commissioner of subways and interurban lines, last week, the city originally offered $43,500 for the line.

The new plan would be submitted directly to the railroad hold- ers rather than through the various bondholders' committees, the syndicate emphasized.

March has been set as the date for signing of the final decree in the reorganization of the Chicago and North Western Railroad which has been in reorganization for the past 10 years. The reorganization plan was approved two years ago and securities and other property were turned over to the new corporation on May 30, 1944. Kenneth W. Burgess, attorney for reorganization managers, stated that this was the first large railroad reorganized under the Railroad Reorganization Act as amended in 1935.
We maintain an active interest in—

BOWSER, INC.
MARYLAND CASUALTY CO.
MARYLAND DRYDOCK CO.
STRUTHERS WELLS CORP.

Crutcher & Co.
Member New York Stock Exchange and Chicago Board of Trade

229 South La Salle Street
down to-

Chicago 1, Illinois

Dennis D. Donnellan
Bravelled on Field

The story is being told in Chi-

cago of how 1st Lt. Dennis D.
Donnellan, 23, son of Mr. and Mrs. Stephen
Donnellan, 5404 Princeton Ave., won promotion to his new
rank recently by winning in the

Medical Administrative Corps of the
American Ninth Army.

Donnellan's advancement to a
lieutenantcy came on the
field of battle after his unit had
been cut off in a disputed town where
American and German patrols en-

Sailed for temporary

Chicago, the Icer, was acting as a
medical officer in the American
Army. Before entering the Army
in July, 1941, young Donnellan
was employed in the Chicago office of the

Federal Reserve Bank of St. Louis
Digitized for FRASER

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Wisconsin Brevities

By order of the United States District Court for the District of Minnesota, Fourth Division, dated February 3, 1943, and under the direction of the Wisconsin Central Railway, were authorized and directed to pay the interest coupons matured Jan. 1, 1938 and July 1, 1943 of the outstanding gold bonds due July 1, 1943; which upon surrender of such coupons and receipt of payment thereof at the face amount, the holders of such coupons are barred from any further claim upon or in connection with or resulting out of the possession or ownership of the coupons so paid, in accordance with the provisions of such order, the trustees transmitted for the payment of such coupons on February 5 to the Bank of Montreal, Toronto, Canada, or to the Bank of Montreal, N. Y.

The trustees of the Wisconsin Central Railway recently asked the Commission to consider the probability of its desire to defer for the present hearings on the Railway. The Commission in its report filed in December by the protective committee for the first time allowed the bankruptcy.

The trustees told the Commission they believed the time and expense could be saved and the public further opportunity to study the problem and to canvas possible agreement and to commence on all pending controversies. The trustees were given until December to formulate a plan of their own.

A net profit of $376,967 after all deductions for the quarterly period ending Dec. 31, 1944, is reported by the Outboard Motor Co., which has its Twin City Motor division in Milwaukee. This net profit brings the company's per share on the $90,978 share capital outstanding for the year, compared with the 1943 profit for the per share of $23,063 or 97 cents per share.

Net sales in the 1944 period totaled $7,236,509 for the year 1943, and the pretax profit was $2,000,000, as a special reserve for contingent liabilities including renegotiation of war contracts and conversion and readjustments for civilian production as an estimated $150,000 for the 1943 quarter.

Rae F. Bell, former First Vice-President, has been elected Chairman of the board of directors of the Wisconsin Central Railway by the late L. R. Smith, the late President of the Wisconsin Central National Bank & Trust Co., of which the Smith Corp. in 1940, has been elected President and Chairman of the Board.

Other officers were elected as follows: W. C. Heath, President; John M. Floyd, Vice-President and General Manager; and R. F. Stamm, Secretary and Treasurer.

The All-Chains Manpower Conference, according to data filed with the SEC, has reduced outstanding bonds on its books. The reduction occurred under the revised V-loan agreement with 22 banks and the SEC, which provided for a prepayment of $35,000,000 of bonds due Aug. 10, 1940.

The company has declared a regular quarterly dividend of $1 per share on its $4 preferred stock, payable March 5 to holders of record February 25.

Commodity Exchange
Re-elects Weld Pres.

Philip B. Weld of Harris, Durham & Co. was re-elected for a third term as President of the Commodity Exchange, Inc. on Jan. 31. Floyd V. Keefer of Orvis Brothers & Co. was re-elected as Vice-President. The Vice-Presidents elected were: 2 re-elected, Milton R. Katzenberg, Paul V. Grell, and Louis V. Keeler.

At the annual meeting of members of the Commodity Exchange, Inc. the following Governors were elected to represent the various groups of the Exchange: Office-House Group, Floyd V. Keefer and Philip R. Wolf; the Little Group, Milton R. Katzenberg and Albert O. Trotzel, Jr.; the Silk Group, George R. Field, and Nathan Lewis; Metal Group, Ivan Reclus, Jr., and Herbert A. Scheele; Rubber Group, Aage Bendixen, and Nathan W. Diamond, and the Non-Trade Group, Kun G. Li

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The Economic and Political Consequences of Lord Keynes' Theories

The keynote of gold can be classified in two categories. Firstly, there are the pure technicians (of great many of critics) who accuse gold of being an illusory and impractical basis for the great saving, but for control of the quantity of money and credit which economy is supposed to need to be prosperous and stable, and of being interested only in obtaining an international balance of payments. The second group (or rather plunderers), small in number, but backed by a certain political and social philosophy, is more dangerous. The most famous and influential among these latter is Mr. Keynes. He, for his part, interprets my intentions if the reversion, which may be regarded as an attack directed against the preservation of the person of the man himself, as it is the ideals, or rather the philosophy of the masses to which he is chained. And he, in turn, maintains that the needs for capitalism are more powerful and more numerous than the vestiges of vested interests. Ald Lord Keynes has not only a philosophy and economic monetary theories with which he is identified, but also a certain prestige is considerable since he has created it. The fact is, he has published a continuous stream of papers whose preface has been followed by the issuing of subsequent events. The respect for what he has written is significant. While he is fighting to relegatize to rank a gold, he has established himself as the monarch of the world of savings. As a matter of fact, Lord Keynes has been able to control monetary direction and is manifestly enjoying the balance between economic nationalism and internationalism. It is necessary to examine the ideas and propositions of Lord Keynes that can be summed up in the following points.

1. The economist's point of view is contradictory; and he is as much a man of the world, as he is a pure technician. He is in fact a pure technician but also the most important of the savants. He is a man whose contributions are not limited to the economic field, but also to the social and political one. He is even one of the founders of the "philosophy of the economist." In the "interpretation of the economist," he is a prophet/whose name is synonymous with contempt for the real world. What he is trying to explain is the economic and political consequences of the adoption of a gold standard. His theories are based on the idea that the gold standard is the only way to achieve a stable economy. He believes that the gold standard will prevent inflation and allow for a fair distribution of wealth.

2. Lord Keynes is a man of the world, and he is the first to admit it. He is not interested in the golden age, but in the practical problems of the present. He is convinced that the gold standard is the only way to achieve a stable economy. He believes that the gold standard will prevent inflation and allow for a fair distribution of wealth. He is convinced that the gold standard is the only way to achieve a stable economy. He believes that the gold standard will prevent inflation and allow for a fair distribution of wealth.

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disappearance... when they will have finished their job. (7) On the other hand, in June and July, the "Economist" published a series of articles attacking the idea that the investment of these savings was important for the maintenance of the country's economic stability. It argued that the idea of "full-employment Keynes" was not a realistic one and that the country was better off with a lower level of unemployment.

One of Keynes' key theories was the idea of "national self-sufficiency". He believed that the country could survive and thrive without relying on foreign investments. In 1932, Keynes published an article in Foreign Affairs titled "National Self-Sufficiency", in which he argued that the country could "live on its own" and that it should not depend on foreign investments.

In foreign affairs, Keynes was a strong supporter of the UK's involvement in the world economy. He believed that the country should not be isolationist and that it should participate in international trade and finance.

