Eccles Defends His Proposal to Tax Gains On Capital Values

Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, on March 2 issued a formal statement defending his proposal for a "warrant penalty rule on capital gains" to curb inflation (see the Chronicle, March 1, 1945, page 96), which he made at the hearings before the Senate Banking and Currency Committee on February 20. He maintains that the proposal "has been widely misunderstood and misrepresented in some quarters," and contends that because the present capital gains tax discriminates against the small taxpayers, and because inflationary pressures resulting from huge government deficit spending and absence of more economy and efficiency in war expenditures, threaten a deflationary collapse, he believes the proposal is essential insofar as it is possible to generalize about the railroad industry or about railroad securities, I would like to stress the outset that

Reappraising the Rails

By HERBERT F. WYETH*

Investment Expert Maintains That the Greatest Opportunities for Profit in Rails Are Found Among Stocks of Solvent Carriers. Sees No Substantial Increase in Competition of Other Carriers or Heavy Rise in Operating Costs, but Warns Against Indiscriminate Selection in the Purchase of Rails. Holds Individual Carriers Will Vary in Their Post-War Capacities to Increase Revenues and Keep Down Expenses, and Outlines an Investment Program Which Comprises Rails With Favorable Traffic Trends, Serving Expanding Territories That Are Inherently Efficient and Best Situated Competitively. Analyzes Position of "Marginal Rails."

"Funded Experience"

Marshall S. Morgan Urges the Study of Past Experience in Order to Prepare to Meet Future Contingencies. Maintains That Business Cycles Follow a Fixed Pattern and Are "Fundamentally a Human Experience." Upholds the Gold Standard and Criticizes the Bretton Woods Proposals as Not Based on Sound Credit Principles. Says We Must Realistically Face the Peace as We Faced the Realties of War by Presenting the Unvarnished Truth.

Herbert F. Wyeth

"Funded Experience" Marshall S. Morgan

"Funded Experience" Marshall S. Morgan

Mr. Murray contends that the Little Steel Formula Should Be Changed Because Wage Rates Have Not Advanced as Much as Retail Prices. Says It Is Inequitable to Use Straight-Time Hourly Earnings, Instead of Wage Rates, as a Measure of Workers' Compensation, Since "Incentive Wages" and Overtime Payments Will Disappear When "Cut-Backs" Come. Hails Higher Wage Rates Will Not Contribute Toward Inflation, and That Profits of Industries Can Absorb Increases. Urges Effective Price Controls, and Points Out That Wage Increases Now Will "Prevent" the Triumph of Deflationary Forces in Transition Period.

Several months ago an distinguished president, Mr. Ernest Minor Patterson, invited me to address the American Academy on the subject of the Little Steel Formula of the National War Labor Board. I was happy to be with you tonight for this purpose.

Philip Murray

*An address by Mr. Murray before the American Academy of Political and Social Science, Philadelphia, Pa., February 26. 

(Continued on page 1056)
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The Stock Market Outlook
By L. SCUDDER MOTT
Of the Economics & Investment Department, National Securities & Research Corporation

Market Analyst, Reviewing the Stock Market Fluctuations of the Last Three Years, Predicts a Forceful and Broad Movement toward New High Ground Points Before the Present Intermediate Rise Is Completed. Holds Present Bull Market Could Last Another Three Years Without Breaking the Long-Term Record and, on the Basis of Prior Experience, Sees the Upward Movement Now Is Being Adjusted to Improving Conditions, and There Is Still the Higher Stage When Over-Discounting of Favorable Prospects Leads to a Decline. Sees Outlook for Substantially Higher Stock Prices in 1952.

Within the past two weeks the Dow-Jones Industrial Stock Average (preceded by similar action by several broader general market averages) succeeded in rising to new high ground by surpassing the previous closing high of 55.55 on a de

Fred L. Kent

The Industrial Average exceeded its previous high of $4.00. Then the Industrial Average advanced in a most vigorous manner. The Dow-Jones Industrial Average now represents the Dow-Jones Industrial Average, which advanced in 1939—1948 and in 1951, reaching the 1939. (September and 1953) (November) top levels. This was accomplished in spite of a considerable decline in the broad market. The Dow-Jones Industrial Average has been rising steadily since May 1950, when it was 55.

L. Scudder Mott

The present market is nearing the end of a very long and continuous bull market, following a period of depression that lasted from 1929 to 1932. The Dow-Jones Industrial Average, which represents the performance of the market, has been rising since May 1950, when it was 55.

The Dow-Jones Industrial Average is now approaching the level of $4.00. This is a significant development, as it indicates the end of a long and continuous bull market. The Dow-Jones Industrial Average has been rising steadily since May 1950, when it was 55.

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Morgenthau argues for Bretton Woods proposals

In statement to House Banking and Currency Committee, Treasury Secretary says the agreements are good for every American citizen. Maintains Program is essential to world security and prevention of international "power politics," and press small and medium-sized nations from dangers of economic aggression. says proposals will expand foreign trade, eliminate unilateral pacts and import quotas, and protect American investors.

Secretary of the Treasury Henry Morgenthau, Jr., presented on March 7 a formal statement to the Committee on Banking and Currency of the House of Representatives urging the approval by Congress of the pending bill which would enact into law the Bretton Woods Proposals for an International Monetary Fund and an International Bank for Reconstruction and Development. The Secretary stressed the importance of the agreements as a foundation stone for a world security pact and pointed out the need for eliminating economic as well as political aggression in order to promote world peace.

The text of Mr. Morgenthau's statement follows:

The legislation which you have been good enough to ask me to discuss with you today is perhaps the most important measure for post-war international cooperation yet to come before Congress. Right at the outset, therefore, I would like you to know that I have examined it just as carefully as I know how, and I am convinced of one fundamental fact: The Bretton Woods Agreement (Continued on page 1062)

Says Bretton Woods is a scheme to lend American dollars

Congressman Reed Holds Foreign Borrowers Will Control the International Fund Under the Plan. Asks Careful Examination by Congress and the Public.

Congressman Daniel A. Reed (Rep., New York), a member of the House Ways and Means Committee, addressed a meeting of the Securities Dealers Association yesterday at the Waldorf-Astoria on the proposed international monetary fund. He contended that the so-called Bretton Woods Proposals for an International Monetary Fund and an International Bank for Reconstruction and Development which the Administration is now urging Congress to pass would be not only ineffective, but a scheme to lend American dollars to debtor countries.

He pointed out further, on the basis of statements made by Secretary of the Treasury Morgenthau and other Administration spokesmen that the plan of both the International Fund and the Bank is "a scheme to lend American dollars to debtor countries" and that "foreign borrowers will control the Fund." He went on to say that the fund is not designed to aid the debtor countries on an equal basis.

As part of a broad program to launch this country on vast foreign loans and investments, the Administration has recently introduced a bill (H.R. 2211) known as the Spence bill. The Committee and the Appropriations Committee (Continued on page 1060)

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The commercial and financial chronicle

Volume 161 Number 4366

The Boren Bill, Regulation of the Over-the-Counter Market And Disclosure


On Feb. 20 and Feb. 21, hearings were held before the House of Representatives Committee on Interstate and Foreign Commerce, commonly known as the Boren Bill. This projected legislation attempts to take from the Securities and Exchange Commission the right to regulate the issuance or dealing in Municipal Securities.

The proponents of the Boren Bill contended that the hearing, it was never the intention of the Congress to give to the Commission the power to regulate Municipalities in any form whatever.

The bill itself was the product of fear, the result of the threatened issuance by the Commission of a "bids and asked" disclosure rule which, it was believed, would affect not only securities generally, but also Municipal issues.

Those in favor of the bill made a well-prepared and smooth functioning advocacy.

An excellent job of definitive presentation was done by Messrs. David M. Wood, Hazen S. Arnold, J. Clifford Folger and Charles E. Wiegold.

Those who were of the opinion that under the provisions of the proposed Boren Bill, the result of which would be to curtail the powers of the Commission with respect to its agitated disclosure rule insofar as corporate securities generally are concerned, were soon disillusioned.

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Post-War Trade Expansion Possibilities

By S. MORRIS LIVINGSTON*

The producing States of the United States, Bureau of Foreign and Domestic Commerce

Government Economist Notes Factors Which Point Toward Greater Production

The producing States of the United States, Bureau of Foreign and Domestic Commerce

Economic efficiency. Besides bringing about the increased Output He Lists the Accomplished Demands for both Producers' and Consumers' Goods and the Expansion of Exports Which May Accompany Increased Foreign Balances of the United States. The growing demand for American Capital Abroad as Another Potential Source of Dollars to Buy American Products, and Says Both Exports and Imports May Be increased by Removal of Trade Barriers.

By S. MORRIS LIVINGSTON*

*Address by Mr. Livingston before the Executive Managers Club at the Hotel Pennsylvania, Feb. 20, 1945.

Analysis of post-war markets, both at home and abroad, and the resulting Outlook for the future, is the subject of this paper. It is the result of a study which I have been making since the beginning of the war, and which has been continued ever since.

The productivity of this country is increasing. Even with shorter hours in 1941, the output per employed person was roughly 25% greater than in 1829. Looking beyond the wartime distortion, there is every reason to expect further increases in efficiency.

This growth in manpower and productivity was1 accounted for in the decade before the war by the record depression in this country ever experienced. It is true that by 1940 more goods and services were produced than in any previous year. But production had not kept pace with the expanding capacity of the labor force.

Combining the growth in population with the American genius for continually improving production facilities, the capacity of this country to produce more goods and services is still relatively small. But the economy has had a tremendous growth in productive capacity, and the American people are fully aware of this fact.

We are now in a position to make a careful examination of the factors which will determine the course of our economic development in the post-war period. The most important factor is the extent to which we can increase our production of goods and services.

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Crimea Declaration: A Pattern of Power Politics

By HON. BURTON K. WHEELER*
United States Senator from Montana

Senator Wheeler Attacks Yalta Decisions as an Abandonment of the Atlantic Charter; as a Cynical Partition of Poland; as a Betrayal of Yugoslavia, as a Pact of Phoney Pacifism.

