Says Morgenthau
Wrongly Accuses
Bankers of Selfishness

In a short address on Feb. 8 in the House of Representatives Mr. Franklin D. Roosevelt, Republi
can of Michigan, took issue with the statements of the Secretary of the Treasury, Mr. Henry Morgenthau, Jr., in his press conference on February 6, in which Mr. Crawford says, the Secretary "publicly sanked the banks because they suggested no modification of the Bretton Woods program, evolved largely by the American and British Treasuries." Mr. Crawford denied the patriotism Secretary Morgenthau, the Bankers, and Eigen Woods. "Upon two or more occasions," Mr. Crawford, before the House committees of the House have been called together to listen to presentations from Secretary Morgenthau and Mr. White on the 80-cents-in：<Continued on page 742>
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Morgenthau Says Nation Has Ability To Service Debt

In his Annual Report to Congress He Says With Present Low Interest Rates and Taxability of the Bonds, the Problem of Public Debt in Post-War Period Will Be Eased and Make Possible a More Equitable and Bountiful Balanced Tax System. Defends Issue of Short Term and Redeemable Bonds and Opposes To Post-War Refunding Into Long Term Issues.

In the section dealing with “Debt Management,” in his annual report to Congress for the fiscal year 1944, Secretary of the Treasury Henry Morgenthau, Jr., expresses the opinion that the heavy public debt service cannot be proved a burden to the nation’s economy and the charges will amount to less than 2% of the anticipated annual national income. He expresses high satisfaction with the high levels of Government borrowing by promising a variety of obligations with different maturities and redemption provisions, and voiced opposition to any plan for the “removing” of government obligations into long-term bonds.

The text of this section of the Treasury’s report follows: “...it is certain that the present war will leave the United States with a large public debt. There is no question, therefore, of the ability of the country to service that debt. The tables on page 2 and 3 of the report indicate that, with the exception of the issue for the fiscal year ending June 30, 1945, amount to less than 2% of the anticipated gross national product for the same period. Production will probably be at a lower level, and the debt will certainly be somewhat lower than that which is now.

The interest charge will thus represent a larger proportion of the national product, but it will still be a relatively small proportion. The payment of interest on the debt, furthermore, does not decrease the amount of the gross national product available for consumption or capital expansion. It is a transfer operation by which the amount of the interest is collected (Continued on page 760).

No Social Benefits Without Economic Opportunities

By JOHN W. BRICKER...

Contrasting Economic Opportunities in Lincoln’s Time With the Present, Mr. Bricker Points Out That the “Cry Has Come for a Government-Managed Economy.” Attacks This Philosophy as Unsound and States That Government PROVIDED to Provide General Economic Benefits. "There Are Economic Opportunities." Says the Heart and Soul of the New Deal Policy to Tax and Spend Will Destroy America, and That “Individual Opportunity Again Must Be Written Across the Banner of the Republican Party.” Holds International Goodwill Cannot Be Bought With Dollars.

We gather together tonight to talk of the impact of war on the economy. The contrast of two eras is stark and clear: one where the world seemed stumbling into the abyss of death and human suffering, and the other where the souls of men were saved. The vision of people has been clouded. The power to destroy seems to have overtaken man’s ability to defend his heritage or plan his future.

In such a time lived the great Lincoln. Powerful in body, strong in mind, inspired to spirit, the storm of battle all about him, with the Constellation as his chart, he pointed the way to a nobler and a fiercer day for his country. From the days of his youth to the frontier lured Lincoln ever on. Limitless the panorama which was the atmosphere in which the strong men of Lincoln’s Day built their own security. The vital principles of personal freedom which had led to the American Revolution were still fresh in the minds of those self-realizing pioneer people. In their judgment the only purpose of government was to serve people, not direct their destiny or mar their lives. Lincoln’s policy was to rid all men of religious convictions. They believed in the dignity and worth of the human personality. They felt the highest purpose of government was to protect the individual the opportunity to live, to grow, and to work out his own life, under a system of laws, inspired by and ever under the control of the people themselves.

In all ages there have been men who stood and walked upright, alone, conscious of their strength with full knowledge of the direction in which they were going. Others in every society have had to be led and lived. In Lincoln’s time and in the place where he lived, more men of purpose moved alone under their own convictions than at any other time or at any other place of history.

Then even in time of hardship the necessities of life were available. A man by the name of Mr. Bricker at the Lincoln Day National Republican Dinner Dinner at the Waldorf Astoria Hotel, New York City, Feb. 12, 1945. (Continued on page 760)
The Commercial and Financial Chronicle

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Over-The-Counter Trading

We have, from time to time, referred to the functions of the over-the-counter market as distinguished from trading in listed securities. In such editorial comment, it is the common viewpoint of our readers which has been our effort to point out the respective and different markets. We have also commented on the New York Curb Exchange before. Section 10 of the Securities Act and Commission authority to extend unlimited trading privileges to the securities on this market. In that application during the course of the hearing, there was a argument held before the Commission, Mr. Spencer C. Thayer, on behalf of the National Association of Securities Dealers, said, amongst other things:

"If the staff had been in fact industrial, it would have introduced evidence of the relative services and functions of the two markets.

The reference was to the staff of the Commission, referred to were the over-the-counter and the New York Curb. This is as good a time as any to emphasize the independent functions of the two over-the-counter market, many of which were referred to by Mr. Thayer and others pointed out in the brief filed by the N.A.S.D. during the October 1945 Term of the United States Circuit Court of Appeals for the First Circuit, in the matter of Shawmut Association, petition for review of Securities and Exchange Commission, et al., respondents.

In contrast to Exchange functions, which, in their elementary form, constitute the matching of buyer and seller orders for securities traded on the Exchange, the over-the-counter activities are much more complex. In the exchange of original transactions, the over-the-counter market functions essentially the entire organization for the sale and distribution of new issues of securities.

As existing issues, it also plays a vital part in secondary distribution. Even though government bonds are traded upon Exchanges, the over-the-counter market functions a trading medium and in fact, the principal market for government issues.

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Mental Attitudes in Finance

By JOHN CLIFFORD FOLGER

President, Investment Bankers Association

Mr. Folger stresses the Importance of Venture Capital in Creating Jobs, But Points Out That Because of the Investors' Mental Attitude for Security, There is a Stagnation of "Calculated Risk" Despite the Huge Surplus of Liquid Capital. Acribes This to the Desire for "Super-Duper Safety Which Has Frozen Savings Into Riskless Securities and Riskless Pools of Cash. Lists as Promoting Right Mental Attitudes Towards Finance: (1) Put Money to Work and Take Risks; (2) Care by Investment Bankers; (3) Constructive Investment Advice by Banks; (4) Unshackling of Business; (5) Changed Attitudes by SEC; and (6) Abandonment of Taxation Aimed at Redistributing Income.

In the comprehensive revival which follows an election and the inauguration— if you care to apply the word calmly to this most recent period—most business men are inclined to take stock on a non-political, non-ideological basis. In the present campaign and no less since, three things about business have been stressed: "Jobs for all," "little business," and "venture in America," etc.) These things are all tied up together. They are independent.

Let's talk "jobs" first. In Washington there are 4,000,000 gainfully employed people of whom 200,000 work for Uncle Sam in one way or another.

In Washington, when a young man or woman begins to look for a job, they instinctively think first of a government job, if they have reasonable hours, good vacations, sick leave, steady pay, retirement benefits and the secure feeling that once on the payroll, they are fixed for life. While not so stated on the traffic sign—the rule of life is: a government job is best. A young man or woman begins to consider a job in some typical business firm, and in his mind, all these things, plus the large number of "menial attitudes" are associated.

WILL $5 BILLION SOLVE BRITAIN'S PROBLEM?

By HERBERT M. BEATTER

Writer Contends That a Gift or Liberal Loans Loan to Great Britain Will Not Restore Britain's Economic Position. Holds Britain Could Use Part of a Loan or Grant to Finance Her Exports by Granting Credit to Her Customers, and to Increase the Home Pressure for Social and Economic Reforms. Concludes That to Restore a Strong Britain Requires "Our Continuing Attention Over the Years."

In current discussions of foreign-post-war needs for American help, foremost position is usually given to the British problem. Exchange stabilization is frequently viewed as mainly the problem of the pound-dollar exchange. Some of the "little country" approach has followed—along with other things—a liberal long-term loan or gift of $5,000,000,000 to Britain from this country to make that country economically independent.

Some observers, however, are doubtful whether such a shot in the arm, generous though it would be, would provide a lasting solution for whether further large transfers would not be necessary.

Will $5 Billion Solve Britain's Problem?

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E. Chester Gersten, President of the Bank, and Trust Company of New York, announced the election of H. A. Hayward as Vice-President to the Charge of the Foreign Department, effective February 14.

Mr. Hayward's experience includes 12 years with the Foreign Department of the Chase National Bank, New York, and five years as manager of foreign trade of the Federal Department of the Cleveland Trust Company, and two years as Executive Vice-President of the New York Economic Association in the office of the Co-ordinator of Interests in New York, Washington, D. C. Mr. Hayward comes to the Public National Bank from the Union Trust Company of Maryland, Baltimore, Md., where he headed the Foreign Department.

Mallory, Ade & Co. to

Admit George E. Tompkins

Mallory, Ade & Co. 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, announce that George E. Tompkins to partnership in the firm of Mallory, Ade & Co. for some time as cashier.

On Feb. 25, Stanley W. Burke, Herbert G. Blumberg, Jerome R. Strawbridge, Jr., special partners, and William M. Mallory, general partner, will retire from the firm.

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Mr. Walker stated that he had a "very deep and affectionate interest" in the garment industry, and stayed on the job until the successor was found for him as an umpire of grievances. When one is found, he will leave immediately to take up his new work, which he said, is "no fronting thing," but a full-time job.

Major J. N. Slee Is
Gillin & Co. Partner

Gillin & Co., 120 Broadway, New York, N. Y., are members of the New York Stock Exchange, an announce that Major James N. Slee has for a number of years been a general partner in the firm. Major Slee has just been released from active duty in the U. S. Army Air Forces where for the last three years he has served in the training command. He had previously been a floor member for both O'Neill, O'Neill & Co. and Charles D. Robbins & Co.

Major Slee's admission to Gillin & Co. was previously reported in the "Chronicle" of Jan. 4.
Molehills out of Mountains...

The converse of the old adage about making mountains out of molehills applies to our relations with other dealers — for our efforts are constantly expended to remove those obstacles which often make problems seem insurmountable.

We are able thus to cooperate with other dealers because of our close market contacts, continuing practical security analyses, the ability to locate and obtain hard-to-find issues, and most of all a wide experience resulting in mutual benefits.

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Proper Compensation for Corporate Management

By A. Wilfred May

Mr. May After Pointing Out That There Is No Public Regulation in the Interest of Security Holders Regarding Corporation Executives' Compensation Other Than Publicity imposed by the SEC, Maintains That the Basic Difficulty Lies in Finding a Scientific Gauge, or Statistical Yardstick for Finding a "Market Rate." Holds That Publicly Has Serious Drawbacks and Advocates Organization of Investors to Consult With Company Officials in a Business-Like Manner.