Keynes was also a strong advocate of the gold standard. He believed that it was a stabilizing force for the economy and that it helped to prevent hyperinflation. He also believed that the country should not abandon the gold standard even in times of crisis.

The future of insurance companies is being attacked from three vital angles:

1. **Demand For Lower Rates**
   
   The public insistence on rate cuts will probably grow stronger—with the agents the greatest sufferers.

2. **Lower Income on Portfolios**
   
   The degree of injury sustained will depend upon future interest rates from which no immediate relief is in sight.

3. **Increased Fire and Casualty Losses**
   
   These losses can be largely reduced—Loss-ratios are inversely proportional to municipal fire, police and traffic signals supplemented by sprinklers, automatic alarms and well-trained manpower. Upon these the value of insurance stocks largely depends.

**YOU CAN HELP**

Reduce Fire and Casualty Losses by Recommending:

1. **A FIRE ALARM BOX** — at every fire hazard.
2. **A BETTER "HOUSEKEEPING"** — keeping the property free of rubbish.
3. **ADEQUATE POLICE PATROL** — with recorded performance of police duty.
4. **SPRINKLER SYSTEMS AND AUTOMATIC FIRE DETECTION SYSTEMS**
5. **TRAFFIC SIGNALS** — at street intersections.

* 75% of the losses occur as a result of only 4% of the total fires. If municipal fire alarm boxes had been on this 4% of the buildings involved then over 90% of your total fire losses might have been eliminated.

The Ganewell Company
Newport Upper Falls, Massachusetts
New York Stock Exch.
Borrowings Decrease
In Month of January

The New York Stock Exchange, announced on Feb. 3, 1945, that the total of money borrowed as reported by Stock Exchange member firms as of January 31, decreased from $59,941,137 on Dec. 30, 1944, to $53,587,704 on Jan. 31, 1945.

The total of money borrowed, compiled on the same basis as of Jan. 3, 1944, was $62,681,189. The decrease for the month of December was from $69,913,520 to $59,941,137.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders by member firms of the New York Stock Exchange, excluding borrowings from other members of national banks, and direct obligations of or obligations guaranteed to United States Government, was $59,941,137 on December 30, 1944, and $53,587,704 on January 31, 1945.

(Continued from page 619)

Post-War Problems in Their Relation to Securities

(Tables are omitted)

The Securities Industry

(continued from page 874)

In the financial world, the most important event of the year was the signing of the Articles of Agreement for the establishment of the International Bank for Reconstruction and Development. The Bank was created to finance the reconstruction of Europe and other war-torn areas.

The bank's objectives were to provide funds for the reconstruction of Europe and other war-torn areas, to help in the rehabilitation of the economies of these areas, and to promote international trade.

The bank was established in December 1945, and its initial capital was $20 billion. The bank's headquarters were in Washington, D.C.

The bank's first loan was made to France, providing funds for the reconstruction of its war-damaged economy. The loan was for $1.5 billion.

The bank's operations were supervised by a Board of Governors, which consisted of representatives from the member countries.

The bank's first president was James G. Martin, a former head of the Federal Reserve System. He served as president from 1946 to 1951.

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This is their chance to attract new money. We need the large investor in development of new industry.

**Mist Encourage Investment**

The people of this country have the capital needed for post-war development. The banks are over-flowing with it, and it is said to be increasing at the rate of forty billion dollars a year. Investment funds must devise new and broader methods for the legal distribution of securities. Fundamentally, the instinct of the American people is toward thrift and private business. He would like to establish his own business. He is trying to add idle dollars in the bank growing amount from chance. Let’s put those idle dollars to work; get the ball in play, create the condition of economic prosperity. I agree with Mr. Folger that in order to do this, we should streamline the securities laws to eliminate bottlenecks and encourage the free flow of investment capital. We should give the small investor throughout the country the same chance to purchase securities as the large and sophisticated buyer now has. Compulsory building and like regulations are hurting both the little investor and the little dealer. The small dealer is the one the small investor will patronize, and he should be encouraged to remain in business. We should correct the present system of taxation as it exists. Capital by the war will kill the goose that lays the golden egg. Taxation does little harm that is not corrected from this so-called excessive double taxation, first the corporation’s income and then the stockholder’s income. Give capital that takes a chance a run for its money. We should eliminate the so-called speculative capital gains tax. This will bring the 15% income tax. We need business to continue its old business, not new, no or little incentive to increase his income. We need the large investor in development of new industry.

Finally, let us strive to administer a good dose of optimism and faith in the future of our country.

The trend toward reckless economy must be arrested. There is no cousin animal as “riskless” business. Many of our banking institutions believe they should remember this. There is not our province to guarantee any particular business will pay dividends, or even a success. We can only analyze the application, and if in our opinion the sale of the securities in question would not be fraudulent, nor work to tend to a fraud upon the purchasers, and if the enterprise is not founded on sound business principles, then permit should issue. This is the only pansy way in which we can measure such applications. We are not popuists and haven’t the power to look into the future as to the success of the undertaking.

**Post-war Securities Regulation**

As for our own individual problems as officers charged with the task of enforcing the laws, we are going to remain in the position as in the war period, except on a greatly reduced scale. The situation, like the poor, is ever with us. He will come forth with new and different methods that have been the remedy we should expect of the unscrupulous man or women who will fall victim to his false promises. The strain of the war has been sufficient. We have to keep the law in action. He cannot be allowed to keep his activities at a minimum by the exercise of eternal vigilance, and by educating the public to deal only with legitimate, registered dealers.

So it can be seen that the intangible and successful solving of these problems, and other problems which are sure to arise, will have a direct relation to our post-war securities problem, whether we are an issuer or dealer, broker or investment banker, or one charged directly for our services. We are inter-dependent users, and our economic success in the years to come depends upon how well we are doing. Economic failure or success in the post-war years is entirely up to us and we must deal with the problems intelligently. We must be neither conservative nor radical in our thinking or our acts, but always liberal.

And now, Mr. President, upon this note of liberalism, I quote Mr. Walter T. McAdoo, the able Dean of the College of Business Administration of the University of my own State of Florida, in his masterly discussion of the subject “Post-war Development of Private Enterprises.”

“In post-war America an even increasing number of liberalists will be required. Liberals occupy a position in between conservatives on the right and radicals on the left. Conservatives, on the one hand, believe in the right of the individual to any and all business, if they or as they have been engaged, if they have been successful. Liberals, on the other hand, want to ignore the past, to break with it, to cut it off; they reject the old-all of it. We cannot entirely eliminate the old; we can only have the new do his job. He needs little or no incentive to keep his activities at a minimum.
Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. Van Deusen

Theöffentlich Bank of California

Two weeks ago this column carried figures per share of 16 leading banks with 1943 and previous years. This week 1943 and 1944 earnings are shown for 15 leading banks in cities other than New York, also annual dividends and book values as of Dec. 31, 1943, and 1944. As in the case of New York City's banks, these banks generally show substantial gains in 1944 over 1943. It will also be observed that dividend coverage in the majority of cases is generous, and that increasing capitalization is good. There has been a definite attempt on the part of these banks to strengthen capital, primarily for the purpose of expansion of deposits that has been experienced during the period and to meet the expected increases in loans.

 Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please submit your request to the Editor. Financial Chronicle for publication in this column.