'Choices to be made'—Mr. Truman is in Bulletin quoted. "We Must Never Be a Party to the Enslavement of Free Peoples by Dictatorship, and Urges a United Nations Political Council and a United States of Europe.

For the Americans, in the 10 days that have elapsed since the Declaration of the Crimea Conference was flashed across the world, it has become perfectly clear that this echo of some of the mysteries that we were told within the secret chamber of a Yalta palace has not stumped the American people into an unconditional surrender to the results. In spite of the fact that the press and the radio have harraged the nation with hysterical hallelujahs of praise, inspired by our playboys and poets in the State Department, it now appears that Mr. and Mrs. America have become as appraising—unto necessity as a result of past promises—unto judgment of what they are now looking over the performances on the international stage.

* A radio broadcast by Senator Wheeler over the Columbia Broadcasting network, February 27, 1945.
Chicago Brevities

Robert V. Rasmussen, President, National Tea Company, challenged the authority of Mr. McKinley, chairman of the board, to issue an annual statement in which latter answered in detail charges of poor management made by certain stockholders. Mr. Rasmussen called the statement, which was made public last week, premature and said that directors, at a special meeting last Monday, would discuss the form and context of the annual report to stockholders.

This latest development is the outgrowth of the fight for control of National Tea, which culminated in the resignation of Mr. McKinley as chairman last month. The resignation, however, is not expected to take effect before March 21, the date of the annual meeting of the company.

John F. Cuneo, president of Cuneo Press Inc., who led the fight, has joined with Mr. Rasmussen in forming a new company, management, under which Mr. Cuneo and his associates are expected to be elected to the board.

Mr. McKinley's report reviewed in detail the financial results of the company since its stock went on the Chicago Board of Trade in 1938, a year in which the company reported a deficit of nearly $1,000,000. Since then, the company has shown a steady improvement in earnings, he said, with 1944 profits reaching the highest level since 1933. Net income last year was $1,066,633, almost three times that of $331,822 reported for 1943.

Furthermore, Mr. McKinley stated that the company paid off $3,040,000 in bank loans last year and paid its common dividend since 1938, without which no bank loans are outstanding at present.

Chicago Corporation is considering the possible refinanceing of Tennessee Gas and Transmission Company, which was reported. While official confirmation was not obtained, plans for recapitalization of Tennessee Gas, which was understood to mean the issuance of $50,000,000 to $60,000,000 of new debt securities. Funds thus derived would be used to retire the $44,000,000 outstanding Republic Construction Corporation loan made at the time of construction of the 1,280-mile pipe line, with the balance to be used to finance additional transmission facilities, maintaining the capacity of the pipe line by 80,000,000 cubic feet per day at present in excess of 200,000,000 cubic feet per day.

In connection with its Panama, Tex., area, recently acquired, Chicago Corporation is understood to have completed arrangements with the Defense Plant Corporation for the construction of four additional compressor stations at a cost of approximately $5,000,000.

In addition, it has been reported Chicago Corporation has entered into an agreement with United Gas for a feeder line from Carthage, Panola County, Tex., to Montie, in a test of the line, estimated at $7,000,000, to be borne entirely by the consumer. A distillate plant is said to be under development by the corporation. The estimated $1,200,000 required to erect the plant, according to a representative of the company, came from the corporation's own or from borrowed funds.

Chicago & North Western Railway has finally come out of reorganization after almost ten years of litigation. The company, once a firebrand, is now, under Judge Barnes of the United States District Court, as reported last week, said that 96% of the old securities had been exchanged for those of the new company and adequate and proper provision had been made for the exchange of the remainder.

The reorganization plan of the Chicago, Milwaukee, St. Paul and Pacific Railway has not yet put into effect within the next two to three months. Consumption of the plan must await settlement of several details, however, among them the question of whether the $10,400,000 loan by the Reconstruction Finance Corporation is to be repaid in cash or in new securities.

The plan has been confirmed by Federal Judge Michael L. Cape and was certified and approved by the Interstate Commerce Commission January 19, and a hearing on the details to be set up has been set for March 12.

Crane Company is expected to retire the last of its funded debt two years before the end of the year. Of the $10,500,000 debenture issue, carrying 5% interest and maturing in 1950, $2,000,000 remain is to be paid.

Retirement of this balance would pave the way for action on the 152,803 shares of preferred stock outstanding.

Financial circles believe that General Outdoor Advertising Co. may in the near future, due to the collection of the 5½% debentures, possibly reduce the sum of $7,933 shares outstanding. The company has no funded debt.

Pullman's plan for the separation of its dining car and sleeping car businesses from its car manufacturing interests is now under way, and "ambiguity" by Werdell Berge, Assistant Attorney General in charge of the antitrust division of the Department of Justice, further indicated, the plan does not amount to complete separation of the two businesses.

On the basis of its findings, the antitrust dividers therefore asked the Third United States District Court to reject the plan as unsatisfactory.

We maintain an active interest in financial matters.

FINANCIAL MARKET RECAP
March 19, 1945

CHICAGO SURFACE LINES

CHICAGO ELEVATED LINES

CHICAGO NORTH SHORE AND MILWAUKEE RAILROAD

A TOURNAMENT FOR THE MONEY MARKET

Chicago Mercantile Exchange

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Boston Forum on Open End In-
vestment Companies-Booklet containing complete transcript of
the proceedings—Vanet, Sanders & Company, 111 Devonshire
Street, Boston 9, Mass.

Coming Boom in Residential
Construction—Survey of condi-
tions likely to benefit from a
predicted postwar housing boom—
McBain, Bache and Company, 20 Broad Street, New York 4, N. Y.

History and Forecast of Rail-
road Credit—An address by Pat-
rick B. McCreary—copies on writ-
en request—Phelps Dodge, Bap-
ton & Rust, 61 Broadway, New
York 6, N. Y.

New Jersey—Brochure on re-
sources of state including war or-
cers, retail sales, farming, natural
resources, resorts, highways, rail-
roads, airports, community con-
debt, taxation, food and budget
laws—R. J. Van Ingen & Co., Inc.,
57 William Street, New York 5, N. Y.

Oil, A Vital War Material, also
Imported—Article by—Study—
Thomson & McKinnon, 231 South
LaSalle Street, Chicago 3, Ill.

Utilities Equities Comparison—
Detailed comparison of represen-
tative operating utility company
common stocks—opies to dealers
upon request—Townsend, Graff &
Co., 120 Broadway, New York
5, N. Y.

American Bannar Car—Circu-
lar on this situation—Holt, E.
& Trexler, 14 Trinity Place, New
York 6, N. Y.

American Hardware—Special
study—Goodyear & Co., 115
Broadway, New York 6, N. Y.

Boston & Maine Income 4½ of
1938—Memorandum on potential-
ities—Methaugh, Raird & Reuss
1 Wall Street, New York 5, N. Y.

E. G. Bower Iron—Descriptive cir-
cular discussing favorable postwar
prospects of the common stock—
G. A. Saxton & Co., Inc., 79 Pine
Street, New York 5, N. Y.

Central Iron & Steel—Bulletin
on recent developments—Lerner
& Co., 10 Post Office Square, Bos-
ton 9, Mass.

Central Saya—Discussion of possi-
bilities—Buckley Brothers,
120 Walnut Street, Philadelphia
2, Pa.

Chicago, Milwaukee, St. Paul &
Pacific Railroad—Complete ar-
tilage proposition—Starr Bros.,
& Co., 120 Broadway, New York
5, N. Y.

Chicago North Shore and Mil-
waukee Railroad—Analysis of eq-
uites and earnings—Brailsford,
& Co., 208 South La Salle Street,
Chicago 3, Ill.

Chicago Railway Equipment
Company—Circular on post-war
outlook—Sills, Munn & Compa-
ny, Inc., 209 South La Salle Street,
Chicago 3, Ill.

Also available are current bul-
lets on Chicago South Shore
and South Bend Railroad com-
mon, Maryland Casualty common,
Piget Sound Power and Light
common, Serrick Corporation, and
Ness Manufacturing Company.

Cross Co. Common Stock—An-
alysis of reasons for considering
this an attractive low-priced situ-
ation—F. H. Kotler & Co., Inc.,
111 Broadway, New York 6, N. Y.

Crowell Collier Pub.—Special
research on Brown Shoe Company
115 Broadway, New York 6, N. Y.

Detroit Harvester Co.—Discussion
of attractive prospects for re-
turn and appreciation—Ward & Co.,
120 Broadway, New York 5, N. Y.
A copy available are included
memoranda on:

(Continued of page 1075)

Julien Collins & Co.
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firms, has opened offices
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oil industry and statistics on some
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Wisconsin Brevities

The net asset value per share of stock outstanding at the end of 1944 of the Federal Reserve Bank of Milwaukee was $1,908.36 per share, or 20.6% higher than the net asset value of $1,586.94 per share as of Jan. 1, 1944, in the during the year. Bank management took advantage of the prevailing level of the market to realize profits on some of the company's investments and, as a result, increased the available cash reserve. At Dec. 31, 1944 holdings in portfolio showed a marked value in excess of cost of $23,476.

From Dec. 21, 1939 to Dec. 31, 1944 asset value of the stock has appreciated from $2.39 to $1,908.36 per share, an increase of $1,869.97. The increase thus registered amounts to $1,745.00 per share. It compares with an appreciation of 11.8% shown by the Dow-Jones Composite Average during the same period.

Current assets at Oct. 31, 1944, of the Walker-Edendale Company of Wisconsin exceeded the total liabilities by $239,541.75, an increase of $238,388.37 as compared with $1,287,935 a year earlier. During the fiscal year the company retired the long term notes with its bank under Regulation A and paid dividends on the stock.

The volume of business for the year in 1944 and 1945 was approximately equal to the previous year exceeding the previous year by $1,908,366. Net income for the year after all charges and state and federal taxes and after providing a reserve for contingencies, was $747,982.