Questions relating to management compensation remain most interesting and difficult of definition, for all are concerned — for the objective disinterested student as well as the company official, for the corporate director, for the banker, the occasion- ally interested stockholder, and the public regulatory body. Although the Securities and Exchange Commission performs a host of functions for the investor, and has assumed financial regulation of practically every kind and character, on questions of executive compensation, it has been forced to leave the investor's protection to the stage of publicizing the amounts of compensation. As far as national regulation is concerned, the wages of sin is publicity.

Difficulties of the courts in arriving at any legal formula for an individual's worth to a company are well illustrated in two famous decisions. Let me first quote from the American Tobacco case decision: "We have since passed the stage in which stockholders, who merely invest capital, leave it wholly to management to make it fruitful, can make absolutely exclusive claim and profit out of those whole labor, skill, ability, judgment, management, which have made profits available. The reward, however, must have reasonable relation to the value of the services for which it is given, and not be in whole or in part a mere dividend or waste of corporate funds, or a gift to a favored few, or a scheme to distribute profits.

(Continued on page 743)

Dealer-Broker Investment

Recommendaions and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

- "Confident Year" — Bulletin on the outlook for eight vital industries, reviews thirty-four securities — Straus Bros., 22 Broadway, New York 4, N. Y.
- "Dynamic Economy" — Preparation of demand studies — Econometric Institute, Inc., 500 Fifth Avenue, New York City. $5.00 per copy.
- Fortnightly Market and Business Survey — Reviews the basic influences on the post-war outlook — for stock and real estate — Kindred, 61 Broadway, New York 6, N. Y.
- National Monthly Stock and Bond Quotation Service. Free trial offer by National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.
- Off Board Securities Market, the — A 48-page illustrated book — for the present-day activity of the nation's largest securities market, the over-the-counter market — Merrill Lynch.
- Pierse, Fenner & Beane, 70 Pine Street, New York City.
- Performance — An 11-year study of market action and income — Bell, Geyer & Hecht, 67 Wall Street, New York 5, N. Y.
- Possible Excess Profits Tax Liability for 1945 — Circular — Laird, Bussell & Medco, 120 Broadway, New York City.
- Actina Life Insurance — Descriptive memorandum — Charles W. Scannett & Co., 209 Church Street, New Haven 7, Conn.
- Allegheny Ludlum Steel Corporation — Discussion of the interesting speculative possibilities of this issue — H. Hess & Co., Hanover Square, New York 4, N. Y.
- American Banana Co. — Circular on this situation — Holt, Renier & Trudel, 74 Trinity Place, New York 6, N. Y.
- Billings & Spencer — memorandum (Continued on page 731)
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officers, four elected governors and a fifth governor who is automatically the past-President from the previous year) instead of a heretofore just four elected officers. The four elected governors and the ex-President (none of whom are eligible to be an officer during the ensuing year, and none of whom are eligible for re-election to succeed themselves) will be ex-officio members of the Board of Governors. To put it into effect immediately, an election was held this past week to select the four governors who with the four officers elected in September last and the last past-President complete our Board of Governors for this year ending Sept. 30. The current officers are: M. A. Cayne, Cayne Balston & Co., President; Clarence F. Davis, First Cleveland Corp., Vice-President; William A. Koeth, Gunn

L. Liston
Henry Gawes

NISTA Notes

CHICAGO, THE BOND TRADERS CLUB OF

The Winter Dinner of The Bond Traders Club of Chicago was held Jan. 30 at the La Salle Hotel, at which the new officers for 1945 were presented. There was an especially good turnout of members and in addition there were over 100 guests, among which were seven members of the Executive Council of the NISTA together with 25 National Committee.

CLEVELAND SECURITY TRADERS ASSOCIATION

The Cleveland Security Traders Association has a new Constitution. The principal change is the creation of an administrative Board of Governors. This Board consists of nine members (four

Bond Club of Chicago Elects Collins President

CHICAGO, ILL.—At the thirty-fourth annual dinner and meeting of the members of the Bond Club of Chicago, the following officers were elected:

President—Julien H. Collins, Jr., Collins & Co.;

Vice President—Frank Robinson, Jr., National Municipal Securities Corporation;

Secretary—Paul L. Mooney, Mooney & Olds, Chicago;

Treasurer—Lee H. Crystal, Crystal, Crystal & Co.;

Directors to serve for one year are the officers and William A. Fuller, Jr., New York;

James A. Fuller & Co.;

George S. Haskell, Smith, Barney & Co.;

Harrison H. Hawes, Harris Trust & Savings Bank;

James M. Howe, Farrell, Chapman & Co.;

James J. McNulty, Amer, Eichlon & Co., Inc.;


Collins succeeds George F. Spalding of the Northern Trust Co. as President of the Club.


Joseph Fagan to be Dan't Rice Partner

CHICAGO, ILL.—Joseph A. Fagan will be admitted to partnership in Daniel, Farrell & Fagan, Inc., Board of Trade Building, Chicago.

This completes the organization of this firm, which has been in existence for many years.

Pollard With Otis & Co.

Pollard & Co., associated with The Financial Chronicle, Chicago, Ill.—Edgar V. Pollard has been associated with Mr. Otis & Co., Field Building, Chicago, Mr. Pollard will continue to remain with the U. S. Treasury Department in Chicago.

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Bretton Woods Plans Vital Road Toward Int'l Economic Cooperation: Morgenthau

In St. Louis Address He Warns Against Renewal of Competitive Currency Wars. Says International Bank Will Produce Flourishing World Trade and Heavy Export Demand for Our Produce. In His 1944 Annual Report to Senate Re Post-War Role for Currency Stabilization and Concludes Bilateral Agreements Are Inadequate.

Secretary of the Treasury Henry Morgenthau, Jr., strongly urged the adoption of Bretton Woods proposals in an address before the St. Louis Chamber of Commerce at St. Louis, Mo., on Feb. 14, 1945.

"If we are to trade with one another, using different currencies, then there must also be reasonable stability in the values of our currencies when we exchange them," he said.

"After the last war," he continued, "informed attempts were made to stabilize currencies, but they failed. The underlying cause of the failure was that each country regarded currency problems as matters of its exclusive concern. But when a country altered the exchange value of its currency, whether as an honest attempt to maintain stability or as a surreptitious grab for somebody else's assets, other countries were inclined to regard the change as an act of economic aggression.

"Such competitive currency depreciation," Mr. Morgenthau clarifies, "led to other forms of economic warfare. Now we put on exchange between countries; the blocked balance was developed; currencies were introduced which had different values, depending on who owned them or how they were used, and to whom they were sold. Germany long before the war had more than 20 different types of marks which she used in foreign trade. Almost all of the new currency tricks restricted and curtailed trade. They must certainly be counted as a contributory cause of great depression; and they were the first phase of the tragic war in which we are now engaged."

"These experiences," continued the Secretary, "made it plain that monetary cooperation must be worked out if we wish success in the Treasurey began, in 1941, to draft prelimi- (Continued on page 742)

A. G. von Stein With S. Duane Lyon Inc.

S. Duane Lyon Inc., 9 Rockefeller Plaza, N. Y. C., announces that Arthur C. von Stein has joined its staff as Public Relations Director. He will be in charge of the newly expanded public relations division of the agency which is offering an ever widening range of service to advertising and public relations clients.

Mr. von Stein was formerly with the National Industrial Information Committee of the National Association of Manufacturers and account executive in charge of public relations of the New York Cotton Exchange for Publicity Associates, Inc.

Arthur C. von Stein

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Railroad Securities

All of the Baltimore & Ohio securities, even down through the common stock, have been attracting considerable market interest recently as progressively higher prices in periods of general market stagnation. Apparently this renewed interest stems from the expectation that the Interstate Commerce Commission will act shortly on the company's proposed voluntary cut in the 8 1/2% bond rate. The Commission's decision is expected to be announced shortly and it is logical to expect that action may be taken before the month is out. The general feeling is that the Commission will approve the terms.

Almost immediately after commission approval the road will attempt an active campaign to design to get deposits of bonds in amounts of at least $25,000. As approval of the campaign will be aided by the fact that contingent interest payments out of 1944 earnings will be due soon so that there will be almost automatically an up-to-date list of the present holders. Normally in seeking assents to such a plan, or deposits in favor of the company, the organization, the main difficulty lies in trying to determine where the bonds are held. Under the circumstances it seems likely that once the plan is approved by the Commission it will move along fairly rapidly.

Most rail men consider that debt reduction plans proposed by the Refunding and General 5s and 6s are still outstandingly attractive in the bond list under. Under the terms of the plan the interest on these bonds is to be 4% fixed and 60% contingent. These have been accounted by the contingent interest under the old Charlote Act and the General Mortgage bond is payable every 2 and 4% on the 5s. At recent prices, therefore, the 5s represent a net cost of only around 70.

In view of the unseasoned consumption of the new plan, holders of the Refunding & General Se may consider that there are two possibilities—either $500 piece with 4% fixed interest and one $500 piece with 6% senior contingent interest. The new fixed interest bonds would have been covered in full in every year of the depression decade and this portion of the bond is clearly statistically sound. The senior contingent interest, which comprises the balance of interest on the Refunding & General Mortgage bonds is paid annually. The bond appears at least as well as protected in the great majority of new Income of bonds of roads emerging from judicial reorganization. Moreover, it is proposed that this interest be fully cumulative while most of the road's bond interest is cumulative up to a maximum of only three years.

At a minimum it is believed that the fixed portion of interest should be evaluated at 90% of par under present market conditions. Thus this part of the bond would be worth 45. The contingent portion of the interest should logically be worth a 5%, or lower, interest return basis. On a 6% basis the contingent portion of the Baltimore & Ohio Refunding and General 5s would be worth 50. Thus, statistically, many rail men are of the opinion that the combined bond could sell up into the middle 90s, ex the 4 points interest earned in 1944, since the plan is consummated and a certain amount of seasoning has taken place.

In comparison with the Refunding & General Mortgage bonds the uncertain 5s, 6s interest, which has about 12 points lower, seems rather liberally priced. The entire interest on this issue is to be contingent. Moreover, it is to rank junior to the unsecured interest on the mortgage bonds. According to a value of a 10 million par portion of interest on the mortgage bonds, the general mortgage bond affords a current return of 12%, based on recent market levels. Ex the 4 1/2% interest for 1944, the unsecured 5s are selling at a net price of 75%, which affords a current return of 7.5%. This lower return from an old obligation with interest is to be entirely a Junior charge.

The speculative flurry in the preferred and common stocks is only currently on the basis that they are low in price or that the purchaser is looking forward many years into the future. With the old fixed interest bonds, the plan, the equity of the stocks is effectively confined to a maximum 12. The net income under charges have been reduced by about $4,000,000.

B. G. Cantor Opening
Own Office in N. Y.

B. Gerald Cantor has formed B. G. Cantor Co. with offices at 61 Broadway, New York City, to replace Cantor Securities where Mr. Cantor in the past was manager of the public bond department for E. F. Hutton & Co., and conducted his own firm in New York.