Royal Bank of Scotland

Incorporated by Royal Charter 1721
HEAD OFFICE—Edinburgh
Brokers throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E.C. 2
8 Manchester St., W. 1
49 Cheapside, S.W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS £115,651,651

Associated Banks:
William Deacon's Bank, Ltd., City, Dublin, & Co.,

Australia and New Zealand

BANK OF NEW SOUTH WALES

Bankers and Stockbrokers

Post-Capital £8,780,000
Reserve Liabilities of £8,780,000

Aggregates Assets on 30th Sept., 1944 £220,087,893

SIR ALFRED DAVIDSON, K.B.E.,
Head Office: George Street, SYDNEY

NATIONAL BANK OF EGYPT

Head Office Cairo Commercial Reserve No. 3 Cairo

FULLY PAID CAPITAL £3,000,000
RESERVE FUND £3,000,000

LONDON AGENCY
6 and 7 Exeter Street, E.C. 4
Branches in all the principal Towns in EGYPT and the SUDAN

NATIONAL BANK OF INDIA, LIMITED

Bankers to the Government in London and Bombay

Head Office, 26, Bishopsgate, London, E.C. 4

Branches in India, Burma, Ceylon, Siam, Malaya, Japan, China, Indonesia, Burundi, East Africa, Southern Rhodesia, Gold Fields, Etc.

Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,000,000

5 per cent. Stock bears interest payable semi-annually on July 1 and January 1.

Try are able to establish the necessary arrangement with the Bill of Exchange to

try are able to establish the necessary arrangement with the Bill of Exchange to

try are able to establish the necessary arrangement with the Bill of Exchange to

try are able to establish the necessary arrangement with the Bill of Exchange to

try are able to establish the necessary arrangement with the Bill of Exchange to
Making Democracy Effective

(Continued from page 38)

Money and Banking Controls

Two committees are still committed to the control of interest rates at low levels. Higher in interest rates are used to be one of the natural checks on the expansion of credit. If rates are fixed by government, and that seems hard to avoid in the current climate of growing inflations, there are likely to be other controls available: a continuous review of control over consumer credit, and over security and other loans. We shall thus have increased reg-

The fundamental problem which we all face in the post-war pe-
riod is how to get the government and the country we want. The danger is that we should be constantly and in the force of circumstances we shall be influenced to accept the kind of government we do not really want.

We may well confess that the banker is already to a considera-
ble extent in the hands of the government. More than half of his assets are in government se-
curities. Other assets are guaran-
ted by the government, such as FHA mortgages. Our deposits are guaranteed by government insurance in-
surance corporations. Still more proposals are before us for a guaranteed national loan, and for a guarantee of veter-

These forms of guaranteed credit are attractive because they remove the concern of removal of the banking and it would be easy for each of us to all the major taxpayers. We have a kind of glorified slot machine. This is well and good in a socialized credit. It moves in the opposite direction of private and entre-
prise. It is of a kind of glatate that
dulls initiative.

The farmers are exactly the same. Guaranteed farm prices itself were approved by the government to control over production. If the gov-
ernment is to guarantee the price, it will have to know what and how much he may plant and how much he may harvest. Since this price and production will be de-
termined by political rather than economic reasons, the long term effects are unfavorable. We have, to call on the whole difficulty of the price of an important product. The educators also are putting pressure on the government to make grants of Federal funds for education in the schools. They want these funds granted without any Federal control. That sounds like they are eating with the Federal government.

The housing people want Fed-
eral money in large blocks—also without control.

Guaranting Jobs

The latest idea for curing all the country's economic diseases is the plan to have the Federal Gov-
ernment guarantee 60,000,000 jobs. How can they do it? By spending more money. We can't get more jobs by taking lots of it. But the rub is that the money has to come from somewhere and there are only two ways to find it: by taxes and by borrowing. Continued borrowing means in-
flation; increased taxation means that we must control over prices and wages. Taxes mean the stiffing of enterprise and that means the government has to employ still more people. The inter-
rests and businesses. It's a first step towards changing the bureaucratic and leading us far from the totalitarianism in which the state controls all basic

Most of the advocates of these plans are thinking of their own interests: their bottom line. But the results will fol-

The methods of Hitler are con-
pulsion and lies. The Gestapo is the terror mechanism, with its special na-

The method of democracy is per-

What Bankers Should Do

What do we do about all this?

If we can't call the calendar back, we can't do any good just to fulminate against the trend.

The first thing is for each of us, in whatever walk of life he is, to do his own job better and less

Second, we must pay more at-
tention to political questions and matters of public interest. We no longer do send just anybody to Congress and we shall do it to the greatest. We must try to get good people into Congress and into the administration of government. Also we ought to pay them more.

The third step is for each of us to have people whose main business is working with government. It is now a regular part of any business. We bankers have an agency in the Department of Commerce and it is operating effect-

tively. Its effectiveness and that of other such organizations is being shown by the fact that with the facts and having the right point of view is there. I have sometime

The для of the fact that the Fascist has been acting as the Fulfill of the Fascist Reserve Act. Some of these new things are wholesome. But the rates are rising and the stream from becoming a flood to burst out our democracy—iis

This is not that just one man's business. The whole Federal Reserve

The genius of totalitarianism is to make the individual sacrifice his own

dignity and freedom of choice.

The method of democracy is persuasion, education, the appeal to reason, integrity in govern-

To stockholders? Is anything left for future needs?

We publish below highlights of our annual statement as a report on the progress we have made in 1941.

Total Income

For all costs (except those shown below) $101 million

For employees for salaries and wages 48 million

To government for taxes 9 million

To stockholders in dividends 2 million

Leaving in the business 39 million

These are a few of the products coming off the Johns-Manville production lines: Insulations for ships, and mills, synthetic rubber plants and other, and special necking dies for war machines; building products for our construction; Calcium products for enamel paint; asbestos fibers; bolts and shells.

These desires more complete information should refer to a book called Satisfying the Federal Annual Report to Stockholders which we will be glad to furnish on request. Address, John-

The public has a vital interest in knowing how well industry is doing its job in these critical war days.

Is industry continuing to carry its great share in the fight for victory? What financial provision is being made for jobs in the future? How much is paid in Government in taxes? How much to employees? To stockholders? Is anything left for future needs?

An authoritative source of facts concerning these and other questions is provided by annual reports of the thou-

We believe the people want such information, Johns-Manville—as a typical American company—is again reporting not only to its stockholders and employees, but also to the public.

We publish below highlights of our annual statement as a report on the progress we have made in 1941.
**Supreme Court Rules Against Treasury in Computing Tariff-Upholds Reserve Bank Rate**

In a 5 to 2 decision the United States Supreme Court on Feb. 5 ruled against the Treasury's direction which sought to convert the British pound sterling into dollars at a rate of $4.86. The majority held that the Treasury's direction did not constitute an official rate for converting British pounds sterling into dollars. The majority held that the official rate as of this date had not been officially changed.

The case was brought against the American Tobacco Company by the Treasury Department.

**Banking**

**Government Controls and Industry's Pricing Policies**

By NAOMI EVELYN DODGSON

From page 261)

You will find prolonged depression caused by doing business in wartime.

**National Industrial Recovery Act**

Have these adjustments provided for any profit? OPA has not only limited price increases to manufacturers of its costs, but in its recent proceedings has determined that any such increases must be absorbed by reducing distribution margins and profit on the public.

Now what have been the few business men who are the way-stones and repre

When industry looks ahead, the question of immediate post-war, in which, in dis-

First, they point out that OPA is not carrying out the intent of the Price Control Law but is arbitrarily tinkering with the American profit system which operates on the principle of the rate control bureau de=

Third, as to price, they state that to make salesmen still reduce prices to make salesmen still reduce prices in the industry.

Second, they see the need of the ability to recover and produce and stoves when the business has been lived to worry about the prices of the customers who do not make at the present time.

There is no slightest basis for the charge that the OPA has been unfriendly to stoves, and that it will not listen to them and he said they should not go to the public to buy. He said on the line in salesmen who are increasing prices but have not yet reached the line against inflationary price increases.

These minority groups of inflationists and profiters used to make the public and Congressional pressure and the OPA would be the line in salesmen who are increasing prices but have not yet reached the line against inflationary price increases.

**Los Angeles Banks Organize Credit Group**

A group of Los Angeles banks on Jan. 17 announced plans to form a credit group with a $30,000,000 loan to the city to cover the present $30,000,000 demand for short-time business in the postwar period.

**Business Man's Bookshelf**


**Federal Income Tax Withholding Charts**

Manufacturers Trust Company of New York.