Earnings have further strengthened the net working capital position of the bank. The board of directors was therefore enabled to declare the fourth quarter dividend of 25 cents per share, an increase of 5 cents over the dividend paid during the year before the war. At a meeting of the directors held Jan. 15, 1945, a resolution was passed to pay the regular quarterly dividend of 25 cents and the remaining nine back dividends totaling $1,908,366, which were paid Feb. 1, 1945.

Froedtert Grain & Malting Co., Inc., calls attention to the fact that its millers have found the assistance of its laboratory, which has considerable research work, will place it on the market several articles that it believes will be well received by the general public.

12 Business Questions Answered

By Roger W. Babson

BABBON PARK, Fla.—Here are some questions which have recently been shot at me. Following each question the reader will find the answers.

Industrial Outlook

(1) What should the government do to stimulate industries? Answer: The building and furnishing of new factories should not be in great demand for new automobiles. The chart that the industry should also be good in the coming year.

(2) What industries may suffer the most after the war? Answer: The building and furnishing of new factories should not be in great demand for new automobiles. The chart that the industry should also be good in the coming year.

W. R. Babson

Missouri Pacific R. R.

514 % Notes

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<td>Central Elec. &amp; Gas Co. Fid.</td>
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<td>Standard Silica Co.</td>
<td>Wau. &amp; P. L. Co. &amp; 7% Fd.</td>
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SAN FRANCISCO TRADING IN NEW YORK STOCKS

One hundred and forty-eight stocks traded on the New York Stock Exchange yesterday, of which 144 advanced and 7 were lower. The exchange showed a net gain of 144 points, or 144 per cent. The total value of the transactions was $1,908,366.

HODSON & COMPANY, Inc.
165 Broadway, New York

We Must Intensify Our War Effort

By HON. ROBERT P. PATTISON

Secretary Pattison Cautions Against Relaxation of Our War Effort in the Belief of Collapse of Our Enemies. Says That 900,000 More Men Will Be Needed in Armed Forces in First Half of Present Year, and That Munitions Production Must Be 20% Greater Than in 1944. Tells Need of New Weapons and the Part Played by Research, Development and Design to Build a Fighting Force of Tremendous Power.

The war news is favorable. Our fighting men are putting up a performance whose valor has been proved so many times in this war—

Finished in Europe, not finished in the Pacific. Germany and Japan are still powerful, resourceful, fanatical—determined to fight it out to the bitter end. We shall have to bear out the fact that before the work is finished, many American boys will lay down their lives. Other American boys will suffer wounds.

*An address by Secretary Pattison at the Newport News Executive Club, Chicago, Feb. 8, 1945.

(Continued on page 1086)

Keep Inflation Brakes Working: Burgess

In a statement to Senate Banking Committee, ABA President asks for Repeal of Emergency Power to Issue Federal Reserve Bank Notes and Greenbacks Under Thomas Amendment. Suggests Minimum Federal Reserve Bank Reserve Requirements Be Fixed at 30 Instead of 25%. Opposes Over-issuance of Paper Money.

W. Randolph Burgess, President of the American Bankers Association and Vice-Chairman of the Board of the National City Bank of New York, appeared before the Senate Banking Committee on February 28, holding hearings on Senate Bill 518 which would lower the ratio of required reserves of Federal Reserve Banks to 25 per cent in circulation and deposits with Federal Reserve Banks. The bill would amend the present minimum reserve requirement of 40 per cent on gold certificates and notes to provide for a final collapse of this upward spiral.

(13) What about the postwar armament race? Answer: There will be no special difficulties for a few years but later there may be much trouble. Unemployment is a problem of a political problem rather than an economic. Congress cannot prevent use of funds for research, churches and school committees of each community will determine the unemployment situation.
PUBLIC UTILITY STOCKS

We maintain an active market in the stocks of various companies whose facilities of the direct private wire system are especially equipped to trade in those markets where our various offices are located.

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Public Utility Securities

Ogden Corp.

Ogden Corp., which succeeded Utilities Power & Light, has made substantial progress in the development of its properties and the capital simplification in 1922 Utilities Power & Light a book value of $471,000,000, and important British holdings were id for about $25,000,000 and Ogden Corp. was incorporated as Ogden Corp. Power & Light was sold for about $14,000,000.2 The former utility was subsequently liquidated for over $4,000,000 in 1941 and 1944, and several million additional dollars were paid to creditors of miscellaneous properties.

Recapitalization of the largest remaining holding, Laclede Gas, should be completed around the end of March. Ogden will sell 2,165,286 shares of Laclede common stock to the public through Underwriters, one of which 'the opening of the exchange, is the largest single issue of stock recently completed.' A peculiar situation has existed with respect to Laclede. It sold for $141% in 1943, 13 in 1944 and 9% this year. These high prices were, of course, out of line with the pro forms earnings. Under the plan, the new common is to receive new common, share for share. As noted in this column December 1 it was announced that 2,165,286 shares continued to sell at 9% when the new stock was only selling at 1% at the end of the month. The new common has been selling at 1% since it was announced to sell at 9% when the new stock was only selling at 1% at the end of the month. The new common has been selling at 1% since it was announced to sell at 9%.

In the near future, certain other properties are to be recapitalized. In the meantime, it is reported that the New York Central Stock Exchange, a new subsidiary of the New York Central, has been opened. This new exchange is to be used for the trading of securities of the New York Central Stock Exchange, a new subsidiary of the New York Central, has been opened. This new exchange is to be used for the trading of securities of the New York Central Stock Exchange, a new subsidiary of the New York Central, has been opened. This new exchange is to be used for the trading of securities of the New York Central

Is the Market Inordinately High?

Everyone interested in the stock market these days keeps asking himself whether or not the market has climbed to inordinately high levels. It is a question which cannot be answered without a careful analysis of each company.

The opening price being printed with the lows obtained around the middle of 1942 and the questionable stock prices applying to the same time. But we are all in agreement that the highs of eight years ago (1937), their tops of around 200, are not at all attractively low. To make this point clear we should set aside at random a list of 15 stocks, and we are indicating in the table below the closing prices on March 1, 1945 (approximately their current level) and the closing prices on March 3, 1936, nine years ago, and well before common stocks entered the "bull" market phase that followed a year later, and finally the peak prices that were reached during the bull market of 1927.

<table>
<thead>
<tr>
<th>Stock</th>
<th>1945</th>
<th>1936</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel Power</td>
<td>32%</td>
<td>71%</td>
<td>133%</td>
</tr>
<tr>
<td>American Steel Foundry</td>
<td>34%</td>
<td>76%</td>
<td>130%</td>
</tr>
<tr>
<td>United States Steel Corporation</td>
<td>41%</td>
<td>79%</td>
<td>131%</td>
</tr>
<tr>
<td>American Electric Power System</td>
<td>29%</td>
<td>69%</td>
<td>130%</td>
</tr>
<tr>
<td>Plow &amp; Metal Co.</td>
<td>21%</td>
<td>58%</td>
<td>130%</td>
</tr>
<tr>
<td>General Electric</td>
<td>37%</td>
<td>74%</td>
<td>130%</td>
</tr>
<tr>
<td>United States Steel</td>
<td>32%</td>
<td>76%</td>
<td>130%</td>
</tr>
<tr>
<td>Atlantic Refining</td>
<td>37%</td>
<td>74%</td>
<td>130%</td>
</tr>
<tr>
<td>International Steel</td>
<td>25%</td>
<td>55%</td>
<td>130%</td>
</tr>
<tr>
<td>Northern Pacific</td>
<td>26%</td>
<td>61%</td>
<td>130%</td>
</tr>
<tr>
<td>Public Service of N. J.</td>
<td>17%</td>
<td>42%</td>
<td>130%</td>
</tr>
<tr>
<td>E. H. Fullam Co.</td>
<td>18%</td>
<td>44%</td>
<td>130%</td>
</tr>
<tr>
<td>Price of Underwriters, 1936</td>
<td>130%</td>
<td>130%</td>
<td>130%</td>
</tr>
</tbody>
</table>

Page 13-1945 Closing 3-1-1936 High 1937

In 1937 it is interesting to note that the price index of 200 was reached on March 3, 1936, nine years ago, and well before common stocks entered the "bull" market phase that followed a year later, and finally the peak prices that were reached during the bull market of 1927.

If we assume that the underwriters' shares of a company would be estimated at perhaps one-third of the market price, we can understand that a plan will be filled with profits in a short time. The underwriters' shares of a company would be estimated at perhaps one-third of the market price, we can understand that a plan will be filled with profits in a short time.

Intertate Power is an over-capitalized company operating in Iowa and Minnesota. Outstanding properties have been sold, and a substantial plant account write-off has recently been approved by the PFPP. The remaining over-capitalization was filed with the SEC, but the closing date is still probably near. We believe that a plan of reorganization will be announced shortly.

The Pittsburg & Lake Erie Railroad stock might be quite valuable except for the fact that the shares would be much higher on an independent basis, than they are with the company now owned. In 1937 the road earned $127 per share on its common stock, and even in the depression years 1932 & 1933 was reported. In 1945 Ogden declared dividends of $520,000 annually (4% on the preferred and $10 on the stock to all stockholders). The company has paid dividends of $2,000,000 for the last 10 years. While the investment is difficult to evaluate, the current improving market for all securities would seem to make it worth about $3,400,000, with a postwar let-down in earnings balanced against less burdensome taxes.

The little information is available on the coal properties, but Phillips & Elkhorn Coal is reported to have brought in four large gas wells on its property. Ogden has advertised for $1,000,000 to $7,000,000 from the Gulf and Alaskan properties. The company also has $2,200,000 in other properties. The company has been the subject of many investigations in the past, and in Ogden's portfolio might range between $16-24,000,000 or about $44-$57 per share for the outstanding 3,403,680 shares.

American Gas & Power 3-5s & 3.6s 1953

Southeast'n Corp. 5s 64 & sp. part. stk.

Crescent Public Service 6s 1954

Flour Mills of Ams. 4s 60 & com. stk.

GILBERT J. POSTLEY & CO.