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When First of New York Corp

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Volume 811 Number 436
THE COMMERClAL & FINANCIAL CHRONICLE

719
PUBLIC UTILITY SECURITIES

Utility Stocks Improve Market Position

While earnings of most electric operating companies continue to fluctuate within a relatively narrow range, the renewed interest in "peacetime" stocks has resulted in a further advance in many operating weeks. Also, some of the State Commissions (Arkansas, Pennsylvania, Montana, and New York) have certain phases of the FPC proceedings in recent months against them, and are reasserting the rights of the States to regulate incorporated companies. While the hopes for tax relief after the war may be affected by the Administration's proposal to maintain 60,000,000 jobs, nevertheless, some tightening of the utilities' tax burden appears likely, since the industry is one of the most heavily taxed in the country. A move of some foot currently to tax publicly-owned utilities, so as to eliminate this big advantage which they enjoy over the private companies. Possible for these reasons the utility stocks, both operating and holding companies, have maintained their market popularity and to enjoy a good share of the general market gain.

The accompanying table shows the current position of the electric power and light stocks, dividing them into three groups—Stock Exchange, Curb, and Over-The-Counter (alphabetically in each group).

The number of operating company stocks has almost doubled in the past decade due to the gradual breaking up of the holding companies. Some issues have been distributed to stockholders and others sold at public offering. Eventually the list of companies may double again as a result of further liquidation of holding companies. Among the stocks which it thought may become available to the public in 1945 are Birmingham Electric, Carolina Power & Light, Atlanta Gas Light, Mobile Gas Service, Cincinnati Gas & Electric, Dayton Power & Light, Dallas Power & Light, Lubbock Gas, Superfine District Power, Marion Reserve Power, Missouri Power & Light, Northern Indiana Public Service, Oklahoma Gas & Electric, and Wisconsin Public Service. Counter (alphabetically in each group).

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Real Estate Securities

During the latter part of 1943 we suggested in this column that the bond prices of the New York section of office buildings had not kept pace with hotel bonds and there should be some room for appreciation in the office building field.

Our prediction has been more than justified. A list of the buildings follow in order of their price at the Feb. 14, 1945:

- Trinity Building 30 40 Wall
- Equitable Building 40 Wall
- Wall & Beaver 40 Wall
- 61 Broadway...

The rise in prices believed was predicated upon improved rental conditions, increase in earnings of the properties and also the realization that the market prices of the securities was probably the best indication of the real market cost of the properties.

We are of the opinion that there is an opportunity of improving in the future for some particular office buildings and we base our conclusion on the fact that because of over building in the space in this section rate of rentals will increase.

How much will they increase only the future can tell. As a basis for comparison this is the square foot 'rents' of 61 Broadway. It has an average of $4.46 per square foot, and in 1942 only had an average of $2.25 per square foot.

Our calculation of large rent increase is predicated on an absence of any laws that will restrict rentals. The recent commercial rent laws in New York exemption of office buildings, but there is no guarantee that new laws may not be promulgated. If, however, the present commercial rent law is broadened to include office buildings, it still will not be too bad, because the commercial building rent law permits rental increases of 10%.

Future purchase of downtown office buildings are estimated should be governed by a complete analysis of the properties securing the bonds to determine the value of the security for the bonds.

The reason for this appears quite favorable. The first mortgage bonds of this property were cut in half in reorganization recently completed, reducing the bond issue to $3,000,000. Each bond carries with it stock repre- senting 97% of the ownership of the property. Because of the apparent conservativeness of this bond issue, there seems to be a good possibility of this stock eventually having a real value.

This $3,900,000 bond issue is currently set on at 99%, which is a market value of only $3,485,681 for the property.

Indicative of the value of this property are the following comparison with this $3,485,681:

(1) City of New York 1944-45 assessment—$8,000,000.

(2) Value set by Court appraisals $8,000,000. Resulting in the early part of 1943—$5,000,000.

(3) On the same issues placed in 1925—first mortgage $9,500,000; second mortgage $3,000,000; total $12,500,000.

(4) Appraisal of the value in 1924—$14,079,736.

(5) Sell the property in 1925 to August Hesheck at $14,000,000 with $2,500,000 in cash and $11,500,000 in bonds.

In a communication to bondholders recently, the 61 Broadway Corporation advised that their management agents have estimated the building for the fiscal year ending Aug. 31, 1945, at $890,000 and net income, before depreciation and interest, at $205,000—$280,000. This is equivalent to 6% on the bonds and in addition would provide $20,000 of sinking fund operation. These figures have been used in the certification of the bonds of 1945, fiscal year of 1945, and at a result of Court proceedings last year the assessment was fixed at $750,000.

If the Certificate of proceedings, which have been instituted to again re- fuse the mortgage on real estate, are as successful as last year, there will be additional increase of $41,000.

The figures do not also include any rental from the ground floor store, which is vacant and was formerly rented to the North Ger- man Lloyd Line. Pre-war they occupied the store and second floor at a rental of $100 per annum on a lease until 1955.

The bonds are secured by a firm mortgage on land owned in fee at the northwestern corner of Broadway and Exchange Alley, New York City, together with the 3-story building standing thereon, which is just across Broadway, 202 feet on Exchange Alley and 110.9 feet on Trinity Place. The building is of about 22,100 square feet. It is serviced by 24 high-speed elevators and also contains an independent electric plant. It has its own entrance through the base- ment to the Wall Street Station on the East Side Subway.

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Business Man's Bookshelf


Stabilizing the Construction Industry—Milos L. Coleman—National Planning Association, 801 21st St., N. Y., Washington, 6, D.C.


Harold Meadows Dead
Harold G. Meadows, partner in Draper, Sears & Co. members of the New York and Boston Stock Exchanges, died on Feb. 1, 1945. He is the firm ceased on the same date.
**MENTAL ATTITUDES IN FINANCE**

(Continued from page 115)

"Drive slowly and avoid responsi-
ble investments." I have discussed with many par-
esta the advantages of a govern-
uled that all good investment job would be socialisn— and we don't want that. But a good investment job, or a good or girl were out in the hurly-
bury of business life, taking chances in the hard competitive struggle, it would be better for the individual to be in the government country. Was it Rochefoucauld who said that most of the rules at wholesale and another at retail— what does one do and who are the other people to be good with cer-
tain exceptions? There is something of that in all of us. We would like a secure place, we would like a job, we would like health and luck, and we would like the type of a person who can take care of us. It is not all of us, but there is a does and makes jobs possible.

We have a boy capital in Balti-
more look for a job? Where will the returning soldiers look for a job? They will look for a job that is a utility, a farm or some business enterprise? It is an organization in this country to build a plant to produce goods or services, to give people a job. Cannot the govern-
ment provide such jobs? Yes, by go into business, we don't want that.

Venture Capital for Jobs

For the postwar period, venture capital for jobs has become a slogan. This is because of the large post-
war election stressed the impor-
tance of private business financing for private in-
vestment through normal investment chan-
doing the other way.

We have spoken of jobs. I want now to discuss a much more con-
cerned term but rare commodity known as venture capital. It is the most powerful and explosive force in the business world. It is the engine for job creation and na-
conomic economy. And yet people are talking more about the dollar crisis today and doing less about it. It is almost at any time in our history, we all know what liquid capital is. It is money in our bank or under the mattress. We add the word "venture" it becomes something else. Mental attitudes are involved.

Do we have the money? We talk.

If we get the goods, the government, and the war, deposits totaled 35 billion. Now, they are 138 billion. Cash-

### RULES OF MENTAL ATTITUDE

**What are the rules for the right mental attitude towards finance?**

1. **People** must get their money to work. They must take our capital and put it to use. They must understand that some areas, or in the 1941, 1942, 1943, 1944, an eight per cent, increase over 1943 collections. This shows us that the price of goods, in this case, of the money spent for alcoholic beverages did not find its way into the pockets of alcohol consumers. It was itself provided in many establishments of the type that allow the drink. For example, in many places, such as restaurants, hotels and bars, the price of the drink included part of the cost of such services.

This explanation would not be entirely complete if we did not re-
mind our readers that the rise in alcohol prices accompanying higher cost to consumers is not due to the increase in the excise tax alone. For instance, in Jan-
uary, 1941, the tax on whiskey was 5 cents per gallon. By the end of a-
other tax year it was 5.25 cents per gallon. From July 1, 1942, to No-
ember 1, 1942, the tax increased to 6.75 cents per gallon. In the same period, the price of the drink in-creased by 2.4 cents per gallon.

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Investment Traders Association of Philadelphia

Will Hold Hearings on Floor Trading

The Securities and Exchange Commission announced on Feb. 3 that at the request of the New York Stock Exchange, it would hold a public conference on the rules recently recommended by its Trading and Exchange Division to abolish floor trading in stocks on the New York Stock Exchange and the New York Curb Exchange. The conference is scheduled for 10:30 A.M., April 9, 1945, at the Commission’s headquarters in Philadelphia, and has been set for that time at the request of the New York Stock Exchange in order to give it adequate opportunity to prepare its comments and proposals.

The Commission also stated that other interested persons or groups who wish to participate in the discussion should notify the Secretary of the Commission not later than March 27, 1945.

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Broker-Dealer Personnel Items

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

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Ancker and fried F. Greer have
joined the staff of Trusted Funds,
Inc., 50 State Street.

Cleveland, Ohio—Harold
E. Ostroder is with Oils & Co.,
Terminal Tower.

Fresno, Calif.—C. J. Cook
has been connected with
Chase-Hall & Co., 1111 Fulton
Street.

Jacksonville, Fla.—Sam.
C. Mitchell is with Southeastern
Securities Corp., 303 West Adams
Street.

Long Beach, Calif.—Rex
Max has become associated with
Halbert, Harrgrove & Co., First
National Bank Building, Mr.
Max was previously with Bankamerica
Company and Merrill Lynch,
Pierce, Fenner & Beane.

Los Angeles, Calif.—Geo.
H. Taylor has become affiliated
with Carter H. Carbrey & Co.,
650 South Spring Street. Mr.
Taylor was formerly with Con¬
rad Bruce & Co.

Los Angeles, Calif.—Arnold
A. North has become associated
with Dean Wilter & Co.
634 South Spring Street.

North formerly represented Na¬
tional Securities and Research
Corp. in San Francisco.

Palo Alto, Calif.—Charles
G. Nordyke is now connected with
J. Earle May, 150 University Aven¬
ue. Mr. Nordyke in the past was
with Wulff, Hannen & Co. and
Bankamerica Co.

Portland, Ore.—Ray C.
Barnes has been added to the staff
of Merrill Lynch, Pierce, Fenner &
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eford & Tabb, 519 California
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Maturing Baby Bonds: Advice to Holders

The Treasury Department issued a reminder on Feb. 11 to those holding so-called "baby" bonds—Series A bonds, sold in 1933 advising that the series will begin to mature March 1, and indicated the procedure for their repayment or re-investment. Regarding the maturing savings bonds, Associated Press advises Feb. 11 from Washington that:

"Each 'A' bond matures ten years after its date of issue. For example, bonds bought any time during March, 1933, will pay off on March 1, 1943. Bonds bought in June, 1933, will mature June 1, 1943, and so on.

"Series 'A', in denominations of $50 to $1,000, was an early fore-runner of the Series 'E' war bond and was sold only from March 1, 1933, until Jan. 1, 1936, when Series 'B' savings bonds went on sale. In all, $250,000,000 of 'A' bonds were issued—incorporating interest accruing to date. Bondholders have already cashed some of them for $50,000,000, preferring not to wait for the larger interest payments at maturity. That leaves $185,000,000 of 'A' bonds still outstanding, when figured at present cash value."