**International Conciliation for January 1944**

B. E. W. Anderson, Endorado, 605 N. W. Washington 6, D. C.

**Domestic)**

Chicago, A. W. R. and E. F. Hall, 221 N. W. Washington 6, D. C.

**What Foreign Trade Means to California—William E. White, Jr., and Stuart H. Sinclair—National Tariff and Tariff Organization and The Tool and Die Institute of Chicago—Copies may be purchased from the Secretary, National Tariff and Tariff Organization, 221 N. W. Washington 6, D. C.

**The Fifth Avenue**

605 Fifth Avenue
New York 11, N. Y.

**United States Treasury interpretation of Section 725 of the Revenue Act of 1942**

*Applies to the Investment of Interest on a Uniform Basis*

The above interpretation is in effect.

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**Federal Income Tax Withholding Charts**

Manufacturers Trust Company of New York.
Bowers Says Distributors Must Share in Absorbing Higher Costs

(Continued from page 821) a set of standards comparable to present manufacturing level. The need for flexibility would call for careful working out of standards for retail prices, wholesale and retail levels have become, in the past, the cost of the women, the Administrator explained.

"Since the President's nols-the-line program was announced, the cost of living has been held to an increase of 3 percent per quarter," he said. "During those same 18 months prices have been limited to three-fifths of 1 percent rise from the Bureau of Labor Statistic's figure.

"Statistics that record excellent raila were attained in large degree because of OPA success in reducing retail prices of food by 4.5 percent since May, 1940, and by 1.5 percent since the cost of living index rose a full 0.5 percent in prices, the Department of Agriculture, and the Bureau of Labor Statistics, have made the possible.

"It is not been for this successful operation of the food price program, the story of price stabilization might have been far different. People have had to offset increases of 11 per cent in clothing prices and a 50 per cent increase in transportation costs. The decline in food prices, with OPA maximums, has almost wholly counteracted the 1.7 per cent increase in the cost of living because food prices represent about one-third of the total living budget of the average middle and lower income groups.

"These facts indicate that we are likely to be greater than ever before that the cost of living cannot hope blindly that usually produces a demand for good food prices, minimum, are likely to continue year after year. If crop conditions should be affected by weather, and there is some increase in the prices of goods they purchase or sell, and that costs would be headed toward a dangerous inflation."

"The possibility plus the fact that the minimum, if efficiently employed, would constitute the most dangerous threat to stable prices, makes it absolutely necessary to develop methods of reasonable absorption by distributors and uniformly applied.

"This is the purpose of the distributive trades which permit reasonable rate of cost increases, Mr. Bowers said.

"As in the case of other business enterprises, farmers, wholesalers and other distributors engaged in the distribution of products, the distributive trade should be reviewed in the light of the minimum wage and the careful scrutiny with which the distribution of goods should be viewed.

"In working out a program of pricing, the consumer cannot avoid the absorption of wholesale and retailers and wholesalers, we will not require them in any instance to absorb increases in the prices of goods they purchase or sell, and that costs would be headed toward a dangerous inflation."

"This does not mean that ceilings, must be set, and cost of living. An increase in the cost of living is to be absorbed by those who control it. It is not to be absorbed by the public, as the cost of living will not be absorbed by increases in their suppliers' prices.

"We will also work out principles by which to determine the amount of the margin of a wholesaler or retailer to be absorbed. We will not adopt a rule that no increase may be made but that a maximum margin will be set, which, if it realizes that trade's over-all profit is not being reduced.

"The Emergency Court of Appeals handed down a decision last week upholding OPA's authorities to require cost absorption by wholesalers, retailers and manufacturers, it is believed that the minimum, its essential function, will be the same as retail stores, and other wholesalers. It will be adopted by federal, state and local agencies, and the Court of Appeals has reached a decision requiring them to absorb at the minimum, a 90 percent of their cost.

"When such increases are prescribed, it is the duty of the Administrator to give as much assistance as possible to require them to be absorbed at the minimum rates. This means that the minimum, which are the minimums for 34 months, shall be the minimums.

"We believe the possible method of determining the margin of a wholesaler or retailer is to be absorbed.

"The proportionate cost of goods absorbed by each member of the distribution chain should be determined by the manner in which the margin is to be absorbed. If a wholesaler is to absorb 1/2 of his cost, he should absorb 1/2 of his cost of goods sold to retailers. If a retailer is to absorb 1/3 of his cost of goods sold to wholesalers, he should absorb 1/3 of the cost of goods sold to wholesalers. If a retailer is to absorb 1/4 of his cost of goods sold to wholesalers, he should absorb 1/4 of the cost of goods sold to wholesalers.

"Ability of Distributors to Absorb Increases

Mr. Bowers pointed out that these dollar margins actually realized by wholesalers and retailers have risen sharply during the past 12 months. He found that gross margins have been due to:

1. Fewer clearance sales and sales at net are required to get rid of less desirable merchandise.

2. Percentage mark-ups added to higher prices; resulting either from some price increases permissable under OPA pricing standards.

OPA Pricing Standards Explained Mr. Bowers outlined to the dis tributors attending the meeting the block and ceiling prices developed by OPA, approved by Congress, and as far as practicable, out the provisions of the Emer gency Court of Appeals. It was indicated that ceiling prices will be "generally far below" those on the market.

"According to these established standards ceiling prices of the same product at the same point in the chain of distribution to a retailer or a group are "generally fair and equal, so that a wholesaler and a retailer have the same opportunity to examine and consider any item in the market. The price of a product will be "generally fair and equal," Mr. Bowers said.

"Our pricing standards require the absorption of increases in cost of $500 over the retail price of a product. If, except where the result is to make the increase in the cost of living be absorbed by the consumer, this is an original or ceiling level and that the increased cost is made to equal the price to be

"It is the principle of the price of all products would have to be made to equal the price to be absorbed by the consumer.

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H. S. Hensel Sworn in as Asst. Navy Secretary

H. Struve Hensel, New York attorney, who was nominated by President Roosevelt on Jan. 22 to fill the vacancy left by the resignation of Admiral Thomas L. Gilch, Judge Advocate General, the Navy, was sworn in as Assistant Secretary of the Navy on Jan. 29. The Senate had confirmed his nomination Jan. 16.

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The Recent International Civil Aviation Conference

The tense International Civil Aviation Conference, a dramatic calling. To attending nations and to the general populace across the world, held in Brussels, was an assembly that brought together representatives of most of the world’s nations, chiefly for the purpose of laying the broad foundations of international civil aviation. The conference was attended by representatives of 55 nations, of which 52 sent delegates. These delegates were chosen from nations all over the world, from the United States to the Philippines, from Argentina, from France, and from South Africa.

The conference was held in Brussels, Belgium, and was attended by representatives of 55 nations, of which 52 sent delegates. These delegates were chosen from nations all over the world, from the United States to the Philippines, from Argentina, from France, and from South Africa. The conference was held between March 29 and May 27, 1944.

On the eve of the conference, the United States officially recognized the International Air Transport Association (IATA) as the official organization for the promotion of international civil aviation. This recognition was significant, as it marked the beginning of a new era in international civil aviation.

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Thus both with their are conspired to keep the small nations under the thumb. The intermediate stage of compromise might appear to be the best way to accommodate the interests of all involved. But it is worth noting that the international movement for a free world has been gaining momentum in recent years. The idea of a competitive basis has been gaining ground, and the world is moving towards a more open and free exchange of goods and services.

But it is in the area of transportation that the greatest progress has been made. The introduction of the "escalator" clause has proved to be a major step forward. It has allowed for the development of a competitive basis, where companies can enter the market and compete on an equal footing. This has led to a decrease in prices and an increase in the quality of service.

The Chicago Conference was an important event in the history of aviation. It marked the beginning of a new era of cooperation and competition. The conference was held in Geneva in 1949, and it was attended by representatives from 50 countries. The conference was held in cooperation with the United Nations, and it was arranged by the International Civil Aviation Organization (ICAO).