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Favor Repeal of Johnson Act Barring Loans To Foreign Governments in Default
N. Y. Chamber of Commerce Reverses Previous Stand on Subject

The Chamber of Commerce has reversed its position taken by the Chamber resolution favoring repeal failed of a referred back to committee. The interested organizations in the last meeting again attempted to defeat the resolution presented on March 1, but, they were defeated, according to John B. Trevor, which prevented the of the Lincoln, President of the Chamber, who presented the bill, called for a vote, only a few scuttered “noes” were heard.

James G. Blaine, Chairman of the Committee on Finance and to the Congress, which was the Committee on Foreign Commerce sponsored the resolution, lost the right for repeal of the bill. He that the United States should have canceled the debt and made to Allied nations during the first World War and not to collect only such loans as were made after the war for rehabilitation. Mr. Blaine: said:

“Well, we are passing through the same kind of situation that brings in the condition and the need for rehabilitation. It is true that we cannot meet all the obligations, but we must keep working at it.”

This would be to make the situation worse, as it is only the beginning of a long and difficult process. The situation is not going to improve overnight, but with continued efforts and cooperation, we can hope for better times ahead. It is important that we do not give up hope and continue working towards a solution.

Keyes Fibre
Class A and Common

Lehigh Valley Railroad
General Consul, 4-155, 503, 2003
Circular Upon Request

McLaughlin, Baird & Reuss
Members New York Stock Exchange
ONE WALL STREET
NEW YORK 5
Telephone Eлект 123456

Sutro Bros. & Co.
Members New York Stock Exchange
126 Broadway, New York 5, N. Y.
Telephone Eлект 2-7340

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Pennsylvania Railroad Reports on its 98th Year of Service

INCOME STATEMENT

<table>
<thead>
<tr>
<th>Year</th>
<th>Comparison with 1943</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944</td>
<td>$1,010,615,912</td>
</tr>
<tr>
<td>1943</td>
<td>$324,724,757</td>
</tr>
</tbody>
</table>

Other Income—chiefly dividend income on securities owned

Total:

\$1,409,288,561
\$21,071,888

EXPENSES:

Operating Expenses

\$756,318,745
\$72,808,034

Other Charges

\$152,880,409
\$2,677,082

On the Company's debt

\$11,886,692
\$3,576,150

Total:

\$884,085,846
\$9,755,264

DISPOSITION OF NET INCOME:

Appropriations to sinking and other funds, etc.

\$3,244,558
\$1,320,439

Retirement of Debt—Penn. R.R. Co.

\$18,767,970
\$1,456,970

Dividends—(\$1.50 per share)

\$67,710,631
\$20,695,053

Transferred to credit of Profit and Loss

\$7,988,518
\$23,475,662

INCOME:

Operating Revenues—Freight, Passenger, Mail, Express, etc.

\$1,010,615,912
\$324,724,757

Operating Revenues—Other

\$1,409,288,561
\$21,071,888

Other Income—chiefly dividend income on securities owned

\$1,409,288,561
\$21,071,888

Total:

\$3,829,184,944
\$235,876,535

During the war, the Company has been called upon to meet unprecedented demands for service with the Government since the inauguration of the war effort. The result has been to create a situation which the management thinks, from the viewpoint of both the employees and the stockholders, would be most unfortunate.

The employees

The Board takes pleasure in acknowledging the continued loyalty and efficiency of the employees, who have supported the war effort in full, and cooperated wholeheartedly and efficiently in the management of the plant.

The employees have served their Country and their Company well. Since the beginning of the war, 55,559 have gone into the Armed Forces, 614 have given their lives.

The management gratefully acknowledges the efficiency of the more than 21,000 women who have come into the service of the Company—so many that it is to the last crevice of these men and women who staff and operate the railroad that they have never failed to meet their responsibilities in all the problems that have confronted the railroad.

The chart shows the steady increase in the average compensation per employee of the Pennsylvania Railroad, and in the railroad's share of unemployment insurance and railroad retirement payments over the past five years.

The 1944 net reduction of the debt of the Pennsylvania Railroad System in the hands of the public amounted to \$1,281,927. Over the last five years the net reduction has been \$31,000,000.

Even though the volume of business was greater than in prewar years Company's history, Net Income of \$64,720,435 was \$20,695,053 less than in 1943, and \$36,748,362 less than in 1942.

The Pennsylvania Railroad

W Serv ing the Nation

يزتيت للراضي
"Funded Experience"

(Continued from first page)

people forget the depression. On all sides one hears that the depression was due to the stupidity of our elders—that we are in a new world with strange and fantastic and unrestrained expansion and speculation, while they shake their heads and are told that this cannot continue—crash—and a new cycle begins. Basically it is true. It is based upon man's refusal to see any limit to his own ability in prosperous days, and also to man's tendency to be overly discouraged. We can turn to a poet for analysis of the business cycle. Alexander Pope, in The Rape of the Lock, wrote: "O thoughts mortals, ever blind to fate, so soon detection, and too soon elate."

Business cycles, of which there have been many in our time, bring in their wake the emotions which prevent banking from becoming a sound institution. If a depression occurs there is a struggle during the depression to make a conservation influence, and yet not to be looked upon as serenity.

The depression of the 1930's will in all probability leave a legacy of fallacies with which we are familiar, and for which we shall have to pay a dear price. These new fallacies are interesting because they are so related to our accredited ideas. Take, for example, the idea of the unemployed. For a long time it has been a standard idea that one who has been unemployed has not been looking for a job. But it seems to us that one who has not found work has sought a job and cannot get it. This is the essence of the depression, and the depression will be what we know as "jobless.

If Government and the theorists that advise it will not abandon this idea, the depression is likely to begin soon to recover, and the nation starts to move forward slowly and slowly, leaving the depression behind. The pace increases as the government and business cooperate, and prices increase, and in due course

This announcement appears as a matter of course only and is under no circumstances to be construed as an offering of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

Acme Aluminum Alloys, Inc.
40,000 Shares
$1.10 Cumulative Convertible Preferred Stock (Par Value $17.50 per Share)
Price $20.75 per Share

80,000 Shares
Common Stock
(Par Value $1.00 per Share)
Price $9.80 per Share

Reynolds & Co.

Gillen & Co.

The Nature of Business Cycles

"Business cycles are true circles and follow a fixed pattern. A depression is touched off by an event—excessive speculation, or Government intervention with the currency, or over-concentration of capital in a transportation system not self-supporting—such as the railroad expansion in the 1870's and 1890's. Such spark plugs set in motion forces that have been assembled; and a depression sets in. A business cycle is fundamentally a human reaction. We try to seek for explanation—we fail to find an explanation. It is based upon psychology. Until human psychology is changed we will not eliminate the business cycle. When business is bad, everyone is discouraged and conservative. It requires time to readjust and accept the harder struggle to make smaller profits. For the individual this is difficult to adopt a lower standard of living.

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New York Stock Exchange Weekly Firm Changes

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

Herbert L. Mills, partner in Dirk & Merle-Smith, died on Feb. 20.

Dick & Merle-Smith has received permission from the Exchange to continue its status as an Exchange member firm for a period of 45 days from Feb. 23, 1945, the date of death of the sole Exchange member partner.

Ray, Richards & Company, has received permission from the Exchange to continue its status as an Exchange member firm for a period of 45 days from Feb. 31, 1945, the date of death of the sole member partner.

W. Trimble & Co. will return as an Exchange member firm as of today.

DEBTS OF BRETTON WOODS

"Let us consider the International Monetary Fund and International Bank for Reconstruction and Development. At the Bretton Woods conference it was proposed to set up a Fund and a Bank. Probably all those present tonight have read the 'Articles of Agreement.' The 'Articles' propose to create these two international monetary corporations for the purpose of helping to reconstruct a just and lasting economic world order.

The contribution to the Fund is to be paid 25% in gold, if the nation has gold, and the balance in the nation's currency, or in the nation's promise to pay, these promises to be evidenced by a non-negotiable and non-interest bearing note. I think any of us here would rather give than receive such a note!

"The subscription to the Bank is more involved; but it starts with 10% in gold and in currency. From the Fund and from the Bank the nations and their National, under certain conditions, are to borrow the currencies they need to carry on trade, rehabilitation, promote new industries, agriculture. The Fund and the Bank cannot succeed unless the borrowers can pay their debts when due. Therefore the fundamental question is the same as our bank faced every time it made a loan during the past seventy-five years: namely:

"Financing a borrower's credit good; that is, can he present a statement and a certified public accountant showing he is solvent, is earning his expenses and a little over, and may be expected to continue so to do?

Second: Has he control of his business? Has he demonstrated that he can control his expenses and the operation of his business? Is he in harmony with his partners or his stockholders?

Third: Can he repay the loan? And, by what means? Wil the excess earnings plus interest do so over a period of time, or has he convertible assets that may gradually be liquidated?

"Suppose a like formula be applied to any of the nations who will contribute to the International Monetary Fund or the International Bank for Reconstruction and Development. Of the 45 nations, none of importance are on the gold standard; that is, none can produce a certified public accountant's report showing they have a balanced budget, are covering their expenses, and can reasonably be expected to continue so to do. And, as far as we know, only a few of those who will borrow is so low that their national obligations sell at a great discount upon the New York Stock Exchange.

"As to the second point: have they management that has demonstrated the ability to control their business? The answer is No. For political reasons they cannot take firm steps to improve their financial condition or their currency. If they attempt to reform their finances, then their Governments are exposed to the danger of being voted out of power by their citizens.

"Finally—possibly more important—very few of the borrowers, and none of those of large size, have any prospect of repaying their debt to the United States, whose currency they will be anxious to borrow. The reason they cannot repay us is because we do not wish to buy anything they may produce or manufacture in sufficient volume to liquidate their present debt, let alone new debt they incur to the Fund or the Bank.

"In the long run, the only way one nation can pay another is by delivery of manufactured goods, raw material, or farm products, or services. If the United States permits imports in sufficient quantities to liquidate the proposed borrowings, then we must consider what the effect will be upon our standard of living.