The Treasury Department's announcement of Feb. 11 stated:

"Secretary of the Treasury Morgenthau today reminded bond buyers that Series A Savings bonds—those sold in 1933, when they were known popularly as 'baby bonds'—will begin maturing March 1. The Secretary said that as the bonds mature, the Treasury will pay them off in cash at the rate of $4 for every $3 originally invested. However, if individuals desire they may reinvest any part of the proceeds of their Series A bonds, up to such denominational amount as the proceeds will fully cover, in Series E War Bonds.

"Individuals who are the registered owners or co-owners of maturing Series A bonds may present them for payment to any incorporated bank or trust company that has qualified as a paying agent. This includes practically all banks and trust companies throughout the country. Payment will be immediate, provided the owners or co-owners have satisfactory identification.

"Individuals also may make their reinvestment in Series E bonds at practically all banks and trust companies, through the established payment and issue procedures. This must be accomplished concurrently with surrender of the Series A bonds, and only during the month in which the latter matures."

Cigars at Stroud Pre-Dinner Party PHILODELPHA, PA—Stroud & Company, Incorporated, 123 South Broad Street, again hold their annual cocktail party preceding the winter dinner of the Investment Traders Association of Philadelphia. This year, in addition to cocktails, there were cigars—really!

THANKS!!! COME AGAIN IN 1946!

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Thomas F. O'Brien L. Wister Randolph
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**“Steel Tomorrow”**

(Continued from first page)

It has never been an easy task to predict the future of steel even on a short-term basis. Today the problem is complicated because there are no authoritative answers to many questions which intimately concern the future not only of steel but of virtually all industries.

As conditions now stand the steel industry can influence its own future only to a limited degree. Certainly, as the record shows, its members exert little influence on such a vital matter as Government tax policy, and their freedom of action in the field of wages and prices is constrained to say the least.

You know as much as I do, in fact, probably much more, about the prospects for those industries which have been main props under the peace-time demand for steel. If I am not mistaken, it is part of your business to appraise the conditions which affect activities of railroads, construction, mining and other major branches of industry, all of which help to create the domestic markets for steel products.

As for experts, tell me what will be the substance of certain vital aspects of our national policy, and I shall be glad to speculate with you about its likely effects on the prospects for American steel in foreign markets.

It is not the steel maker but the consumer who, if the last analysis, determines the volume and the character of steel production. The consumer’s decision is such things as personal preferences, weather and the current state of his mind and pocketbook. Over none of those can the head of a steel company exert much, if any, influence.

One thing, however, which the steel industry can do to influence favorably the use of its products is to offer steels of ever higher quality and of broadened usefulness. And steel companies were doing that before the war. During the war, of course, research into the manufacture and treatment of steel has been for the purpose of improving the quality and performance of war materials.

An important part of that research, however, seems destined to find its way into peacetime applications for steel.

**New Uses for Steel**

Recently I asked three or four technical men to speculate on the possible, as well as probable, new uses for steel which might develop after World War II. I asked them to disregard for once the engineer’s ingrained reluctance to go beyond established facts and conventional wisdom and to imagine full play as to what new uses might be found in the post-war world. For the present the steel industry will be prepared to produce. I am not going into all of their lines of speculation, but I shall mention some of the reactionary theories which these metallurgists to provide such steels — and they have done.

Because these steels are better able to resist heat and pressure than any steels heretofore produced, they provide opportunity to cut down the weight of the steel pipe used for refrigeration, air conditioning and the like. That saving-weight feature results in improved performance of important items of military equipment.

Looking ahead a few years, the commercial use of steel parts at hitherto unattainable pressures and temperatures should permit further improvements of engines and constructional materials for automobiles, trains, aircraft and ships.

**Plastics and Steel**

Much has recently been said or written concerning the competition which steel will face from plastics in the post-war world. On the other hand, little has been written on the rule which plastics may play in the use of steel — yet that is a development which is already under way. For four years, plastics that resist heat and corrosion have been successfully and economically used as a coating and lining for steel pipe and tubes. These plastic and steel combinations are already rendering excellent service as boiler tubes and in vital parts of machinery for the manufacture of pulp and paper, essential oils, rayon and a number of other products.

As plastics are improved and more useful types are developed, they will, of course, find wider applications. No doubt some of them will replace steel products for certain types of service. It has been predicted, however, that plastics will help to sell more steel products than they will replace.

It is estimated that the wartime quadrupling of capacity of the plastic industry has brought the country’s total plastic capacity up to about one per cent of the capacity of the steel industry. Yet if only ten per cent of the steel pipe produced today were lined with the appropriate types of plastics for the various service conditions encountered, certain parts of the plastic industry would again have to expand capacity.

Steel in Residential Construction

Any one attempting to appraise the steel markets of tomorrow must give due recognition to the role of steel as a material for residential construction. \(^a\) The most recent estimates of a minimum new housing a year for ten years may be beyond the bounds of practical performance, but there is no question that there will be a large volume of new construction after the war. Therefore, whether the amount of steel going into each housing unit is twice or three times as much as now, the important thing is where it will be used.

1. All Tyler, W. H. Neubold’s Son & Co.—Bill McCullen, J. P. Morrissey & Co.

From the above it appears quite evident that a far more likely development expected in the near future is a swing to the steel industry.

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Alas Plywood Corp. Converted Preferred

BOENNING & CO.

1606 Walnut St., Philadelphia 23

Pennypacker Blvd. (Main) 7-5030

Private Phone-6 N. Y. 5

(Continued on next page)
will be a house using larger areas of stainless steel and possibly other materials, each chosen because it is the best suited for a particular part of the structure; as a result, one must not overlook the importance of the finishing and the ease with which stainless steel can be fabricated. People being the contrary creatures that they are, the fact that a house is properly designed is a significant factor. sergeant one's knowledge of the importance of steel in the automobile industry where the initial use was in the lower priced cars would be eliminated.

In this situation, the growing demand for stainless steel heads into the field of powder metallurgy. At the present time, the most popular of all the non-ferrous metals, that is, the one that is the most widely used, is stainless steel. In fact, over 90% of all the stainless steel that is produced in the world is used in the production of stainless steel products. By varying the density of the product, full advantage could be taken of the market for the various types of iron.

Of course, another possibility is the further development of what is known as the new-steel products. The high-temperature tests in the future will be characterized by developments of the new-steel products. The new-steel products are those that have been developed by the engineers for use in high-temperature applications. They are characterized by their ability to withstand high temperatures without losing their strength and hardness. The new-steel products are used in a variety of applications, such as in the construction of high-temperature furnaces, heat exchangers, and gas turbines. They are also used in the production of high-temperature alloys, such as nickel-base alloys, that are used in the aerospace industry and in the production of high-temperature steels.

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Michigan Brevities

With gross revenues already reduced by a court order impounding $600,000 of company funds, the Public Service Commission has now ordered, under City of Detroit and other municipal excess tax ordinances. One city ordinance, incidentally, proposing a 2% excise tax on all commercial loans was voted down by the company, was held invalid recently by the Circuit Court Judge Joseph A. Moynihan. Due to im-

municipal excess taxes, the company for 1944 were cut from approximately $1,369 a share to $11,598. Detroit Edison, Co. recently, announced that it had made no provision for personal property taxes under City of Detroit and other municipal excess tax ordinances.

In the case of the Federal ex-

cess taxes had been filed in the lower court, the post-war base period earnings arbitrarily required to be used in calculating the tax. The company needs, and Congress clearly intends, have 1/10 of included earnings to be used in determining requirements presently and in the post-emergency period.

The Treasury Department of the United States Government, on the other hand, said it is in favor of the 6% interest in the 6½% lost to it in war taxes, which must, of necessity, be raised from other sources.

It has not opposed this threatened diversification of capital. The Office of Price Administra-
tion has, in fact, intervened ac-

lively in favor of such diversification, to prevent the decline in defi-
tancy in its effect. We held the contrary view,—to change the course of financing the United States Treasury is insuffi-
ciently. If the management feels it must get court direction in such a novel and vital matter, there is no country-wide interest in the outcome of the situation and rightly so.

Although rumors of the pos-
sibility of a Chrysler stock split have been in circulation for some time, with the stock hovering near 40, the subscribed sources indicate that such a move is unlikely at this time. In deference to request of the

Charles A. Parcells & Co.
Established 1919
Member Detroit Stock Exchange
Michigan Markets
639 Penobscot Building
DETROIT 36, MICH.
Telephone: 6-5946
Telegraph: DE-105

60."

The War

Committee on

the

50th anniversary of the Michi-
gan Bankers Association, which was to be held in June, has been
cancelled, is announced by Joseph M. Dodge, President of the group.

Rumors of a management fight in the Detroit and Canada Tunnel Company reported an all-time record volume of $131,995,725, an increase of approximately a million dollars brought the 1944 aggregate revenue to a new high level of $120,435,963, while net profits available for common stockholders were approximately 2% under 1943's total, due to increased revenues of $15,299,045. Earnings per share were $6.31 against $6.17 in 1943 and $8.10 in 1941.

Telephones in service in 1944 totaled 970,588, a gain of roughly 7,000 during the year.

The New York, New Haven & Hartford Railroad Company reported net earnings of $1,240,289 for the year 1944, a gain of $86,930 over the preceding year. Net in-

comes of $4,771,211, however, showed a decline of $8,680,316.

The 1944 annual report of the Connecticut General Life Insur-
ance Company revealed that the company's admitted assets totaled $446,743,743, a gain of approximately $114,415,267 over the pre-
ceding year. Surplus and special reserves showed an increase of about $7 million, to $367,965,052, and the contingency fund held totaling $5,127,000 while $2,311,327, 029 added to the fund was brought the 167,604,974.

Connecticut’s four major, light and power companies reached a new peak in generation and sales of electrical energy for the sixth consecutive year.

The combined output of Con-

nections Light and Power Com-

pany, Hartford Electric Light, United Illuminating, and Con-

nections Electric Light was detailed 2,351,176,890 kilowatt hours.

Connecticut Light and Power produced 697,000,000 kilowatt hours of electricity—the greatest amount ever dispensed by any Connecticut company in a year's time.

On February 15, the stock-

holders of the Atwood Machine Co. of Stonington will meet to vote on a proposal to sell the company to Farrel-Birmingham Co. of Derby. If approved, the Farrel-Birmingham Co. would take over the Atwood Machine Co. as an additional plant.

Franklin R. Hoadley, president of the Atwood Machine Co. has been elected successor to John W. Hoadley, who resigned as presi-

dent of Farrel-Birmingham Co. last month.

Thursday, February 15, 1945

Pacific Coast

Securities

Orders Executed on

Pacific Coast Exchanges

Schwabacher & Co.

New York Stock Exchange

New York, New York

Chicago Board of Trade

14 Wall Street

New York, N. Y.

Cortlandt 7-110

Telegraph: NY-2123

Private Wire to Principal Offices

San Francisco

Philadelphia

Montgomery—Oakland—Sacramento—

Events

Tomorrow’s Markets

Walter Whyte

Says—

Averages now hacking away at the old high. Inability to penetrate force may stop stocks into temporary reaction. But this is nothing to worry about. The market now stands at a few points more than one point or so lower if general "up" picture is to be maintained.