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International Investment Position
Of the United States

(Continued from page 619)

With respect to long-term investment, it is only when the chief earning assets involved are net foreign assets that the substance of the creditor position is involved. The net foreign assets can be, in substance, the foreign liabilities, which are, of course, not included in the net position. In either case, however, whether measured by total assets or by total liabilities, on balance the United States is far from being at a balance-of-payments disadvantage. It is simply the greatest creditor nation of all time by comparison with the experience of the world in general. And this experience is said to have had an adverse effect upon the balance of trade and foreign investment. The United States is the only country ever to have experienced its net assets being reduced by an amount greater than its net liabilities. In the case of foreign assets, the United States had an asset position which was far greater than its liability position. In the case of foreign liabilities, the United States had a liability position which was far greater than its asset position. This is the only country that has ever had a net asset position greater than its liability position.

The net foreign assets position of the United States can be measured as the value of its foreign assets, excluding those assets held by the United States government, less the value of its foreign liabilities. The net position of the United States is the difference between the value of its foreign assets and the value of its foreign liabilities. The net position of the United States is a measure of the extent to which the United States is a creditor or a debtor nation.

Note appended, but it may be noted here that if par rather than market values are used to measure current United States holdings of foreign dollar bonds and foreign dollar deposits, the net position of the United States would be considerably smaller. As a result, the creditor-depositor position is significant in the United States only in certain respects. In the first place, the standpoint of the creditor position is based on the fact that the payments of foreign assets are made, not in the form of a net addition to the United States, but in the form of a net deduction from the United States. In the second place, the standpoint of the debtor position is based on the fact that the payments of foreign liabilities are made, not in the form of a net deduction from the United States, but in the form of a net addition to the United States. The creditor-depositor position is significant in the United States only in the sense that the payments of foreign assets are made, not in the form of a net deduction from the United States, but in the form of a net addition to the United States.
their liquid claims in the form of dollar balances, and on the extent by which these balances exceed the amount of the former exceeds its large potential investment capacity.

Significance for the Future

The municipal bond market has maintained a healthy volume during the past three years, stimulated by the sizeable amount of securities issued by the various local and state authorities. According to the recent report of the Federal Reserve Bank of St. Louis, the market had been active during the past three years with the volume of securities issued increasing from $1,000 million in 1933 to $1,400 million in 1944.

In contrast to the severe depression of the 1930s, the municipal bond market has been characterized by a steady increase in activity and a gradual decline in interest rates. This has resulted in a significant increase in the use of municipal bonds as a source of funds by local governments, educational institutions, and other nonprofit organizations.

The continued strength of the municipal bond market is expected to continue in the future, with the market expected to maintain its current level of activity and interest rates. This is expected to be due to the continued need for local governments and other nonprofit organizations to raise funds for capital improvements and other projects, as well as the continued availability of funds from investors who are seeking low-risk investments with relatively low interest rates.
The Significance of Public Debt

Experience in the growth of national debt is a thing of the past, from the early 1700's to the 1910's in mind. The debt of 1914 was almost $35,000,000,000 more than all of the national debt up to that time. Our national debt is now $51,000,000,000, an increase of $16,000,000,000 in eight years. This increase in debt is all associated with war. The bond market of the 1914 period the nearly doubled (175 to 48, up 257% from 1910) during the Napoleonic Wars and increased by nearly 250%, and during World War I increased by over 400%.

Significant commentaries on this growth in British public debt are found in a chapter of Lord Macaulay's "History" who wrote in 1835, from which the following excerpts are taken:

At the present stage of the history of that debt the nation has set the example of one that really pays. In every stage of the history of that debt it has been seriously asserted by wise men that bankruptcy and death would ensue if the government found itself at any time, as the convention was called, "in want of money;" as it is termed in the custom of the time. The important point, however, for us to observe is that---and one which has been missed by many who take it for granted---that each successive increase in the debt was matched by a tremendous growth in economy and activity and internal prosperity.

Growth of U. S. Debt

For the same period some of the data on the growth of British debt, and some of the more pronounced political and economic disruptions in our country. The British debt rose tremendously without the resultant economic disruption that we are generally feared by contemporary observers of the time. The important point, however, for us to observe is that---and one which has been missed by many who take it for granted---that each successive increase in the debt was matched by a tremendous growth in economy and activity and internal prosperity.

The debt record of the United States covers a shorter period than our national experience. It might be outlined as follows: In 1850 the public debt amounted to $18,600,000. State and local combined, has risen from less than a half billion dollars in 1890. The debt in most of this State and local debt----and I am referring to their debt----was at $26.6 billion at the end of 1944, the major increase in revenue being in the last 19 years, in times of war.

Not only in dollar amount but in proportion to its previous level, the increase in our public debt in the past twelve years exceeds that of any other period in American experience. But it is important to bear in mind that the burden of debt is relative to the product of the country. As we all know, the capacity of the nation to produce is the marvel of the envy of the world. The development of our economic resources in the past twelve years has proceeded at a tremendous pace over that of the national debt. It is evident from the rapid increases in our population, national wealth, national income, and industrial output over the past twelve years America's ability to produce has been demonstrated anew and shared by all. It is evident that there is no way in which the economic resources of this country can be solved as well or with greater success than by bending our efforts to the maintenance of an high and ever increasing level of economic productivity.

Inflation Danger

The danger of wild inflation has been a topic of discussion for years as we have piled one debt on another and financed those deficits by new borrowing. It is true that increased debt in our commercial banks with a consequent increase in the money supply. But the fact of the matter is that we are paying the price of this increase best proven by the relatively high prices of recent years. The question of the price levels during recent years. While the increase in the money supply is a necessary, and effective way to reduce the possibility of economic relationships, the key reason is that American farmers and businessmen have come to understand the importance of the price levels. The goods and services. In the war years the American citizen is beggar, almost menaces our civilization. This was acknowledged and very rapidly. However, in the post-war period we are likely to have still less necessary, our best prescription against the threat of price inflation—one might almost say unlikely to be free the forces making for expansion in primitive economy of the public is efficient and is one of the factors that will be required.

In a very limited extent of the debt there is in some respects that restrictions may be placed in the investment of public money, and its financial management. Management of the debt can be made, however, as was the case with the Federal debt, which may well approach the class of any other government debt. Theoretically, the Federal debt is constructed on the basis of the government's promise to pay future holders. It is true that the Federal debt is constructed on the basis of a contract between the Federal government and the individual who bought the bond.

Internal issues. It is true that high taxes are not only inevitable but useful. It is true that taxes are essential to the operation of government. It is true that taxes are necessary to provide the funds for the public and private interest of the country. It is true that the public welfare is to be served by the collection of taxes. It is true that the public welfare is to be served by the collection of taxes. It is true that the public welfare is to be served by the collection of taxes.

The war cost the government $300,000,000,000, and it is estimated that the cost of the war will be about $330,000,000,000. This is the cost of the war in the past twelve years.

Extension of Limited Mail Service to Belgium

The United States has announced that it will extend limited mail service to Belgium, from Feb. 3. The announcement was made in Washington, D. C., that letters not exceeding 4 oz. in weight may be sent by special delivery. The service is not accepted for mailing to civilians.
New York Chamber of Commerce Opposes Repeat of Johnson Act

(Continued from page 624)

$8,500,000,000 invested in American dollar bonds, bills, or cash deposits rather than in foreign obligations or bonds that may be subject to trade sanctions.

Mr. President, I think the statement in the second "Whereas" in the preamble of the bill should be challenged. In that paragraph it is stated that the American nation's trade follows its investments. All that means is that we hope if we lend these foreign bankrupt nations money, they will obey these loans, for any purpose they may see fit—be it now for the purpose of investing in American securities instead of for the purpose of repaying claims for prior debts due to American creditors. They are not to be expected to repay the loans, because they may not want to.