"It is evident this Fund and Bank ultimately must fail. No doubt, they would give a brief stimulant to our export business; such as followed the last war when we saw foreign securities sold in vast sums and the proceeds used to stimulate our exports. When the foreign nation attempted to repay, we could not accept their goods; they, therefore, defaulted. The investors who had bought their bonds suffered accordingly.

"Keeping this experience fresh in mind, it would seem to be better to delay any international banking program until the consti¬tuent nations put their own affairs in order and until we can solve the problem of a free exchange of goods without reducing our standard of living. Therefore the money would go forward taken first, then we would move forward upon a sound basis, and not under the danger of future disappointment with recriminations and last time. This is a case where taking time to be right may prevent much loss of time in the future.

"After this review of experiences covering 75 years, the question might be asked: 'What constructive suggestion have you to offer?' The answer is: No plan for the future can be sound that do not give consideration to prevent; so successful future can be built upon the theory that the business cycles are due to the sin of those who went before us; that the last frontier has been reached; and, if we are long; that debt is desirable; that the standard of the certi¬fied public accountant's report of gold is not required; and that it is wise to lend when we know the borrower cannot pay.

"The world must face demonstrated truth. If we cannot live up to the standard thus set, well and good. Let us, at least, acknowledge the standard and strive to attain it, honestly confessing our inability to reach it. If we do this, then we shall improve and finally reach our goal. But if we hide the truth and follow fallacies proven false, time alone will show us where it is wise to lend when we know the borrower cannot pay.

"A constructive suggestion would be to present the unvar¬nished truth to Mr. Churchill do when he told Britain it would take blood and sweat and tears to win. If we know the truth or know the want, we can curtail our loans and plan a defense.

"It remains to be seen whether the world will face truth—that is economic facts—as it has faced the realities of war. If the world be guided by the funded experiences of the past there is no limit to those riches which the future has in store for us.'

REVENUE TON-MILES CLASS I RAILWAYS 1929-1942, AND ESTIMATED, 1947-1949

Passenger-miles are taken from a survey issued in December 1944 by the Interstate Commerce Commission entitled "Post-War Traffic," Revised Edition, Statement No. 4440, File No. 314-R-5. We present them bereft in order that investors may more carefully apprise the future value of their railroad investment.
Initiative, Not Credit, Basic to Solution of World Problems

(Continued from page 1042)

huge surpluses left. Some of these surpluses are exported, in effect, against services such as shipping, insurance, foreign travel, etc., and some of the proceeds are used for the purchase of raw materials or for the purchase of foreign currencies or in productive plants or other producing mediums.

In 1929 we had 45 million people employed in this country. The Department of Commerce, after a careful research, estimated that 3 million of this 45 million were employed because of our foreign trade—our exports and imports, their servicing and transportation.

In 1941 the State Department, also following a careful research, estimated that the number of workers employed in the United States because of our foreign trade was between 2-3 million.

The most reasonable figure that represents an estimate of the employment that will be required in the post-war period is 5 million. Of this total, 3,500,000,000 are engaged in those engaged in foreign trade, utilizing the estimate of the State Department, would constitute an important relief in the pressure for employment.

From 1909 to 1910 our exports averaged about $1,000,000,000. From 1910 to 1915, $2,100,000,000 was the average value of our exports and, $6,000,000,000 of our imports. Throughout World War I, our exports increased each year after 1914 as follows:

1914 $3,555,000,000
1915 5,485,000,000
1916 1,410,000,000
1917 6,149,000,000
1918 7,956,000,000
1919 8,228,000,000

The total exports of these years amounted to $27,506,000,000 and the total imports during the same period was $18,330,000,000. This meant an average balance annually of $9,176,000,000 against an average that was very small in 1909 to 1914 inclusive of $487,000,000.

The other items in the balance of payments, such as expenses of travel, costs of shipping, insurance, etc., took care of this annual excess of exports of about half a billion dollars without undue strain.

A creditor position of $18,233,000,000 was created by World War I and its immediate aftermath. Instead of the total $26,000,000,000 which represented the previous year's normal $500,000,000 a year, left a total of over $15,000,000,000 in 1929. However, the war was a vast destruction and waste of raw materials is probably very well measured by this figure of $18,299,000,000, excess exports to which must be added the total in 1944 and for the duration.

The tragedy of it all lies in the human suffering and great loss of life, but in order to determine how best to protect mankind from further disaster we must take account of the destruction of wealth that is going on. One great lesson seems clear and that is that nations of the world must find a way to accomplish reconstruction and restoration of international business relationships without building up a great international debt structure that would lie there as a legacy and lay the foundation for a new war that will evidence itself on the first day of the final peace.

The solution of this problem requires two things. First, relief in that we will furnish a minimum of financial aid to the countries that are in the most serious position and a minimum of materials and a minimum of necessary tools to produce the goods of a new generation—self generation in the new world. And the other is a program of reparation—reparation proceeds under wise use of the wealth that remains to each nation after such war conditions will soon begin to develop that will enable short term loans to be made that can be paid—international short term loans made under a program of reparations that are obviated and left behind without an aftermath of a huge debt.

As the use of credit enters into this struggle to reconstruct trade and the extension of credits that will be necessary for post-war rehabilitation that may be international in character, the banks are in a position and conscious of the responsibility that lies with them.

The Use of Credit

The proper use of money in the form of credit is little understood. It is a powerful weapon in the hands of the lender. It is a weapon which finds that with money, as a battle weapon, money should attribute powers to money as a battle weapon exist. When one steps into a shop to buy a desired article and finds that the seller does not normally have any appreciation of the fact that the money which he gives in exchange for the goods purchased is, in effect, a loan, then it is, in effect, an exchange of goods for money. But the man who is forced to exchange goods for money in which he has had a part and for which he obtained the money in another country and somewhere along the line that act of exchange value is assigned.

But money in the form of credit does not always have to be used for destruction, although those who extend credit may become the owners of the credit and may use it for destruction of the proceeds of the credit. But money in the form of credit may be used for a very constructive purpose. Credit, therefore, is extended it cannot be paid back after its use unless it somewhere serves a constructive purpose and will earn its cost. It is because this new money is often effective upon the price of the old money. The proceeds of a loan are not utilized in some form of investment, expenditure or saving, payment can only be made from some proceeds of the loan, and the turnover of the credit itself is the only way that can destroy a new generation or liquidation of total wealth.

At times, credit can be used to create over temporary scarcity of buying power. Such credit may be dispensed in a way that can be fully understood by those who use the credit. It is used by the nation and is repaid it destroys production which has probably been made and paid for and later effort new production is provided. This new production is excess and the consumer or the borrower that may be mental or physical.

When the world has a catastrophe such as war, it has a disaster that affects the wealth of the people. The measure of the destruction of wealth or the amount of credit required for rehabilitation is necessary for the accomplishment of the ends of the disaster, necessarily, overwhelms the minds of the community. The credit that is needed is that which is the value destroyed in terms of credit, it, then, becomes the one thing that lies within the ability of men to reproduce. If vast sums are needed the tendency of men is to live off of them. Incentive to work, to produce and reproduction do not equal the consequences that the waste of credit makes possible. Credit must, therefore, be payable in gold. The desires of the people for goods arise in the minds of the people. They must communicate those desires to other millions, who in turn have separate desires for the production or those which make that can reach back to either domestic or foreign production.

The diversified wishes of the people are communicated over the whole world and provide jobs for great numbers of people. They are created as importers find new goods that they must produce to satisfy the people. Such demands are the cause of the international credit cycle.

It is only the exercise of individual initiative that can solve these problems. The movement of commodities and between countries, is a movement of goods which is affected by pricing, and is controlled by the same forces that result in injury to thousands upon thousands of people. That production and its distribution needed by every hour of life.

In time of war we must pay up with the unfortunate development of Government regulations may or may not apply to the operations which have been forgotten. During the war, however, continue such unfortunate methods into the peace.

One small mistake by a commander-in-chief or in a country or without intent or knowledge can reach through the whole international distributing cooperatives so as to throw great numbers of people out of work. Such
a development is particularly necessary. The current international trade because it is far more difficult to correct and restore things which have been in disarray. There is also the problem of protecting the world from a new war. The United States is the only country that can prevent this, and it has to do so if future generations are to have peace.

In international trade, governments need to work together to ensure that trade is fair and beneficial to all nations. This means implementing policies that promote free trade and prevent protectionism, which can harm both producers and consumers.

The United States has the responsibility to lead in this area. It should work with other countries to create a more stable and predictable trading environment. This includes ensuring that trade agreements are fair and that countries are held accountable for their actions.

In conclusion, the United States and other nations must work together to build a more stable and prosperous world. This requires a commitment to free trade, a willingness to address problems of unfair competition, and a shared responsibility for maintaining peace and security.
The Little Steel Formula

(Continued from first page)

this report is announced, the general statistics are anything but fair and honest. Equally inadequate is the estimate which appears in the report of a retail price index for families of living, when every expert has expressed the opinion that the Bureau of Labor Statistics, which is the only agency that is doing this work, is completely out of date and that it has no right to measure the cost of living. We have every reason to believe that it is an unfounded measure, and that it has been called by the name of "cost of living" only for lack of better names.

Retail prices, it is conceded by this report, have risen by thirty-six weeks by 15%, or approximately 20% in the year ended in October. Virtually the same report also conceded that wages—whether national, state, city, or local—have risen only twenty percent (17.2%) to be exact) in this same period ending in October. It thus became clear that the wage-rates are the means by which workers are being "punished" for work done by "workers." They constitute a part of the cost of production of industry, and are the only source by means of which the "little steel" has happened to wages during the war.

The Wage-Labor Board, recognized by the War Department in July, 1942, as the "co-operative wage committee of the Little Steel Formula, as the foundation of this condition, is now listening to the reports of war prices to 15% above the January, 1941 level. At that time the average weekly wage was increased by 15%. Since then, wage rates have not changed, as just noted, to about 20%, but retail prices have risen 20%, and they are even higher. Where has the difference occurred? There has developed an anomaly, on a national average, of 30% in wages and prices.