By WALTER WHYTE

The biggest piece of news is the result of the Big Three talkfest from Yalta on the Black Sea. The market is keeping its fingers crossed waiting to see how the de-

terest rates will work out. Meanwhile it is acting well one day and not so well the next. But this is more or less an undertone remains strong.

Looking at the märk, through the averages, there doesn’t seem much to cheer about. Last Tuesday (Feb. 6), for example, the Dow indus-

This is something which seems to be stacked alongside the old highs made during the week of Jan. 6, it begins to take on some significance. For on Jan. 11 the industrials managed to creep up to 155.88. Since then the averages have been puffing to try not only to get back to the old highs but to get through them. Whether or not they’ll suc-

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Here and there individual (Continued on page 741)

Aetna Life Insurance
American Hardware Corporation
Scott Manufacturing Co.
Torrington Co.

Markets and memora de on these United Illuminating Co.

available on request

CHAS. W. SCANTON & CO.
NEW HAVEN
New London
Waterbury

Danbury

-Members N.Y. Stock Exchange

Announcements

Acta. Light & Power Co.
Connecticut Power Co.
Harford Electric Light Co.
United Illuminating Co.

We Are Interested in Buying

International
Detrola

Wm. C. Roney & Co.
Members New York Stock Exchange
812 BuilILDING
DETROIT 26, MICH.

Telephone: DE-147

We Are Interested in Buying

INDUSTRIAL BROWNHOLE

COMMON

Associate Member New York Stock Exchange

Primary Markets in

Hartford and

Connecticut Securities

Hartford 7-5191

New York

Bulloch Building, 9-1211

Bell System Teletype: HP 385

TIFT Brothers

Members National Bankers Association

Associate Member New York Stock Exchange

MERCIER, MCDOWELL & DOLPHIN

Mercier, McDowell & Dolphine

Members Detroit Stock Exchange

Buhl Building

DETROIT 26

National Stamping Co:
Report furnished on request

Allan, Moreland & Co.

Member Detroit Stock Exchange

Buhl Building

DETROIT 26

Telegraph: DE-195

11211

Buhl Building, 9-1211

Bell System Teletype: HP 385

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sibility of a Chrysler stock split have been in circulation for some time, with the stock hovering near 40, the subscribed sources indicate that such a move is unlikely at this time. In deference to request of the
The Future of the Railroads

By JOHN COLLINS

With excellent post-war traffic prospects, reduced fixed charges and improved capital structures, the railroads should be able to prosper in future years. Pessimists regard the carriers as having been fully warranted in the past but there is great danger in over-staying this pessimistic viewpoint and missing what may prove to be a very long cyclical upswing in railroad activity and prosperity.


Rail Equity Obligations Excellent Value.

BOND and STOCK BROKERS

Specializing in Railroad Securities and Reorganization Securities

Publishers of "GUIDE TO RAILROAD REORGANIZATION SECURITIES"

Special Analytical Service for Out-of-Town Dealers in Railroad Securities

PFLUGFELDER, BAMPONT & RUST

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61 BROADWAY

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RALLROAD STOCK SHARES

and RAILROAD (BOND) SHARES

Classes of Group Securities, Inc.

Prospectus on Request

Underwriters and Investment Managers

DISTRIBUTORS GROUP INCORPORATED

63 WALL STREET, NEW YORK 5, N. Y.

BOSTON  CHICAGO  SAN FRANCISCO  ATLANTA
On the eve of the great bull market, the Financial Chronicle observed: "Meanwhile, as taxes became due and businesses were transmuted, the Board will use its best judgment and ask for the sympathetic understanding of any dislocation of our stockholders and our business men, before any preliminary to a solution are being worked out." It would seem that even under the most favorable of circumstances, the insurance companies can look forward to much uncertainty and many problems for years to come. However, insurance is a basic need, and as long as the Federal Government is seeking to control the insurance business, stockholders who believe in insurance remaining in the hands of private owners can give help to all those working for the Federal Reserve.

The report contains a table which compares 1944 premium volume with 1943 for each of the companies in the Act. It also shows 1944 operating ratios as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>1944 Premiums</th>
<th>1944 Expenses</th>
<th>1944 Income</th>
<th>1944 Income/Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna Insurance Company</td>
<td>$3,500,000</td>
<td>$1,200,000</td>
<td>$2,300,000</td>
<td>76.6%</td>
</tr>
<tr>
<td>The World and Marine Insurance Company</td>
<td>$2,000,000</td>
<td>$500,000</td>
<td>$1,500,000</td>
<td>75.0%</td>
</tr>
<tr>
<td>Metropolitan Insurance Company</td>
<td>$1,500,000</td>
<td>$300,000</td>
<td>$1,200,000</td>
<td>80.0%</td>
</tr>
<tr>
<td>Standard Insurance Company of New York</td>
<td>$1,000,000</td>
<td>$200,000</td>
<td>$800,000</td>
<td>80.0%</td>
</tr>
<tr>
<td>Combined for group</td>
<td>$8,000,000</td>
<td>$2,000,000</td>
<td>$6,000,000</td>
<td>75.0%</td>
</tr>
<tr>
<td>The Century Indemnity Company</td>
<td>$5,000,000</td>
<td>$1,000,000</td>
<td>$4,000,000</td>
<td>80.0%</td>
</tr>
<tr>
<td>Company of New York</td>
<td>$3,000,000</td>
<td>$600,000</td>
<td>$2,400,000</td>
<td>80.0%</td>
</tr>
</tbody>
</table>

The stockholders' report by Fiji Marine and Fire Insurance Company stated: "In 1943 net income was $12.75 compared with $12.46. Total net operating profits per share were $1.00 in 1944 compared with $1.04 in 1943. Net income in 1944 was $7.50 compared with $3.83. In 1943 and 1944, profits were $23,000,000 against $27,000,000 in 1942.

Fidelity-Phinix Insurance Company's profits were $220,000, or 0.15 per share in 1945. Under net operating profits, an adjustment of premium reserve, was made in the amount of $21,000. Total net income in 1944 was $7.50 compared with $3.50 in 1943. The National Marine Insurance Company had net profits of $11,000, or 0.30 per share in 1944.
Insurance dollars fight for Victory and build for Prosperity after the War is won!

During five wars in which this country has engaged, the 97-year-old Penn Mutual Life Insurance Company has supported the Government through its investments. At the end of 1944, more than one-third of its total assets was invested in United States Government securities. The Company's dollars are also going into railroads, utilities and industries essential to the war effort. After Victory, these and other Penn Mutual investments will continue to help our country in providing employment and aiding industrial expansion.

Penn Mutual's 97th Annual Statement

In accordance with the requirements of its Charter, this Company publishes the following statement which represents the principal features of its NINETY-SEVENTH ANNUAL REPORT to policyholders. A copy will be sent upon request.

Statement of Income and Surplus Reserve
For the Year Ended December 31, 1944

Year Company's income during the year consisted of:
Insurance premiums, cash deposits, dividends paid with the Company to accumulate at interest, and policy dividends paid with the Company for future dividends under options of settlement. $92,654,755.37
Investment income consisting of interest, dividends, and rents, net increase of $109,184.36 in value of investments, less expenses of brokerage and real estate taxes included in the surplus account. 29,049,596.40
Net gain from sales or other disposition of assets. 2,176,383.60
Other income. 116,383.60
Total Income: $125,098,618.73

During the year your Company:
Most payments of policy dividends to policyholders and beneficiaries amounted to $54,515,306.56
Increased the policy reserve and accumu-
lated dividend fund by the amount of 43,924,972.56
Pay the cost of operations for the year includ-
ing $2,152,253.46 for federal and state taxes, licenses and insurance department fees, of which $766,000.00 represents estimated federal income tax for 1944. 12,370,992.86
Total surplus amounted to 109,811,295.40
For the year 1944, your Company's net income was $15,287,239.93

At January 1, 1944, the surplus reserve for the protection of policyholders and available for mortality and investment fluctuations and other contingencies amounted to $46,140,410.12
Less unsecured appreciation in stocks and bonds and unsecured bonds at January 1, 1944. 745,592.86
Total surplus reserve at January 1, 1944 amounted to $45,394,817.26

From the above, your Board of Trustees provided for the payment of dividends to policyholders on policy annuities during 1944 in the amount of $10,150,000.00

So that the surplus reserve at December 31, 1944, amounted to $46,563,956.99

TRUSTEES

MORRIS E. CLOTHIER
JOHN DEERY JENSEN
D. WALTER CLARK
HARRY W. EDWARDS
THOMAS M. FRENCH
JOSEPH H. HERMANN
CHARLES E. HENDRICKS
WILLIAM M. HICKS
LEONARD T. HALE
WILLIAM I. SCHOFFER
PHONE W. E. WILLIAMS
PHILIP L. STEVENS
WILSON C. GLENN
CARL D. HERRMANN
J. EDWARD BROWN
JOHN S. BLACKMORE
W. E. FULTON KENY
JOHN A. STEVENSON, President

Statement of Financial Condition
December 31, 1944

ASSETS
Cash on hand and in banks. $14,007,116.70
Rents and stocks at amortized or other values prescribed by National Association of Insurance Commissioners: Bonds, United States Government direct obligations: (Note 4). $128,304,316.36
Canadian Government direct and guaranteed obligations. 33,504,316.76
Guaranteed foreign government obligations. 32,475,000.00
Railroad obligations. 105,145,009.26
Railroad equipment obligations. 15,614,693.37
Public utility obligations. 125,475,000.14
Industrial and miscellaneous obligations. 32,110,000.00
Total Bonds and Shares. $393,679,688.15
Real Estate (at cost). $3,723,037.38
Mortgages, including $73,016.22 allowed for state subject to redemption. $11,663,629.33
Total Real Estate. $15,349,004.71
Home office building. $3,169,288.10
Reserves. $3,723,037.38
Total Bonds, Shares, Real Estate and Reserves. $493,822,950.29
Loans to policyholders on policy of the Company. $24,184,314.78
Interest due and accrued on loans, mortgages and loans on policy annuities due and accrued on real estate. 7,463,299.71
Premises due and in process of collection from policyholders and premium a due but not within current policy year, for which full statutory policy reserve has been set up and mortality assumed. 13,244,543.87
Total Adjusted Assets. $514,231,004.95
LIABILITIES
Policy reserves which will have future premiums and interest earnings provided for the payment of benefits as they fall due under the policies in force. $147,077,019.40
Dividends, paid to policyholders with the Company at interest, and interest credited thereon. 2,617,433.65
Demands payable on policy annuities during 1943-44 (amounts distributed from earnings in mortality, expenses, etc., and from excess earnings to extent of requirement of policy reserves). 10,150,000.00
Premises, mortgages and loans invested in property, plant and equipment. 4,914,615.62
Premises, interest and rents paid in advance, accrued rents, dividends to policyholders in excess of premiums paid for current operating expenses, and miscellaneous liabilities. 10,487,767.21
Unrealized appreciation on stocks and unsecured bonds. 1,160,067.28
Surplus Reserve. Reserve for mortgages. $5,000,000.00
Surplus reserve for the protection of policyholders and available for mortality and investment fluctuations and other contingencies. 42,565,396.99
Total Liabilities and Surplus Reserve. $589,257,005.29

NOTE A - United States Government bonds valued at $85,012,458 in the above statement are not receipts with
NOTE B - The figures are subject to revision. For the latest and complete Statement of Condition and Surplus Reserve see the Officers of the Company and the Officers of the Company that the amounts shown are the amounts allowed by the Insurance Department of Pennsylvania.
Problems of Tax Reform

(Continued from first page)

Effects Toward Simplification

The Tax Simplification Act of 1945 was passed. It gave 30 million taxpayers the privilege of using the withholding receipts for a tax return; it gave 10 billion dollars worth of tax-free Federal bonds, or Federal stock. The law required that the Federal government should have a uniform tax rate on Federal income and that it should be fixed at a level equal to one-third of the total revenue from Federal income tax.