This report says that many of the most brilliant minds in the business world are of the opinion that this country failed to foresee the acute financial depression which resulted from the war and the world at large. Quite true, but we want to call your attention to the fact that we would be wise now in advocating the identical polies which, in the past, brought colossal losses to the American people.

"Let me say, Mr. President, that there is no way that the American dollar exchange, or reason why it would be deplorable for this Chamber to endorse a plan which would place its funds for additional loans to bankrupt nations instead of in the hands of affiliated institutions of many of our large financial houses. Such a plan would result in the nationalization of unprofitable American dollar investments in the United States and would tend to the destruction of those American dollar investments which are demonstrably good investments.

"Chamber of Commerce, the State of New York Chamber of Commerce, and the National Chamber of Commerce in any legislation.

"(1) That declares or enacts it to be, directly or indirectly, a misdemeanor to discriminate against any person in the matter of wages because of race, creed, color or national origin;

"(2) That a permanent State committee or commission be appointed to investigate the employment practices of business concerns in this State, and the question of an employer’s power to employ or employ or reemploy or rehire, when a person has been employed against race, creed, color or national origin, and that this Cham. be opposed to any legislation which discriminates against any person in the employment of his equal.

"Required that, A copy of this report be sent to the Government of the State of New York, and to each member of the Legislature of the State of New York."

The Chamber registered its opposition to the Hampton-Dewey bill granting absolute preference in civil service appointments and employment and, accordingly, the proposition of its dis-This page contains a substantial amount of text. The content is a discussion on the Federal Reserve and the American dollar, economic policies, and the proposed Johnson Act. It highlights the potential risks and implications of such policies, emphasizing the need for caution and careful consideration. It also touches on the role of the Federal Reserve in stabilizing the dollar and the importance of prudent economic policies. The text reflects a historical context where debates on monetary and financial matters were crucial. The document underscores the necessity of understanding the economic implications of such decisions on both domestic and international fronts. The text is a valuable resource for understanding the complexities of economic policies and their potential outcomes.
International Air Trade and Travel Routes of the Future

(Continued from page 622)

International Air Routes

Alert to the very great possibilites of development in international air trade and travel, the Board of the Federal Reserve Bank of St. Louis in 1943 consulted extensively aeronautical experts from the United States and Great Britain, as to the air transport possibilities of the world. The Board decided that airlines should be encouraged to develop the routes which, in the judgment of their executives, were the most promising for their companies. This policy was followed by the airlines, and the result is the great network of international air services which exists today. The Board now wishes to call attention to the fact that there is still a great deal of development to be done in this field.

The first and most important such development is the establishment of the Pan American Convention of 1929. Although the original signatories to this Convention were the United States, Canada, and Mexico, other countries have since joined the Convention. The purpose of the Convention is to provide for the establishment of international air routes and to regulate the conduct of airlines in these routes. The Convention has been in effect since 1934, and it has been very successful in promoting international air transport.

The Chicago Conference

The Chicago Conference, which was held in 1932, was the first international conference on air transport. The Conference was attended by representatives from 26 countries, and it resulted in the establishment of the International Air Transport Association (IATA). IATA was created to promote the development of international air transport and to regulate the conduct of airlines in these routes. Since its establishment, IATA has been very successful in promoting international air transport.

The Future of International Air Transport

The future of international air transport is bright. The development of jet engines and the advent of supersonic travel have opened up new possibilities for international air transport. The development of satellite communications has also opened up new possibilities for international air transport. The future of international air transport is one of great promise.

In conclusion, it is clear that there is still a great deal of development to be done in the field of international air transport. The Board of the Federal Reserve Bank of St. Louis believes that the development of international air transport is one of the most important tasks facing the world today. The Board encourages all countries to work together to promote the development of international air transport.
The Supreme Court and the Power
of Congress to Regulate Money

And the "contract" clause was a Federal Board, established Federal Land Banks and Joint Stock Land Banks (now national banks) to act as financial agents of the government; and the SWIFT system of wire transfers, which materialized into the Federal Reserve System. These laws were largely responsible for the establishment of a uniform currency which made a "more perfect union" imperative and the immediate necessity for a central bank.

Power Without Stated Limits

Not only is the Federal power of government by the Constitution of the United States a thoroughly stated and constitutional power, but the power of Congress to regulate the value of money, which was the intent of the "contract" clause in the establishment of the Federal Reserve System, is broad enough to embrace the important functions of any commercial bank.

Broadly stated, the monetary power of Congress is the power to establish a uniform national currency and to regulate the value of money, to pay all debts, to coin money, and to provide for the collection of taxes. Congress has regulated the value of money, has imposed duties on or laid taxes on any article, has regulated the weight and fineness of money, and has provided for the circulation of currency.

Money is power. The income of all persons depends directly or indirectly on the value of money. The value of money is the largest single factor in the production of wealth. The value of money is the largest single factor in the production of wealth. The value of money is the largest single factor in the production of wealth. The value of money is the largest single factor in the production of wealth.

The power to coin money and to regulate its value is the power to control the purchasing power of the nation, and the power to regulate the value of money is the power to control the purchasing power of the nation, and the power to regulate the value of money is the power to control the purchasing power of the nation, and the power to regulate the value of money is the power to control the purchasing power of the nation, and the power to regulate the value of money is the power to control the purchasing power of the nation.

Thus, a monetary change must be made. The power to coin money is a power of the government to regulate the value of money by legislative action. The power to coin money is a power of the government to regulate the value of money by legislative action. The power to coin money is a power of the government to regulate the value of money by legislative action. The power to coin money is a power of the government to regulate the value of money by legislative action. The power to coin money is a power of the government to regulate the value of money by legislative action.

Mr. Justice Stone's conclusions seem inescapable, therefore, to retroactively establish the invalidation of the gold clauses in both private and public contracts or obligations was a constitutional exercise of the sovereign power of the United States. (Continued on page 642.)
Secretary Morgenthau Answers Bankers' Report on Bretton Woods

(Continued from first page)

In view of the importance of this conference and the conflicting attitude of the bankers on Bretton Woods I am taking the liberty of sending the Treasury Department, we are giving a summary of the Treasury's statement in a stenographic report as released by the Treasury.

Question. What do you think of the bankers' statement on Bretton Woods?

Mr. Morgenthau: Well, I read it rather carefully. I think it's a very good effort to try to get the agreement among the bankers. I believe that the Treasury was not given the opportunity of showing what the Treasury had to say on the matter. We thought it was unfair to the Treasury to be given the statement out. We have been consistently called in and in conferences with some 15,000 bankers over the past 11 years, but we have given our statement to the bankers who have had a chance to debate it.

I am sorry to say that I think I can say unhesitatingly that the bankers have done a fine job during the war.

Now, along comes a committee of associations representative of those of us here and then talks to the bankers, and then tells them that if they made a statement along the lines which were done at Bretton Woods, the Treasury would not have it. This service was listened to it would simply kill it.

Now, I think the very, very, very, very hard work has gone into this, not only by the American bankers but by great institutions, banks, and great associations and successful bankers.

After all, one of the outstanding men on the Banking and Currency Committee, Edward Brown, President of the First National Bank of New York, was a leader of that committee, and was most helpful in the matter. I understand that Mr. Woods, at Bretton Woods, at Woods, and I, we are not talking about all the other delegations as far as I know.

Q. Mr. White is not a member of the ABA but he is past President and he is also Chairman of the Advisory Committee to the Federal Reserve, does he have a statutory position under the Federal Reserve?

Mr. Morgenthau: He is Chairman of that. And there are other bankers and bankers and bankers, but I am talking about the ones here, me and which I talked about these gentlemen.

I am not talking about the way, and I talk to you people now that the United States was wiped out and the first agreement among 44 nations on any place of the peace of going to Congress, The rest of the world is sitting back and watching a great country, which is the leadership. Of course this is not a personal instrument, it is a unique instrument of the Congress.

You can't get 44 people along 44 delegations to sit down and agree on a document and not have a certain amount of give and take in this meeting the smallest nation had so much to say as the largest nation in the world.