To be brief and fair this Inequality has been so long, so exact, so certain, it can be permitted to last. The mounting prices of living makes it imperative that the "Little Steel Formula be substantially raised. The full report of the Cost of Living found that since January, 1941, retail prices—which are the over-all measure of prices—have risen about 30%, twice as much as the Formula, while special studies continue to show that living costs have risen 45%—three times as much as the Formula.

We therefore seek a wage adjustment that will be sufficient for the workers for the loss they have already sustained as a result of the increased cost of living—an adjustment in the Little Steel Formula that will be comparable to the increased cost of living. This is the purpose of the report, and it is claimed that no inequity exists as compared to the 20% rise in retail prices since January, 1941.

The unconscious, the unfamiliarity of this juggling of wage statistics is apparent when it is seen that the straight-time earnings include such "non-wage" earnings as such earnings due to higher production and increased in plant and shift premiums. These factors have no bearing on an accurate indication of the true cost of living wages because they are largely the result of "co-operating" with the life. The WLBP public members are quite correct."

"A large part of the increase in adjusted straight-time hourly earnings is due to an increase in non-wage-rate schedules probably would have been smaller if the measures were to become back by the labor unions, and for the wages that are found at the time that an inactivity is proposed to rely upon to prevent the re-freeze of the Little Steel Formula.

The unfairness of this proposal was serious. This report is announced, the general statistics are anything but fair and honest. Equally inadequate is the estimate which appears in the report of a retail price index for families of living, when every expert has expressed the opinion that the Bureau of Labor Statistics, which is the only agency that is doing this work, is completely out of date and that it has no right to measure the cost of living. We have every reason to believe that it is an unfounded measure, and that it has been called by the name of "cost of living" only for lack of better names.

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Seligman, Lubetkin & Co.
Incorporated
Number Two New York City Stock Exchange
41 Broad Street, New York 4
HAnover 2-2100

Real Estate Securities

The uptrend in real estate bond prices continued through February for the 32nd consecutive month, according to the Amroth-Dakers index of leading eastern real estate issues. The average price per bond increased 2.2% last month, compared with gains of 4.0% in January. The average increase since January is 6.8% and the gain for the 32-month period is 81.6%.

On Feb. 28 the average price per $1,000 bond stood at $507 as against $455 on Jan. 31, $521 on Dec. 31, 1944, and $707 on July 31, 1942—38 months ago.

While February gains were not, on average, quite as sharp as those scored during January, the general real list of estate issues nevertheless acted well for the month. For the month a total of 110 issues increased in price and only renewed and only 24 declined. Declines in most instances were relatively small.

In the classification by cities the 12th largest group of issues remained unchanged during February. This gain the 5.8% advance scored during January gives the New York list a price increase of 8.5% since Jan. 1. A group of 11 Boston issues improved 1.3% last month and were followed by gains of 0.7% and 3.2%, respectively, for 26 Philadelphia and 12 Pittsburgh issues.

In the classification by type of property 36 apartment hotel issues added a 2.6% advance to the group's total gains for a total increase of 10.5% since Jan. 1. The New York list in number gained 2.2% last month and a 5.0% advance in January, making a total gain for the year of 8.3%. Another group of 17 office buildings was up 4.4% in February while 36 apartment issues advanced 2.4%, making a total 1944 gain of 6.3% and 3.3%, respectively.

Broker-Dealer Personnel Items

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

NEW YORK, N.Y.—J. Stanley Champion is now associated with the investment management department of Calvin Bullock, Wall Street.

(To Special to The Financial Chronicle)

BOSTON, MASS.—Frederick M. Weinberger of Salvo & Company is now associated with F. C. Weeden & Co., 10 State Street.

(To Special to The Financial Chronicle)

JACKSONVILLE, Fla.—Henry C. Cholel is now associated with the staff of First Security Corporation, 308 West Adams Street.

(To Special to The Financial Chronicle)


(To Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Ernest W. Ahlem has become associated with Georgeon & Co., 30 Wall Street, New York City, Mr. Ahlem was formerly with Pusey & Hubbard & Asche.

(To Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Joseph A. Harris, Upham & Co., 523 West Sixth Street, Los Angeles, is now associated with the staff of the First Security Corporation, 308 West Adams Street.

(To Special to The Financial Chronicle)

PORTLAND, ME.—Charles W. Fenderson is connected with F. L. Peterson & Co., Inc., 87 Exchange Street.

(To Special to The Financial Chronicle)

SAN FRANCISCO—Donald Gallagher is now with H. R. Baker & Co., Russ Building.

(To Special to The Financial Chronicle)

First Sallie Co.
11 So. La Salle St., Chicago 3, Ill.
Tel. Central 4346
Telex NY 606

Real Estate Securities

Prinse & Lafayette Streets
St. Louis 1—New York

658 Lake Shore Drive—Chicago
Belmont Hotel P.O.—Cleveland

Roosevelt Hotel

Mysto Stables B.ond Co.

VALQUITCO, CT.

F. P. Hughes & Co., Inc., 87 Exchange Street.

Chicago 1

REAL ESTATE SECURITIES

Accurate Quotations in All Issues

First LA SALLE CO.

11 So. La Salle St., Chicago 3, Ill.
Tel. Central 4346
Telex NY 606

Real Estate Securities

PRINCE AND LAFAYETTE STREETS
St. Louis 1—New York
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Chicago 1

REAL ESTATE SECURITIES

Accurate Quotations in All Issues
Mutual Funds

"Victory Is Bullish"

In a most impressive 28-page special study, Standard & Poor's Corporation goes all the way down the line on the subject of "Victory Is Bullish." Distributors Group thought so well of this study that permission was granted to reprint the first issue and distribute it to all dealers affiliated with Distributors Group.

In a covering letter, the sponsor reproduces one chart from the study, which contains the tremendous truth that such taxes will touch the market for common stock hard at all.

Over $50 Million

On Feb. 23 net assets of Group Securities, Inc. passed the $50 million mark. "From $9 million to $50 million in 28 months," is the way Kenneth S. Gaston, President, describes this phenomenon of growth. Since the beginning of 1943 the shareholders and net assets of Group Securities have increased as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Assets (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>$9.00</td>
</tr>
<tr>
<td>1944</td>
<td>$20.00</td>
</tr>
<tr>
<td>1945</td>
<td>$30.00</td>
</tr>
</tbody>
</table>

Group Investing method as developed through Group Securities, Inc. Mr. Gaston foresees further increases in the near future.

Money At Work

Keystone Corp., in the current issue of its Bulletin presents a chart illustrating "How Money Grows at Compound Interest.

President Benjamin Franklin put $5,000 into a Trust Fund in Boston in 1784. By careful supervision and reinvestment of income, the Trust Fund had grown to $2,121,000 at the end of 100 years. At that time $239,000 was withdrawn from the Fund. The remaining $102,000 has been at work under expert supervision for 50 years and now has increased to $641,000.

The chart shows that $110.00 at 1% interest, compounded annually, grows in 20 years to $12,201. The same amount at 4%, compounded annually, grows in 20 years to $21,031.

A Sound Course

Lord, Abbott devotes the current issue of Abstracts to a discussion of the War Labor Board's findings with respect to the rise in the cost of living as compared with the rise in wages. It is shown that while real wages have increased by 12%, factory wages have reduced net income of many corporations during the past 10 years, even in the face of increased revenue.

Lord, Abbott commends the WLB decision that the Little Steel furnaces go in at this time. "The WLB endeavor to prevent the industry from merely escaping the reaction during the present wartime period is the sound course to follow, and a happy augury for the future of security prices.

The Investor's Problem

National Securities & Research Corp., in a revised folder on National Income Series does a good job of stating the investor's problem today, and points out that in the past decade--

Living costs have increased 97% Income taxes have increased 11% Interest rates have decreed 52% Buys high yield without due regard to capital and income.

Another folder in the National Securities Series is offered as a reasonable solution to the investor's problem. Through last week's copies of the "How Money Grows at Compound Interest", it provides a return with reasonable assurance of stability.

Good, but not enough. Commenting on the threat to investors embodied in the recent "How Money Grows at Compound Interest", the publishers point out that the current issue of Selections reaches the following conclusion: "If a principal is to be increased, but under the present conditions there is no certainty that otherwise wise measures have been passed before, in other countries. So it behoves us all to do some serious thinking.

"If this was to be wise we would have to consider the idea of putting your money is the Treasury to earn something other than the usual 3%."

Railroad Bond Shares

A Class of Group Securities, Inc. Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED 62 WALL ST. - NEW YORK N.Y.

1,280 million "War Bond" shares were sold in the last seven weeks, for a total of $28,000 million, or an average of nearly $4,000 million per week. This average far exceeded the previous weekly average of $2,737,000 at the beginning of the campaign.

Another intermediate step in the upward movement of the market to the all-time high of 1944 was taken on July 14, 1943, and the succeeding secondary reaction down to 129.57 on June 24th. The second intermediate up movement reached an all-time high of 135.97 on July 10, 1944, and the preceding secondary reaction went down to 124.96 on July 14, 1943. The third intermediate rise has been in progress for the last six weeks since the slightly lower minor reaction to 135.5 on June 24 preceding the recent breakthrough to new high ground.

Further Rise Indicated

As to the present indications, the forceful and broad break-through to new high ground points to an appreciable further rise ahead before the present intermediate rise is completed, and this expectation is enhanced by the before-mentioned "how Money grows at compound interest".

An Undervalued Group

In a current mailing on Railroad Equipment Shares of Group Securities, Inc. the author presents two revised folders and a current bulletin, which stresses the undervaluation in the Railroad Equipment shares at the present time.

"Foreign orders already on hand and under negotiation for a total of 1,915 units. This figure should be increased as far is the 1937 output and is more than any full year's production since 1929."

Questions and Answers

Eaton & Howard have published a revised "How Money Grows at Compound Interest" folder on Eaton & Howard Balanced Shares, in which they show that $100 invested at 2% interest, compounded annually would be worth $1,126.81 after 30 years.