The degree of simplification we achieve will be in ratio to your demand and public understanding and I urge you to use your creative talents for this high purpose. I am not nearly so concerned about your counseling complaints from Congress as I am about your being timid with us.

On the Republican side—indeed, at least—we have a very stubborn attitude toward tax simplification, or to face of all these brilliant new theories by tax-economists and long-haired leftists we cling to the idea that taxes should be adjusted to sound business practices, and not that business should have contributed to adjust to new taxes.

We don't want government business with taxes, it will lose both business and revenue. The mil¬lions that want jobs in useful pri¬vate business will be forced to look to a paternalistic government.

Our Committee stood pat against increasing individual in¬come rates for 1945, and with¬out the 1944 Revenue Act did increase them, the so-called surtaxes from 80 to 95 percent, but these were held at the 40 percent rate, and the 80 percent over-all limit was also maintained.

There have been many com¬plaints about the complexity of the tax system and a lot more complaints about the way taxes are collected under interpreta¬tions of the law by the adminis¬trative agencies of the Treasury. The Treasury is enrolled and confused; sim¬plification would save millions of dollars in both the taxpayers' and the gov¬ernment's money.

To me this double-reporting looks unnecessary and I hope you will suggest practical methods of relief.

Some of you report difficulty over an interpretation by the Bureau of Internal Revenue which requires tax withholdings to be reported as of the date of actual payment, rather than delay®ing the withholdings on the basis of established payroll periods. I am sure a sol¬ution to this problem can be worked out with your as¬sistance, so that you will not be required to attend sound and established practices.

I mention these two problems because they illustrate how you can give us guidance from your own personal experience.

In the Individual Income Tax

We still have a complication with regard to individual income taxes which is bothersome. Ex¬emptions for normal and surtaxes are not the same. We allow $500 exemption per taxpayer for the 3 percent normal tax, and for surtaxes we give a $500 exemption respectively to taxpayer, spouse and dependents.

This procedure is necessary to retain as many tax-contributors to the war effort as possible, since the burden is so great that all must share the load. Had the many surtax exemptions been allowed for normal taxes, about 12 million would have escaped in¬come tax.

The great simplification feature of the new tax law is the option granted to some 30,000,000 individuals to report a tax return each year. This is something entirely new to American business and public accounting and the taxpayer is allowed to deduct 17 or 23 percent of his normal income tax from the first $1,000 of business income and to deduct 6 percent of surtaxes from the second $1,000 of business income, if he wants to do so.

The complicated structure of normal and surtaxes is ex¬pected to collect individual income tax on the interest from partially-exempt Federal savings bonds at the rate of 2.5 percent, and to deduct 17 or 23 percent of the surtax from business income, if it is not cost to deduct.

Now, since the interest from Federal savings bonds is taxable, the Treasury should also tax the corporation from postwar normal and surtaxes on a graduated rate, and give a lower rate to small busi¬ness than to the large corporations. The complicated structure of normal and surtaxes is ex¬pected to collect individual income tax on the interest from partially-exempt Federal savings bonds at the rate of 2.5 percent, and to deduct 17 or 23 percent of the surtax from business income, if it is not cost to deduct.

On the other hand the surtax is also expected to deduct 17 or 23 percent of the surtax from business income, if it is not cost to deduct.

The Surtax Corporation

So far, nothing has been accom¬plished toward simplification of corporate taxes. There are five corporate tax rates:

1. Normal tax base, 24%.
2. Surtax base, 20%.
3. Capital Stock Tax $1.25 per thousand shares of stock.
4. Declared Value Excess-Profits Tax, 2%.
5. Excess Profits Tax, 95%.

The last tax is a clear war measure and certainly has no place in peacetime economy. It should be one of the first tax rates to be reduced with victory. And it is only proper to call a spade a spade and refer to this tax as a punishing tax through renegotiation a six tax and not one.

The capital stock tax and de¬clared value excess profits tax were adopted last February in the 90 days of the Roosevelt Administration.

The Surtax Estimated a yield for these taxes for the fiscal year ending June 30, 1946, of about $500 million. This is not all reve¬nue that has been derived from these taxes. They are allowed as deductions in calculating corporate income and profits taxes. Hence, the govern¬ment realizes only about $150 million net from these sources.

Aside from the comparatively small revenue involved, these taxes have caused more headaches to business than any tax which has ever been written into the Federal code. It is admitted to be a guess¬ing game. The one thing closest the future income of his corporation is the prize-winner of the war, business administration, and it is a particularly difficult and often confusing tax to apply in these times of uncertain income. The department of the war and the related capital stock tax should be eliminated.

I believe the Treasury should telescope corporation normal and surtaxes into a single tax and give a lower rate to small business than to the large corporations. The complicated structure of normal and surtaxes is ex¬pected to collect individual income tax on the interest from partially-exempt Federal savings bonds at the rate of 2.5 percent, and to deduct 17 or 23 percent of the surtax from business income, if it is not cost to deduct.

The federal government has persistently said it would be impossible to do any simplification of the tax law without the cooperation of the business community.

Some of you have announced that you are now going to simplify your tax procedures that you will be prepared to buy any of these securities.

19,592 Shares

Nathan Straus-Duparquet, Inc.

6% Cumulative Convertible
Preferred Stock

$25.00 Par Value

Price $27.55 per share

Copies of the Prospectus may be obtained from the underwriters.

Allen & Company

Thursday, February 15, 1945

25 Park Row, New York 7, N. Y.
**Dealer-Broker Investment Recommendations and Literature**

(Continued from page 717)

**Dear Mr. Smith:**

I hope this letter finds you well. I am writing to you about the potential for investment in the real estate market. I believe that now is a good time to invest because of the strong demand for housing. The prices have been rising steadily and the interest rates are low. This is a good opportunity to purchase a property that will appreciate in value over time.

I have done some research on the market and I believe that investing in rental properties is a good strategy. With the current high demand for rental housing, the rental income can be quite lucrative.

Please let me know if you are interested in learning more about this investment opportunity. I am happy to provide you with more information and to help you through the process of purchasing a property.

Sincerely,

[Your Name]
The current week proved one of the quietest, from a standpoint of the market action, since the turn of the year. Notwithstanding the general average of 1.97 per cent basis, the market is long and every-going through, there being no definite tendency on the part of either the issuers or bankers to rush business.

Quite to the contrary, investment funds do not seem to be disconcerted by the prevailing bullishness in the market, and the market is not especially burdened by unused portions of new undertakings brought to market to recent weeks. True, there are leads and pieces of new money around but interested parties express the opinion that nothing is coming along.

One of the few items to reach market this week consisted of $3,750,000 of new 3%s due April 1941 of the Tri-Centennial Corp. due to mature in 1940 and 1941. This was delivered publicly yesterday.

Provided from this offering, which incidentally encountered a good reception, will be used by the new year was announced other available funds, to retire $2,600,000 of 6% well known debentures and $4,000,000 of bank loans.

This is the largest piece of investment trust financing to reach the market in any one month and presumably reflects a growing confidence on the part of some of those institutions to fund portions of their floating debt.

Perre Marquette Plans

Definitely influencing the success of the Wabash in marketing its revised loan on a attractive scale is the fact that the Railroad has just released plans for a substantial piece of refunding. This road has applied to the Interstate Commerce Commission for authorization to go ahead with a program which would replace its present series of 4% maturing at the end of the year.

Under the prevailing setup the road to bankers would, of course, be the basis of competitive bidding with the latter having been given the task of submitting tenders for the public portion of the issue or before the refunding.

The $10,000,000 would be used to replace a total of $10,040,000 of outstanding debentures, all held by the road's treasury.

Splittin' the Issue

Shawinigan Water & Power Co. plans a quick refunding operation on its appeal to the Quebec Public Service Board for authority to call for redemption on March 1, $34, 190,000 of Series A 4's, is granted.

The company would provide proceeds of $56,900,000 on new first mortgage and collateral bonds, Ser-
ries C, which were under consideration for sale in Canada and made payable in Canadian dollars.

The bulk of the new financing $52,000,000 also 3% and due in 1941 and 1942. According to the York, it would, appears probably seek a marking of bonds in the market, through 1946 to 1949.

Hold Their Popularity

Baltimore & Ohio Railroad is in the market with an issue of $2,000,000 of newly registered companion trust certificates to be dated March 1940 and mature at 1946 to 1949.

There is growing evidence, however, that the public will be interested in this issue when it is brought to market, and the market is building activity right along.

For eight consecutive years, public patronage for Universal pictures has increased. It is the patronage looked upon as a growth in the total market and a resultant increase in the total number of tickets sold.

The majority of the company's pictures are built around its own stars. Universal has 49 players under contract, including some of the biggest box office names in motion pictures. Many of them are products of its star development program. This program has been in operation for over 10 years and has developed many of the top box office names in the industry.

Universal has been fortunate in the past in developing such top-ranking stars as Deanna Durbin, who eight years ago was an unknown young singer; Abbott and Costello, a night club act that has become the nation's most popular comedy team; Maria Montez, who has starred in "Pirates of the Seven Seas"; Turhan Bey, who will appear opposite Maria Montez in "Budan"; Ella Raines, feat-
ured in "The Suspect," and Robert Paige, who has scored a hit opposite Deanna Durbin in "Can's Help Singing." The company also boasts of its successful production of "Salome, Where She Danced," one of the most popular musicals of all time.

The company's capital structure was strengthened and simplified during the past year, as a result of $7,500,000 of 3 1/2% debentures, due March 1, 1969. Proceeds from the sale were used to retire the company's outstanding bank loans and its 5% convertible debentures, due 1938.

The company's outstanding debt is $9,639,542 for the year. This was equivalent to approximately 0.74% of the company's total liabilities of 1,748.41.

Finances At Last

The last payment of dividends was made on a quarterly basis, the company paying a total of $2.82 per share for the year. In the same year, Universal declared a dividend of 50 cents per share.

Universal Pictures Company, Inc., Thursday, March 1, 1940.

J. CHEEVER COWDIN, Chairman of the Board
N. J. BLUMBERG, President

Universal Pictures Company, Inc., Thursday, March 1, 1940.

J. CHEEVER COWDIN, Chairman of the Board
N. J. BLUMBERG, President

A copy of the Annual Report will be gladly furnished on request to Universal Pictures Company, Inc., Rockefeller Center, New York 20, N. Y.
The Future of the Railroads

(Continued from page 727)

put that there was virtually no capacity in the system for the con-
duction of light weight steels in the amounts required and that in
every instance we forewarned them and stimu-
lated opportunities for expansion and development under favorable
conditions.

Unwarranted Pessimistic Long-
term Forecast?