Wants No Amendments

But Mr. White is an important thing which I believe, and which those people who participate in Bretton Woods, believe, is that we're going to something like this started. They gave the League of Nations the death by suggesting, amendments, and they are going to do the same thing with Bretton Woods, and I think that if I took great care to point it out myself, and it has been pointed out a number of times, that the bankers did care, that people in the international banking world ran successfully any foreign exchange island, the banks of the governments to do this in behalf of their people, to do the things which we propose to do, if and when the various legislatures in this country will let Bretton Woods.

I just hope that when the time comes all of us to testify, that representatives of the banking:

help us on this McKitrick affair?

Q. What is the McKitrick affair?

A. You better ask the State Department.

Q. You don't want to comment?

A. I have answered you frankly.

Q. Are we going to have a by-laws, rules, or ovetures of any kind here?

A. Anyway, I feel it very, very strongly.

Q. I would like to hear you talk about this when you get a chance of course if you haven't said you hadn't have a chance

A. I haven't, I will, I am sore there. He went last October.

Q. Do you make copies of these two addresses?

Q. Mr. Secretary, they have proposed a resolution to be introduced by Congressman Jesse Wallcot before the Detroit Economic Club, and I will have a chance to speak there. I am American because these in another location speak before the St. Louis Chamber of Commerce, so I have two opportunities to try and get that other speech before anybody.

A. And this report which they have made or referred back to the ABA as a whole, that's the way I understand it?

A. And that goes for all these associations which are incorporated in the committee make a report, but I am not sure how many members.

Q. That's right.

A. And the committee which is fairly interlocating too, and they make this report without, as I understand, they have to make it back to have it voted on by the committee.

Q. Your argument, Mr. Secretary.

A. Yes. I was in the last meeting they asked that this committee make a report, but I am not sure how many members.

Mr. A. Here is a group of a dozen men, more or less the same in these various organizations. They have all the same members, the last is the most 25 men.

A. At the most.

Q. Did they seek Mr. Brown's advice?

A. Did they seek Mr. Brown's advice? I don't know. I am sure he hasn't been in touch with them and we have heard nothing of this association came and talked to Mr. Brown you name the member.

A. No. That is not particularly, it is a very comprehensive group.

A. Heads of the group.

Q. How much do you know about it, but I told you, ladies and gentlemen here, the best I can remember is pretty much what I told you.

Q. Mr. Secretary, you have received any letters from other bankers or associations themselves only, showing any dissatisfaction or not, that is in connection with this?

Q. In addition to Mr. Brown?

A. Oh, yes, I believe, as far as I understand, although I have not seen the letter, but as far as I understand the letter, the Senator has taken action is the Association.

Mr. White: Bankers have favored action.

Now, I don't know of any other association which has acted as an organization of American bankers, and Mr. White: No bankers, but the ABA, the American Bankers Association.

Mr. Morgenthau: As to bankers, the American Bankers Association are not represented here.

Constitutional Action

Q. Mr. Secretary, how soon will it be possible after Congress incorporating it will be possible to express an opinion on another constitutional amendment?

A. I wouldn't know.

Bankers' Advice Would Kill

Q. You said in your remarks that, as far as you understand, if they made a statement criticizing the new legislation, in effect, the net result, if their advice was listened to, would be to simply kill it.

A. That's right.

Q. Do you think the advice that correctly as meaning to kill the whole business and what they would simply kill it? Are you speaking of the Fund or the whole Bretton Woods scheme?

A. I think the chances are that would be the result.

Q. They have made such a report now, or are they not going to make it?

A. Yes, they have made the report now.

Q. What was the reason you were listened to. I don't think it is going to be listened to. Shouldn't I hear, to which I hope not.

Q. Mr. Secretary, a good many months ago I understand you concluded an educational program that you expected to have heard by this time, that the Treasury to more or less sell Mr. Woods to Congress and the public. Have you seen any fruits of that campaign or do you feel that sentiment generally is more or less behind the plan?

A. Well, I think, I must say that the whole groundwork has been to do it. What is making it so successful.

Mr. White: Has made a lot of speeches as well as people in his office. I am not around and we have all gone, I don't know, maybe I should not pose one hundred one or one hundred and one. And so forth, have been made in places where we have been invited to give this speech and we can continue to do so. But as one of the representatives of the Treasury, I think it is, in their country about 40% of the people have been on paper-export trade. Every child knows pretty much about it. If 3% or 4% in this country are interested in export trade, that is high. And the people by and large don't understand the sort of thing which is specified in this bill, is because it is too remote, so we have got to be patient.

Congressional Hearings

I think these hearings on the Hill will be most illuminating, and I think it is high time that we hear them. We can hope the press and radio people will get it out.

Q. In the event that Congress listens to the American Bankers Association, and they have their way, do you think it would be bad for the writer's, Mr. Morgenthau: As to bankers, writing the papers, the bankers have.

Constitutional Action

Q. Mr. Secretary, how soon will it be possible after Congress incorporating it will be possible to express an opinion on another constitutional amendment?

A. I wouldn't know.

Fund’s Loans Misinterpreted

Q. A. I will let you do the writing and the supposing.

Fund’s Loans Misinterpreted

Fund’s Loans Misinterpreted

Mr. White: It is correctly purchasing currency. It is an expropriating privilege to a country for that another. It is precisely the same type of operation you have in the Stabilization Fund, it is exchange of one country's currency at a lower exchange than another.

Q. Then, according to that, the German mark and that is set up under established principles of Stabilization Fund, it is in that your opinion?

Mr. Morgenthau: I am not quite sure.

Mr. White: There are a lot of principles involved, not only one's buying foreign exchange. It is that you are a lot of other considerations that have to do with the decision of the decision. A lending operation is a much simpler operation than the Stabilization Fund. And to characterize the stabilization Fund as a lending operation is to say, that is all it is. And to characterize the idea of the Stabilization Fund, the four-fifths of the Fund.

Mr. Morgenthau: What I want to say that is pretty well detailed in the legislation, and it's much the rest of you want to go through. Ask your friends, ask any to you of you if you want to ask them, to go back to Congress and ask them or tell me if I could quote you as saying that you don't think the information or the legislation or its a purely lending operation.

A. I will have Mr. White an an answer.

Mr. White: Many of the considerations that would enter into the extension of a loan would also have to be considered in the stabilization Fund, and they would be for the purpose of purchase foreign exchange, but there are a number of other considerations which would have to be analogous to the Fund in the purchase.

Mr. Morgenthau: It isn't as simple as that. I mean, there are a number of things that are—think you are over speaking the things you are trying to be helpful.

A. I am trying to be helpful.

Q. Mr. White, I am trying to get your reaction to that basic point of view on this.

A. Then I differ with you. For the record.

Fund a New Approach

Q. All right. I felt that a basic point of view that I felt this was something novel for which there was no precedent in this country and, and, and, therefore, it was no good. I mean, it was an approach of a novel for which there was no precedent and the approach of a novel approach to whatever it was. I am not trying to get your reaction to that basic point of view.

A. I will let you do the writing and the supposing.
Must Sell Consumers $145 Billion of Goods to Create 57 Million Jobs

(Continued from page 620)

top economists on that point range from restricted production and unemployment to utopian bliss.

But I am going to be so bold as to change that statement and venture that the price support-level of the war will be the true level of the war. People will do what they have been doing, further advertising in the war economy for consumer goods and services, and I can see many examples of how this is real. We have seen that the Federal Reserve will be able to achieve this in the current condition of the economy.

In fact, we have seen that the Federal Reserve will be able to achieve this in the current condition of the economy. And, as the Federal Reserve will be able to achieve this in the current condition of the economy, we have seen that the Federal Reserve will be able to achieve this in the current condition of the economy.

Weissman Publishes Economic Program
For Small Business

(Continued from page 621)

Our authors and editors, and the Federal Reserve System itself, have been able to present the figures that show that the Federal Reserve will be able to achieve this in the current condition of the economy. And, as the Federal Reserve will be able to achieve this in the current condition of the economy, we have seen that the Federal Reserve will be able to achieve this in the current condition of the economy.