"What is the purpose of the Federal Reserve System?"

"To make available in a single security a balance safeguarded and diversified investment account. The Fund is designed and managed as if it were an individual's investment portfolio and represented his entire investment program."

Selected Investments of the current issue of this "How Money Grows at Compound Interest" shows $10,000 in preferred stocks, $9,000 in bonds, and $1,000 in common stock.

Selected Investments Co., in the current issue of "How Money Grows at Compound Interest" shows $10,000 in preferred stocks, $9,000 in bonds, and $1,000 in common stock. The chart shows the per capita national income has increased from $192 in 1929, 36%, to $259 in 1943, 14% more, and there has been an increase of 32% in the price of stocks.

"These ratios are likely to show widening rather than narrowing in the future result."

Mutual Funds

Mutual Fund Facts

National Securities & Research Corp. -- Current information folder on National Securities & Research Corp. can be obtained by mailing a memorandum showing portfolio changes during February, March, April, May and June to Lord, Abbott -- Composite summary folder for March, April and May 1945. Several revised folders on Aviation Securities.

Dividends

Commonwealth Investment Co. -- Quarterly dividend declared April 2, 1945, to stockholders of record March 14.

Massachusetts Investors Second Fund -- A quarterly dividend of 12.5% of the month of dividend change, to stockholders of record March 14, to stockholders of record March 14.

Union Trustee Funds, Inc. -- The following quarterly dividends payable March 31, 1945, to stockholders of record March 14:

Union Bond Fund $1.70 Union Preferred Stock Fund $1.85 Union Corporation Fund $1.85

Wellington Fund -- A quarterly dividend of 25c a share payable March 31, 1945, to stockholders of record March 15.

(Continued from page 1940)

The Stock Market Outlook

The basic factor of the market today is the present demand for all classes of shares. The trend of the market as a whole. Of the two recent major bull markets, the first, from 1937 lasted five years, and the other, ending in 1929, lasted six years. Since the point of view adopted with respect to each market, any event, the present bull market "will not be without breaking the longer "record. The present bull market is not nearly so high on the list in per- centage increases from the key dates as the 1929 market. In fact, it shows a gain of only 78%. The 1937 market showed 372% and the 1929 market 46%. But many historical bull markets showed closer to 100% gains than the present bull market.
Newport News
Shipbuilding and Dry Dock Company

Statement of Recorded Cost of Work Performed During the Thirteen Weeks Ending December 31, 1944, and December 31, 1943

(The 1944 costs are preliminary and subject to final audit and adjustment.)

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>New Ship Construction</th>
<th>Ship Repairs and Conversion</th>
<th>Hydraulic Tunnels and Canals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944</td>
<td>3,716,000</td>
<td>1,173,000</td>
<td>1,473,000</td>
<td>6,362,000</td>
</tr>
<tr>
<td>1943</td>
<td>2,863,000</td>
<td>828,000</td>
<td>2,650,000</td>
<td>6,341,000</td>
</tr>
<tr>
<td>Total</td>
<td>6,579,000</td>
<td>1,991,000</td>
<td>4,123,000</td>
<td>12,693,000</td>
</tr>
</tbody>
</table>

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities: Accounts Payable $1,551,092,026.60; Accrued Wages, $3,206,205.89; Federal and General Ex- change Corporation 1,351,964.01. Total Current Liabilities $3,881,389.87. Capital Stock $50,000,000; Held by Federal Oil Company $10,000,000, and purchased by United States Government $40,000,000. Total Capital Stock $50,000,000. Total Capital Stock (Par Value 50.00) Per Share: Average $50.00, $3,424,795.00. Dividend paid during the period $2,042,601.84. Total Dividends Paid this year $2,042,601.84.

By Order of the Board of Directors B. L. FLETCHER Comptroller

February 28, 1945
Says Bretton Woods Is a Scheme To Lend American Dollars

(Continued from page 1043)

measure calls for this country to make available approximately $6 billion to a world mon¬
etary fund. And while much of this fund will be used by the World Bank, the new world recon¬
struction and development organization, it will be deposited in the United States dollar denoted
cedible international currencies, which some have likened to cur¬
rent dollars. It is in this respect that the United States dollar will be a medium for the transfer of capital
to other countries of the Western world. Thus, if the world Bank is authorized to borrow against the funds
made available to it by members of the International monetary fund and staff at Bretton Woods. These
statements make perfectly clear that this is a lending institution.

Prof. Guy W. Walker, Jr., another member of our delegation at Bretton Woods, says that the United States will be

now let me make this clear. There is not a scheme for lending money to debtor na¬

tions—and those who see it in that light are not really seeing the true picture. The only

nation to the party was the long negotiations with the British concerning his own credits and that of Lord

keyes, who advocates wide¬

scale pump priming with Ameri¬
can dollars. The Treasury itself reports that "three years of study" have gone into the Bretton Woods proposals.

The International Monetary Fund, the Agreement with the American people to know it. It is hoped that this scheme can make the statement which we have been trying to make for a long time, that the United States will not lend money to St. Louis and give out to the

newspapers.

This Bretton Woods Scheme should have the most deplorable effect on trade and the public before the public take the Treasury's word for what it is.

Guy Walker, Jr. Admits Thayer To Partnership

(Special to The Commercial & Financial Chronicle)

Mr. B. Thayer has become a partner with Guy W. Walker, Jr. in Guy W. Walker & Company, 53 City Street. Mr. Thayer has recently joined the firm of B. Thayer & Company, and prior thereto did busi¬

ness from offices at 71 Kilshy Road.

Brembley in Brookline

BROOKLINE, MASS. — Alice Brembley

1060

Thursday, March 8, 1945

The Commercial & Financial Chronicle
Eccles Defends His Proposal to Tax Gains on Capital Values

(Continued from first page)

"When questioned why individual and Government securities held predominantly by individuals and corporations would be taxed at 25%, with 50% of the $15,000 billion dollars and nearly tripped since we entered the war, this huge inflation potential will continue to grow as long as deficit-financing continues. Unless effective action is taken to prevent these funds from increasingly inflating capital values, it will become more and more imperative, I believe, to hold the line against inflation and therefore to allow the wartime increases. Veterans of the last war were in a position where they had not yet recovered the inflation and the consequent ruinous decline of typical values. The result was the necessity to control a relatively small volume of liquid capital, and this present volume of such funds is already four times as great as it was in 1929. The national debt is nearly ten times larger today and is still growing."

"The most serious gap in the line of defense against inflationary forces in the capital gains tax as it is now in the statute. While Congress has proposed a policy of increasing the surtax rates, rising to a high of 91 per cent on individual incomes, and imposing a 5 per cent level upon operating profits of corporations, corresponding curb has been put upon business tax rates. The bill would have to be subject to prorates with, with a 25% differential in favor of the capital gains tax benefits only the larger taxpayers. They are, therefore, the greater the inducement for individuals to refuse to put money into fixed interest-bearing investments, because they receive only a small yield and have little chance for a capital gain, and to put their money into capital asset, which, when sold on a rising market, will result only to the capital gains tax of 25 per cent."

"Yet these profits are just as much a result of war expenditures, and the usual line of social corporate incomes which are substantially with the property which makes war-financing problems more acute in the increase in the cost of the war. It would make a mistake to think it is always the property of war veterans who are counting on being able to obtain a home, or to get on the road with a substantial business when they return from the service. That might have been the hope of the so-called GI, but it is now that he is looking to the money-making and disallowing pay and otherwise. Those on the home front have an increased potential in production, whatever steps may be necessary to form of gambling, and restrictions on the values of farms and other necessities so that they can still reach of the veteran's purse. There are no war profits in that part."

2. While other sectors on the home front are so protected, they may be by direct measures, such as rationing, price ceilings, and wage controls, no effective controls have been applied to curb rising prices, which are causing serious harm to farmers and other capital assets. The wartime expansion of liquid assets presents a vast and growing demand as the accumulated section. Currency, demand deposits

City of Montreal
All Issues
Bought — Sold — Quoted

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Bell Bank System Telotype N Y 1-920

Canadian Securities
By BRUCE WILLIAMS
Prime Minister Mackenzie King, in his recent broadcast to the nation, clarified the following hitherto doubtful points.

(a) As suspected, there was a distinct possibility of an immediate dissolution of Parliament and an early Federal election between April 23, following the Quebec elections, and April 25, the hour, the province, when the Federal Government's action in withholding this report, but has agreed to put the case to arbitration. At the present moment, complete agreements have not been reached.

(Continued on page 1062)
Morgenthau Argues for Bretton Woods Proposals

(Continued from page 1043)
ments are good for the people of the world as a whole. We have had set up monetary barriers against us.

Economic Aggression

One of the chief contributions to the Bretton Woods program offers is that it will free world trade. It will provide a medium for stabilizing exchange rates through the medium of international reserves. The United States can carry on its monetary and commercial relations with the rest of the world and still have a stable exchange rate. If we had to go to the business of dollar diplomacy, we would not be able to stabilize the exchange rate and still have a stable exchange rate. The only way to do that is to have a medium for stabilizing exchange rates.

The agreements will be an equal success for the United States and for the sterling nations. They will provide a medium for stabilizing exchange rates without any difficulty. We will have a stable exchange rate.

Furthermore, it offers a method for stabilizing currencies, the Mone¬ tary Fund, which will enable us to stabilize the exchange rate without eliminating some of the most dangerous restrictions on foreign trade. It removes the excuse for the tangle of import quotas, dis¬advantages for American producers, and adverse de¬ mands which would have been imposed by the United States.

The operation of the Bank will be to provide American investors with an opportunity to invest their money in foreign countries. The American investor has ever had in the field of foreign fi¬nance, a very limited one. There are to be such that the private individual can invest his money under the control of the Bank. The bonds will have to be sold to the public in the United States and they will be sold to the public in the United States.

In making our decision to carry out the Bretton Woods program, we have made an important decision. The Bretton Woods agreements are a part of the over-all program to achieve national security.