While many analysts have tem-
porarily adopted a more construc-
tive view toward the railroad group, we do not believe there is any
beneficial change in the present outlook for the carriers over the
very long period. Two major chief factors given by many in-
vestors in arguing the future position of the railroads is in
jeopardy:

1. Members of the I. C. C. and Justices of the Supreme Court
have called attention to the diffi-
cult conditions to eventuate in the
post-war period ahead.

2. The railroads, as a whole,
are overcapitalized. The I. C. C.
respects and their equipment is
obsolete. The itinerary of mature
and growth prospects is curtailed.

3. A large proportion of the
traffic that the railroads enjoy
in the present is temporary.

4. People of today are all
mindful of the fact that traffic
is going to have to battle "hard" by the
tlaws of economic competition.

5. Only the strongest rail-
road companies can survive the
years. Traffic will recede sharply and with present high
wages most of the marginal car-
riers will be forced to reduce
their economies.

We believe the preceding five
reasons are based on the fact that
there has been little doubt that
the railroads of the country are
over-capitalized in relation to
what they can charge for freight
service. One phase of this is the
fact that many of the railroads
will not permit shipper to pay what
they should pay. Our argument is
that if the railroads have the service and the carriers have al-
ready been reduced to this cut
traffic will bear in rate making
policies, long before the I. C. C.
can assume control of the
traffic.

It is true that railway locomo-
tives and freight cars are obsolete,
but the railroads have in mind
that they can get new locomotives,
as are rapidly as earnings and
finances allowed. Some railroad
roads have been slow to modernize
and vast improvements along this
line will be secured in the future.
In order to compete with
airlines in future years, higher
speeds are necessary. There are
relatively few carriers with main
line roadways and equipment which
will warrant high speed trains.
Grades have to be eliminated as a
feature in the future.

The day is over when a railroad
will be able to maintain traffic by
inflation. This is the only real
solution of the western roads.

We have pointed out many
times that it is extremely doubt-
ful that any Western traffic
will be diverted to the airlines
and it is becoming very fairly
obvious that, until airline
rates can be reduced to a level
comparable with those on the
railroads, any hope of building up
any passenger traffic is a momentary
or freight business is a dream.

With steel companies, utilities,
and other shippers preparing for increased prices on
all materials and services, we
cannot take the statements of
shippers at face value. We say
that "airfare will come down to
$20" and will not be changed and
we would expect rail fares to rise
to 40 or more per mile and air

Canadian Securities

By BECLE WILLIAMS

From the Canadian angle, the implementation of the Bretton Woods agreement is highly important. Likewise it is essential for Britain that a scheme be adopted that will aim at the resumption of full scale international trade. Will not also our own best interests be served by the adoption of such a plan, however imperfect it might be in its present form?

Britain and Canada are among our best customers, and for this reason alone it is essential to keep the economic machinery of these countries in working order. Furthermore, the goal of full employment by private initiative is impossible of attainment unless broader and freer foreign trade is established. With members of the Fund already committed to bankers and business men with practical experience of international commerce, the plan should have a good chance of success.

Before rejecting the Bretton Woods plan, we must consider the possible alternatives. None of the consequences of such rejection appear any too clear. In fact, if the plan were to be rejected, there would be a complete revolution to a total form of economic nationalism and the world economies would be Britain and Canada, and in the end, this country will be unable to compete with world trade to maintain a healthy domestic economy.

It is likely also that, after a period of trial and error which will necessitate possibly drastic modification of the original scheme, the Bretton Woods plan will constitute the "Key Coun-
ciels of the World" in a new form.

Canadian Bonds

GOVERNMENT

PROVINCIAL

CORPORATION

Canadian Stocks

A. EAMES & CO.

INCORPORATED

TAYLOR, Deale & Company

46 WALL STREET,
NEW YORK 5, N. Y.

W. M. WHITFIELD & ECO.

46 WALL STREET,
NEW YORK 5, N. Y.

...
transport costs will probably advance almost as much as the price of fuel, and the annual cost of about $6 per mile may be necessary. Ground costs, amortization, overhead wages and labor, and variable and fixed mile or passenger mile basis, are all destined to INCREASE and not DECREASE according to real and railroad prices.

It is true that many young people, who are the travelers of the future, are air-minded. Many also "streamlined train" consciousness and are desirous of "streamlining." The "Ocean Liner" comfort via the railroad is not going to be the same. Subscribe to the idea that the first class trains will cease operations. We have only to look at the figures of airplanes we are to have in the future to realize that the lines will have already been abandoned for airplane service. The trains for coach passengers will not have very fast service at very modest cost.

Due to the increase in prices, which seems certain, former low coach fares may never prevail again. The most obvious potential for bus, rail and airplane is not likely to change. Pullman trains will have de luxe bedroom accommodations, telephone service in each berth with radio telephone connection with the Bell System. The entire fleet of streamlined trains between New York and Chicago and 100-mile-an-hour train speeds on heavy density runs will be common. In making improvements, coach passengers, who account for 85% of railroad passengers, will be neglected. A comparison of costs for 1945 may be of interest, and also comparisons with other years for railways and airlines.

**What About a Post-War Depression?**

If a post-war depression eventuates and existing wage rates are maintained while rates remain at current levels, it should be obvious to any analyst that the entire railroad industry would be in a serious position. If the depression lasted for several years, it would be entirely probable that at least 50% of the Class I roads could not continue. The few remaining railroads will not have many friends in the Government any longer than the post-depression years but we doubt if the present Administration or the L. C. C. would, or could, countenance any major wartime conditions as the above. In any case, the industry would certainly not want any rapid increase in the cost of living. In a long post-war depression, with railroad personnel reduced, the efficiency of operations at 40% of capacity, etc., would be in the low-cost commodity. What is there for Sears Roebuck, John Roebuck, Air Radiator and General Motors? If this kind of a depression came about we WOULD NOT WANT TO HOLD SECURITIES OF ANY INDUSTRY. On the other hand, a mild, depression would affect railroads and industries generally alike.

Railroad operating statistics of the last decade reveal a trend of continuous betterment in operating ratios. The efficiency attainments of the companies are well known; our interest at this time is chiefly that which concerns future prospects for even more noteworthy improvement in unit costs. The latter have been reduced in consistent fashion over a long period of years, and today the greatest amount of transport service per employee on record is being obtained.

**Conclusion**

From the foregoing facts and conclusions we feel that the major premises, which are usually assumed by those who are pessimistic over the railroads, are not valid. In one important respect the railroads will continue to play a vital part in the economy of the country, though the peak of railroad production has now been passed. Any decline in earning power during the first post-war year, will be offset by the operation of the 1941 figures are not yet available.

**The most important day in the week**

IT'S PAYDAY . . . the most important day in the week to the majority of your employees. To you, it may seem to be a tedious job which takes clerical help from other needed duties. Even then, chances are, it's a struggle to get the payroll out on time. Why not let us show you how to pay your payroll problems as we have shown hundreds of other employers?

**LIKE THIS . . .** with a National Payroll Machine one girl can make out between 100 and 150 paychecks an hour with all earnings and deductions shown on the employee's earnings statement, on the earnings card and the payroll journal. At the same time the machine accumulates totals of each class of hours, earnings and deductions . . . and in addition earnings and withholding balances to date are shown on the earnings card.

**"OUR FIRM"** achieved a 15% saving in clerical help while increasing the number of checks by 25% with a National Payroll Machine. Checks were ready two days earlier than ever before possible.

**Call your National representative now.** Ask him about the National Payroll Machine. He will show you facts that will convince you that a National machine can save you time and money in handling your payroll.

It makes no difference whether you pay by cash or check. In case of payment by check, the machine prints all earnings and deductions on the employee's earnings statement. In case of cash payment it prints this information on the cash envelope.

Ask your secretary to look up the National representative's telephone number in the phone book now. National Payroll Machines are available through priorities.

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**James N. Wright Opens Office in Pasadena (Special to The Financial Chronicle)**

PASADENA, CALIF.—James N. Wright is engaging in the securities business from offices at 150 Armada Drive. Mr. Wright in the past was with Merrill Lynch, Pierce, Fenner & Beane, was an officer of Banks, Huntley & Co. and Griffith-Wegener & Durst, and was with Calvin Bullock.

Acosta Nichols Dead

Acosta Nichols, partner in the New York Stock Exchange firm of Spencer Track & Co., 23 Broadway, New York City, died at his home at the age of seventy-two. Mr. Nichols had been a member of Spencer Track & Co. since 1926.

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**Volume 161 Number 4360**

THE COMMERCIAL & FINANCIAL CHRONICLE
The Economic and Political Consequences Of Lord Keynes' Theories

(Continued from first page):

The man in the street in Eng¬
land was led to believe
1. that the return to the gold standard would
be a signal for a rapid fall in the level of unem¬
ployment; 2. that the depression of 1923-29
was really caused by the failure to return to the gold
standard; 3. that the relative prosperity in Eng¬
land after 1925 was attributable to the fact that the
return to the gold standard was off the gold stan¬
dard.

2. What should be the objective of the monetary policy?

I wish to show that the afore¬
mentioned conclusions are in error, that monetary policy
was not responsible simply
for the fall in the levels of exchange and wages, and that it was not
responsible for the fall in the level of
unemployment. Phenomena are attri¬
buted to causes which it was not responsible simply because it did not intervene, but only because the
application of ideas which were themselves contrary to the evidence
dominated the monetary policy of the pound area.

Keynes Theories in 1923-24

In 1923, Lord Keynes wrote that the problem of monetary stabili¬

ty was a question of three aspects and questions:
(a) the degree of war indemnity being brought back to the prewar level;
(b) the degree to which the exchange rate could be maintained at the
approximate level which it reached at the time of the war;
(c) the stability of national price levels; 
which should be preferable to the stabil¬
ity of exchange rates. Lord Keynes wrote that the argument that the
stability of exchange rates was useless was that it could be more easily
restored. He stated that he would be satisfied with a useful convenience
and that the (a) should be the theorem of the highest impor¬
tance.

The present state of our discussion is that dollar prices were maintained
in both the pound area and the sterling area from 1923 to 1929, for, according
to the monetary theory to which the stability of prices is essential, the
possibility of controlling price levels. The Great Depression, the
relentless fall in the pound sterling, the 1929 crash, and the Great Depression,
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The Economic and Political Consequences of Lord Keynes' Theories

(Continued from page 737)
the time in the United States, one arrived at the conclusion, really not commonplace, that the vicious and infernal circle that had developed could be broken only by a depression. In 1929, the Federal Reserve Banks increased the discount rate sharply in order to put brakes on the im¬petus of speculation. Keynes, Hawtrey and other econo¬mists shared, at a certain time, the opinion that the restriction of credit effected in 1929 by the Federal Reserve Banks was res¬ponsible for the depression. This opinion is based on the illusion of some people that it is within the power of the Central Banks to maintain a level of prices through credit operations, and on a con¬fusion of others between money and credit. For about ten years a high price level had been suc¬cessfully maintained, thanks to the indirect effects of a policy of credit expansion which delayed adjustments that had become necessary because of the end of the war and the end of issuing paper money. To add to that, the depression of 1929, after the pre¬ceding extravagant boom, could have been avoided by an appro¬priate policy of the Central Banks is equivalent to imagining that the boom of 1929 could have been accompanied with the help of credit, thus maintaining the price level. Another factor is very signifi¬cant in order to comprehend the phenomena of that time. Economic activities increased, and after 1925, had gradually resumed its normal pro¬portion, and competition between American and European produc¬tion began to weigh on prices. As we have said above, the inter¬national accounts of the United States were balanced by means of credit granted chiefly to Eu¬rope. However, speculation and the stock market boom not only attracted to New York profit-seeking European capital, but they absolved the interest and ready cash of the American pub¬lic and, therefore after 1929, a decline in American investments in Europe followed. Could the depression of 1929 and the concomitant fall in prices have been prevented? Undoubtedly, a decline in prices may be counteracted, but we should not conceal the nature of the means of the American economy is equivalent to imagining that the boom of 1929 could have been accompanied with the help of credit, thus maintaining the price level.