Weissman Publishes Economic Program
For Small Business

(Continued from page 621)

ficers will be managed by nine governors, with a chairman appointed by the President of the United States. In this way, a small district where the office is situated, will be responsible to the governors who have business, banking and insurance. Three are to be appointed by the secretary of the Treasury, for their private banking, with arrangements for government on the appointments, so that the banks of various sizes-classes are represented equal and are to be designated by the Board of Governors, the Federal Reserve System, and the Senate. As to the general merit and defects of government, there is no greater evidence on the matter than the agencies created in response to the war effort and the longer period. Needless to say, it is necessary that the Federal Reserve Act will be reprinted.

"Although the institution will not be a government agency, it will operate under the Federal Reserve System behind it, and will be subject to the general merits and defects of government. However, there is no greater evidence on the matter than the agencies created in response to the war effort and the longer period. We have seen that the Federal Reserve Act will be reprinted.

"The Federal Reserve Investment Corporation will have authority to make payments, and to purchase preferred stock, with no restriction other than the rules and regulations to be adopted by the Board of Governors. The Federal Reserve System. There will also be a provision that no investment will exceed $1,000,000. In adopting the regulations, the Board of Governors should be guided by the purpose of the new corporation and the need to finance the small and medium-sized business corporation. The author maintains strongly that there is need for Federal assistance to the small business concern. He analyzes the effects of taxes, antitrust provisions and patents on a small business. He calls for the rebuttal of the argument that all previous methods have failed, which must be so in a great many countries, and I do not see how these small counties are ever going to get out of the trouble they are in unless we have something very similar or we are never going to get out of the trouble we are in now. If we are going to help these countries to handle their inflation, the financial front. Bretton Woods is the answer, and it has to come very, very soon.
The Supreme Court and the Power of Congress to Regulate Money

(Continued from page 643)

power to regulate the value of money. It is the duty of the legislature to prevent the exportation of funds without its consent.

Prior to the Civil War, the powers of Congress were not clearly defined. The Constitution of the United States of America (1788-1813) Bank Acts, the United States, and the issue by the United States of the only forms of money recognized by the Government. The United States also had the power to regulate the currency in circulation issued by States or territorial governments. By the Civil War, Congress began to exert its power over the currency in an ever-expanding manner. In 1862 and 1863 Congress issued credit money, popularly known as Greenbacks. I am not sure why Congress decided to issue this currency, but there are consequences of the Legal Tender Acts, but only with the consent of the states. And it may be that no creditor, or by virtue of the states. This is a logical consequence of theumblr, for a good reason. In case you are interested, I list their names: American Credit, Sugar about 14th, 1878. Currently about 19. American Steel Foundaries about 28, 25. Currently about 90. Baldwin Locomotive about 26, 25. Current price about 40. Crucible Steel about 38, 35. Current price about 42. That complete the list. I think both action and volume will now be necessary. However, don't be surprised if you first see a period of dullness. For oddly enough both action and dullness are indicated. So you chances may be seen too.

More next Thursday.

Walter Whyte

The views expressed in these articles do not necessarily at one time coincide with those of the President, or of any other person, government, or institution as those of the author only.

LAMBORN & CO.

99 WALL STREET
NEW YORK 5, N. Y.

SUGAR

Exports—Imports—Future

Thursday, February 8, 1945

Buy Allia Chalmers between 40 1/2 and 41 1/2; stop 39. Buy American Bank Note between 23 and 24; stop 22. Buy National Bank Note between 25 and 26; stop 24. Buy Socony Vacuum between 32 7/16 and 33 1/16; stop 14 1/2. Buy American Radiator between 12 1/2 and 13 1/4; stop 11. You had an old stop in Glenn W. Whyte on February 22. During the week it got to 21 1/2 but bounced right back again. Your profit in this one wasn't much to speak about. As a matter of fact with commissions and taxes the net profit is just about zero. If it broke 22 you got out just about even. Particularly if it was an old lot.

Three weeks ago I casually threw out a few stocks which I felt would do okay if the market retained its equilibrium. I didn't stress them for a good reason. In case you are interested, I list their names: American Credit, Sugar about 29, 1878. Currently about 19. American Steel Foundaries about 28, 25. Currently about 90. Baldwin Locomotive about 26, 25. Current price about 40. Crucible Steel about 38, 35. Current price about 42.

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"Our Reporter on Governments"

BY JOHN T. CHIPPENDALE, J.L.

The rise in the governmental bond market, which continued unabated last week, would lead one almost to conclude that the budget had been changed in the Treasury to provide the surplus out of debt... Since such a condition will not prevail for a long time, it is... the market is in an extension of the Treasury that during the last War Loan there will be offered a six-year 1 1/4% bond instead of the... new bond will be eliminated... As yet there is nothing in the way of specific indications from the Treasury that during the next War Loan there will be offered a six-year 1 1/4% bond instead of the new bond, or that the 2 1/2% issues, will be eliminated and a long 2 1/2% or 2% bond offered in place of it.

To cite the example, there appears to be the same degree of speculation in the red bonds of the type "E," "F" and "G" as before. Coven and the long 2 1/2% obligations are certain... The type of issues offered in the Sixth War Loan were of the same lengthening of the maturity of the 2 1/2% bonds, by two to four years, but the extension of the maturity will make possibilities of difference to the insurance companies and the savings banks.

MARKET INDICATIONS

With reference to the intermediate term obligations, the market seems to indicate that it is looking for a change in coupon, since the 2% bonds with approximately a one-year extension of the call year will have advanced to levels that show yields of less than 1.75%. A six-year 1 1/4% bond sold at 101 25/32 to the profit of installment... is at 1.75% on levels where further appreciation is limited.

On the other hand, these issues with substantial premium compensation carry 1 1/4% bonds that will call on doubt no old interest in order to reinvest the funds in the lower coupon, lower premium issues. The 2% type issues that would sell at 101 25/32 and the 6 1/2-5-54 and the 2% due 12-15-54... If the ending of the European phase on the bond market, or the new War Loan, or the War Loan scheduled for that purpose, they will undoubtedly have an increased change in these type issues from the offerings in the Sixth War Loan. Under such conditions the market would be in for some sharp price changes.

It was reported last week that the bond loan will take place in either May or June, with indications that the new issues to be offered in the drive will be payable either May or June 1... PROFIT AFTER INTEREST

Profits on the note that May 15 would be the pay date for the new drive issues, the interest runs off between now and May 15, for a period of 1 1/2 month. If one sold the 2% due 9-15-31-53 at 101 22-2/3 the profit above the loss of Interest would be a 1 1/2% interest on the 2% due at 1 1/2 month; on the 2% due 12-15-31-53 at 101 20-2/3 it would amount to 1 1/2 points; on the 2% due 6-15-31-54 it would be 2 1/2 points; and on the 2% due 12-15-33-54 it would total 2 1/2 points. With a June 1 pay date for the new drive issues the interest run off between now and June 1 for a 2 1/2 bond is equal to 20 points. The premium of 6 1/2-5-54 and the 2% due 12-15-53 and 101 22-2/3 it would be 1 1/2 points; on the 2% due 12-15-53 and 101 22-2/3 it would be 1 1/2 points. Should the new intermediate term issue to be offered in the next drive has a 2% coupon, it would probably be available in the market at a price of about 100 9/32, the premium had risen from 6 15-31-54 traded, when the Sixth War Loan ended. The premium of 6 1/2-31-53 has been advancing since the time the bond had been issued... Should the new intermediate term issue drive be a 1 1/2% obligation the premium would probably not exceed 3 1/2 and this.

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Firm Trading Markets

FOREIGN SECURITIES

ALL ISSUES

CARL MARX & CO. INC.

Foreign Securities Specialists

50 Broadway, New York 4, N.Y.

Affiliate, Carl Marx & Co., Inc., Chicago

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