There is a general belief after the rise of the gold standard in 1922: that is to say, short¬ly after the second Great Depression that the recovery in Great Britain began in 1922; however, the crisis of 1929 was due to the departure of Britain from the gold standard in 1931, Sir Beveridge said that a devaluation of the pound im¬mediately after the devaluation of the pound sterling, and had been in the international trade, would have spared itself the most disas¬trous part of the depression after the autumn of 1931 and the world would have probably been spared a lot of other troubles. Unfortu¬nately, destiny decided otherwise.

The economic recovery in Eng¬land from 1924 or 1925 to 1927 was not due, to the fact that England was off the gold standard, but to a well-known combination of circum¬stances. However, England, which was a striking example of a country that had enjoyed an economic recovery at least as great or probably greater than that which took place between 1932 and 1937. The United States, on the other hand, would have spared itself the most disas¬trous part of the depression after the autumn of 1931 and the world would have probably been spared a lot of other troubles. Unfortu¬nately, destiny decided otherwise.

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No Social Benefits Without Money

Dealers preserve people. They responds to the Flag for America. It is a philosophy that the government's taxations of political economy and education can be for the benefit of the local community.

We fight for the betterment of society. From the very beginning of civilization, the foundation of society has been the community. It is the only way we can live together. It is the only way we can be united. It is the only way we can be free. It is the only way we can be successful. It is the only way we can be happy.

The government's taxations of political economy and education can be for the benefit of the local community. It is the only way we can live together. It is the only way we can be united. It is the only way we can be free. It is the only way we can be successful. It is the only way we can be happy.

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How To Keep Up Employment

(Continued from page 716)

It proposes that the Federal Gov-
ernment, with the cooperation of
companies from industry, set up a
production quota for each industry.
When the quota has been reached,
the Government, if the total amount
cannot be sold, the Government is to
buy the surplus. The plan thereby
would not work unless the Govern-
ment was willing to pay, as proposed
by the National Board.

Government, the plan would establish a farseat in
a privately competitive regime, and, as all plans for
private regulation of production, would create an
environment favorable to control of industries by
political wire-pulling and graft, rather than by the effi-
cient production of those particular things which customers demand.

The idea that people can be set to work lowering taxes has

DIVIDEND NOTICES

AMERICAN GAS AND ELECTRIC COMPANY

Preferred Stock Dividend

The regular quarterly dividend of 4% per share, now in effect, will be
paid to stockholders of record on April 29, 1945, and disbursed on May 13, 1945.

Common Stock Dividend

The regular quarterly dividend of 2% per share, now in effect, will be paid to
stockholders of record on April 30, 1945.

A. D. H. ANDOYER, Secretary.
February 16, 1945.

American Woolen Company

227 FIFTH AVENUE, NEW YORK, N.Y.

A meeting of the Board of Di-
rectors of the American Woolen Com-
pany will be held at the offices of the
Company, 227 Fifth Avenue, New York, N.Y., on April 29, 1945, to take
notice of the regular dividend.

In connection with this meeting, the
Company's book of stockholders will be closed, and no changes in the
charge of business will be made at the close of business March 1, 1945.

Clifford W. Green, Treasurer
February 16, 1945.

Atlantic Corporation

Dividend on Common Stock

Notice is hereby given that a divi-
dend of 2% per annum will be declared on the Common Stock of Atlantic Corporation, payable March 8, 1945, to holders of stock of record at the close of business February 28, 1945.

Walter A. Peterson, Treasurer
February 16, 1945.

The Buckeye Pipe Line Company

Notice is hereby given that a divi-
dend of 2% per annum will be declared on the Common Stock of the Company, payable April 29, 1945, to holders of stock of record on April 10, 1945, to be paid May 10, 1945.

C. O. WELL, Secretary

Canadian Pacific Railway Company

A meeting of the Board of Directors of the Canadian Pacific Railway Company (Canadian-five cents per share on the Ordinary (Canadian) Stock) has been declared, payable February 15, 1945, to be paid on or before March 15, 1945.

Frederick Bramley,
Montreal, February 12, 1945.

Sun-Kraft, Inc.

DIVIDEND NOTICE

CLASS "A" STOCK

A special quarterly dividend of 25 cents per share on the "A" Stock, declared March 15, 1945, to be paid on or before April 15, 1945.

B. P. GIBBS, Secretary-Treasurer
Sun-Kraft, Inc., Chicago
March 15, 1945.

Manufacturers of Sun-Kraft quartz ultraviolet ray equipment.

Tomorrow's Markets

Walter Whyte

Says— (Continued from page 726)

issues show better pictures
than the averages. It is these
individual stocks this column
is trying to dig up and to
convince others of their
merits. It is hoped that all of
these choices will bring profits.
Yet I am not proposing that we
sit and ask others to
follow. So wherever recommenda-
tions are made, I shall
recommend with
stops. Even these stops
aren't perfect. As a mat-
ter of fact, the market and
it probably does little
nothing. In Common.
At, these are an approximation
of my best or worst
placing.

One important thing to watch is market action as averages try
to penetrate previous highs. The
idea is to go through now isn't an indica-
tion of future failure. A flat-
lining of such dimension
is a good substitute. Theory
is that the market is gather-
sing sufficient strength, to use
the popular term, to make a
forward advance. But in order
to maintain its position it cannot
decline or fail to make a spurt to a
point or so. For if it did, it probably wouldn't
be the thing to take place itself in a position
where the entire previous advance
could collapse into a reaction.

In Lambs & Co., 99 WALL STREET, NEW YORK 5, N. Y.

Sugar

Exports—Imports—Futures

May 4, 1945

Lamb & Co.

Established 1908

H. Hentz & Co.

Wholesale

New York Stock Exchange
New York Cotton Exchange
Chicago Board of Trade
Chicago Board of Trade, Inc.
New York Coffee Exchange

5 ERIE PLACE

NEW YORK 4, N. Y.

N. Y. Cotton Exchange
Bldg.

NEW YORK 4, N. Y.

CHICAGO

PITTSBURGH

GENEVA, SWITZERLAND

From the facts stated above, it seems apparent that providing
full employment after the war boils down to this simple
proposition: More spending power. The total spending power
is made up of the volume of wage payments, and to hold down
the average wage rate (or the fraction thereof) sufficiently
to furnish as many hours of employment as average of 40
hours a week, unless this can be done, no amount of job-earning, investment pro-
go to work, tax manipulation, public works, etc., would amount to
much. This means that the desired increase in spending power will
accomplish the end desired.

Applying all the above to individual stocks we have the following watch: Buy Allis-
Chalmers between 40Y%—41X%, stop 29. American Bank Note 23–24, stop 22. National
Lead 31–32, stop 22. Victory Airways 15–19X%, stop 14%. American
Radiator, 121–134%, stop 11.
Will $5 Billion Solve Britain's Problem?

(Continued from page 715)

required to restore the pre-war health and apace.

There is more than a suggestion that the poverty of the British who have survived the depression is the result of the chronic British policy of low wages and high profits. This policy has also severely limited the purchasing power of the British people and the standard of living in the country. Britain is not only making an economic recovery but a social one as well.

The pound sterling is the basis of the international monetary system. It is the key currency of the world. If the pound sterling is strengthened, the rest of the world will follow. If the pound sterling is weakened, the rest of the world will be affected.

The British government has been asked to take steps to strengthen the pound sterling. It has been suggested that the British government should take steps to increase the supply of gold and silver, to reduce the supply of British currency, and to increase the supply of foreign currency. These steps would help to strengthen the pound sterling and make it more attractive to investors.

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under a mere guise of compensation, but in fact having no relation to the business of the Bank. A resolution emanating from the National City Bank committee, representing a number of the more prominent financial institutions, is expected to come within the rule of the compensation of a director, in connection with the executive's ability, services and time devoted to the company. The resolution is designed to avoid any suggestion of self-serving.
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new 2% bonds were institutional investors which had acquired them at par during the Sixth Drive largely with the proceeds of sales to the banks of earlier issues of Treasury bonds.

"In disposing of their Sixth War Loan securities, some of these investors repurchased the earlier issues, in effect securing a net profit amounting to a large part of the premium on the Sixth Loan Bonds."...

The undesirable aspects of this procedure were outlined in the January, 1945, issue of the "Review" of the Federal Reserve Bank of New York.

Despite these various views in the market, there is no doubt that the Government will still be large sellers of their obligations for a long time to come, and there will be plenty of securities for the banks and institutions to buy in the future. Interest rates will remain low and any bond the Government offers will not go below 100, whether it be a 2% or a 1% bond.

The following chart has been recommended by some of the dealers:

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"Our Report on Governments" by John T. Cippendale, JR.

New highs were again registered in the Government bond market, although the taxable institutions were this week able to pare off some of their gains near the end of the week... The fact that these issues have shown a widespread movement with some declines in the past 10 days indicates that upward trend in the obligations has about run its course... There is evidence that several of the factors which have responsible the largest gains being made in the short-term advances in the market have to be clarified before some institutions will be making stable commitments at these levels... One of the most repeatedly-asked question in Government bond market circles is, "What issues are to be certain in the next War Loan basket?"... There is no positive way of clearing up this doubtful situation at the present time, but the best informed and the most sound-thinking followers of the Government and Treasury financial state that these issues are sure to be offered in the coming War Loan Drive:

1. 2% E, F & G Bonds.
2. 2% Certificate of indebtedness.
3. 2% Long-term Bonds. The maturity of this 2% bond will be somewhat longer than the previous issues.

INTERMEDIATE RATE

Another question that has the financial experts at their wits' end is, "What about the coupon rate on the intermediate term bonds?"

It is indicated that if the Seventh War Loan Drive were to take place now the Treasury could most certainly issue an obligation with a coupon rate of 3% or above, say 3 1/2%, as conditions that will prevail at the time of the next drive cannot be forecast now, and whether a 3% or a lower coupon issue is offered will be determined by market levels at that time...

If the institutions continue to believe there is going to be a scarcity of Government bonds in the future and bid up prices for the outstanding issues, as they have been doing, then the Treasury in the next financing will be forced to offer an intermediate-term bond with a lower coupon rate than 2%, some sources say.

Another point of concern is indicated in this query, "Will there be an offering of intermediate-term bonds in the next drive?"

In some quarters the opinion is held that there may not be an intermediate-term bond in the next financing, but a shorter maturity obligation will be offered that would not be attractive to certain institutions.

...These institutions would then have to concentrate their purchases in the long-term 3% bonds which, it is indicated, the Treasury is desirous of having them buy and hold as investments...

INDIVIDUAL SELLERS

The February "Review" of the Federal Reserve Bank of New York points out the following: "Among the major suppliers of the