The politics, in the sense of the meaning of small nations by the statesmen, is that the powerful ones, has become a tangle of conflicting interests. The United States has a large interest in the stability of the world. But power economics may not be as disturbing as it is in Europe. It is at present a subject of conflict. The legislation before the Congress and the United States is our best hope of avoiding this conflict.

Of course, no program that the United States has ever proposed in the past has ever prevented the appearance of a repetition of the tragedies of the Thirties un¬der the depression of the world. Obviously, governments first of all, are not going to stabilize the world economy. The fact that 40 countries have joined the Monetary Fund was the substantial evidence of their desire for stabiliza¬tion. The legislation before the Congress is simply the machinery through which that desire can be expressed.

The International Bank for Re¬construction and Development is designed to stimulate the recon¬struction and development of the world, and to meet the necessary development in all countries. It is strictly concerned with loans to thoroughly pro¬ductive projects. It has been proposed that the loans be made to countries with safeguards to assure sound practices. Its functions have been described as being of great importance. The finance will be rather helped than hindered by the establishment of a world bank.

The practical benefits of the Bank will be to make it possible for do¬ mestic nations to save money and to come to terms with each other. It is my belief that there is no reason why we should not have a medium for stabilizing exchange rates and a medium for stabilizing exchange rates.

What the Agreement Will Do

As an important part of the machinery for establishing peace and promoting a profitable and useful commerce after the war, the Bretton Woods agreements offer a number of these things:

1. The agreement will provide a medium for stabilizing exchange rates through the medium of international reserves.

2. The Bretton Woods agreements will provide American firms with a guaranteed, and in fact guaranteed, medium for carrying on commerce with the rest of the world.

3. The Bretton Woods agreements will provide the United States government with a guaranteed, and in fact guaranteed, medium for carrying on commerce with the rest of the world.

4. The Bretton Woods agreements will provide American firms with a guaranteed, and in fact guaranteed, medium for carrying on commerce with the rest of the world.

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If the Bank makes the mistake of setting up these agreements without having the backing of the United States, it will be a mistake.

The delay I wish to avoid now is one of the most important questions in the history of the world. The American firm can carry on its orderly manner and on a large scale, and it is essential that the Bank should be able to make a business way of doing business. The American firm can carry on its business quickly and economically, and it is essential that the Bank should be able to make a business way of doing business.

We have to avoid the possibility that the Bank might have to stop business, and it is essential that the Bank should be able to make a business way of doing business.

Moreover, it is essential that the Bank should be able to make a business way of doing business.

Behind the foregoing facts are the following underlying motivating ele¬ ments:

(a) During its eleconicering program, the Bank has taken out an inducement to the Saskatchewan farmers settlement of the seed grain debt at 50c a bushel and optimistically hoped the Dominion government would foot the balance of the bill. (b) The Select Committee of the former Liberal Privy Council set up in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the government in which the fall in 1949 had pre¬ viously submitted a report to the 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The Boren Bill, Regulation of the Over-the-Center Market
And Disclosure
(Continued from page 1045)

Purcell, maintaining that such power of definition was within the orbit of SEC activities and had been sustained in the Hughes case.

The one argument under which is characteristic of Municipal funds' securities alone, and which does not apply to private securities, is that Municipalities are issued and disposed of for governmental purposes.

Otherwise, a great many of the arguments applied with equal force to private securities. As we read the testimony—and we have read it—all—was forcibly impressed upon us that the argument for depriving SEC of some of its regulatory powers was as effective in connection with private securities as it was with Municipals.

The proposed disclosure rule which gave rise to the Boren Bill was known as Rule X-151C-10.

The best exposition of the dangers of that rule, insofar as it applied to all securities, both Municipal and private, was contained in a memorandum prepared by the Investment Bankers Association of America, as far back as Oct. 31, 1942.

Most of the arguments in that memorandum were urged at length by the sponsors of the Boren Bill. Briefly summarized, it was demonstrated therein that the proposed rule would be against public interest because (a) bid and ask quotations or market price are not always indicative of value; (b) the working out of the rule would prove expensive and burdensome; (c) markets would be restricted and in some instances destroyed; (d) bank and insurance companies would be prejudiced; (e) the rule would also destroy the value of certain securities; (f) the rule would be impractical and unworkable.

May we add, as we have demonstrated again and again, through these columns, that now, more than ever, such a rule cannot be brought into force, whether in the proposed form or a modified form, as intended by the Commission which Purcell's testimony made clear; would endanger the carrying out of the life of municipalities and have unfavorable effects on our entire economy.

The Boren Bill is a limited step in the right direction. We were of the opinion originally that it intended to shear the Commission of some regulatory powers over private securities as well as to deprive of it regulatory powers over Municipalities. Since, however, the sponsors of the bill do not take that view, we can only say that the Boren Bill does not go far enough and that brokers and dealers in securities must do something in the form of supporting adequate legislation to deprive the Commission once and for all from interfering with the customs and trade usages that have been established in the securities field for decades, in order to free all corporate securities from improper regulation.

This cry of the poor widow and the antiquated emphasis upon the ignorant investor will not hold water.

Ignorance is no more prevalent in the purchase or sale of securities than it is in any other field.

Ganson Purcell, the Chairman of the SEC, sort of puts the regulation of the securities industry in the same field with preventive medicine.

The securities field is by no means a sick industry.

It has done, continues to do, and will continue to do, yeoman service in our national economy.

We deprecate the implication in the proposed disclosure philosophy, characterizing the activities of the Commission that by and large, brokers and dealers are an opportunistic and dishonest group.

We believe, and are prepared to establish at the proper time and place, that the current law—and we are now talking of the law independent of the regulations established by the Commission—contains adequate remedies to punish the guilty.

There is a lesson that those interested in the securities field can learn from the activities behind the Boren Bill. That lesson is one of diligent application to the task of laying before the appropriate Congressional representatives the need for legislation to curb unnecessary regulatory powers of the Commission over the securities field.

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BY E. A. VAN DEUSEN

Bank and Insurance Stocks

This Week—Bank Stocks

According to the annual report on banking operations prepared by the Federal Reserve Bank of New York, the 810 member banks in New York City, as of June 30, 1945, reported a total of $26,208,000,000 in assets, as compared with $26,746,000,000, as of June 30, 1944. The $538,000,000 decrease is no more than a normal seasonal drop.

The New York banks were said to have a total of $13,162,000,000 in deposits, as compared with $13,175,000,000 at the end of 1944. The slight drop is not unexpected in view of the usual seasonal decrease in deposits.

The New York banks' capital and surplus funds stood at $2,200,000,000 at the end of 1945, compared with $2,200,000,000 at the end of 1944. This is a normal seasonal drop.

The New York banks, as of the end of 1945, have a total of $21,146,000,000 in loans, as compared with $21,346,000,000 at the end of 1944. The drop is normal in view of the seasonal decline in loans.

The New York banks, as of the end of 1945, have a total of $3,182,000,000 in investments, as compared with $3,522,000,000 at the end of 1944. This drop is normal in view of the seasonal decline in investments.

The New York banks, as of the end of 1945, have a total of $760,000,000 in reserves, as compared with $760,000,000 at the end of 1944. This is a normal seasonal drop.

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The New York banks, as of the end of 1945, have a total of $760,000,000 in reserves, as compared with $760,000,000 at the end of 1944. This is a normal seasonal drop.

Over the entire six years, total net operating profits amounted to $5,707,000,000 and total dividends to $3,985,000,000. The amount retained was approximately $1,722,500,000, or 35.4% of total net operating earnings.

If net security profits and recoveries are included, total net earnings from all sources would approximate $7,900,000,000 and the amount retained approximately $2,400,000,000, or 31% of total earnings.

Over the entire six years, total net earnings from all sources amounted to $10,599,000,000 against dividends of $25,346,000,000. The amount retained was $10,347,000,000, or 99.3% of total earnings.

It is of interest to note that 1944 dividend payment was 2.6% greater than 1943 payments.


It is pertinent to refer to the trend. (Continued on page 1068)
Reappraising the Rails

(Continued from first page)

vidual security than one of the audience. The particular security. Or I may be acccording to which they are to be handled for investment purposes, that is, to have a tendency to move from the public to the professional. Historically, it is recognized that there are many uncertainty in the financial industry in the United States as a whole, in which the past as well as the future have been relatively unpredictable.

Post-War Competition With Railroads

Two factors which largely color public opinion on publicly owned utilities are these post-war costs (partially labor costs) and conditions, for example, under which private industry is given the opportunity to attract investment opportunities, and which the railroads may not have. The latter association of public opinion with the latter group is based on the fact that the railroads have been a major employer in the post-war period and have had a high level of public support. The former factor is based on the fact that the railroads have been a major employer in the post-war period and have had a high level of public support. The latter factor is based on the fact that the railroads have been a major employer in the post-war period and have had a high level of public support.

Post-War Operating Costs

Obviously the question of the ex-

sion of this type of research is not on the cards that can be expected to be a major problem in the near future. It is easy to show how much wages have been increased in recent years and how much material costs have gone up. But the question is more complex when the effect of increased wages on the increased costs of operation is considered. Just because the operating ratio of many carriers has increased, it does not follow that the increased ratio is due to increased costs of operation. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic. The increased costs of operation may be due to increased wages, or to increased costs of operation due to the increased volume of the traffic.
mentals in setting up a program  of railroad investment. In an  indiscriminate way, it is not  possible to see any situation of a  little business or no, or, intrinsic  worth. In the end, somehow,  we are not to know what the  war will end. However, it is very clear that considering the present trend it  is impossible to formulate a investment program without attempting to evaluate the economic position of  the security in a normal econ  omic condition. The railroad will  manifestly sound or fonda mentally sound or fundamentally  changed from the war in business, but it is just as foolish today as it was 10 years ago to say that you are bullish on the outlook for the  railroad stocks. They are bull  on all railroad stocks.

Obviously past performances are not the open sesame to future prospects in the rail field any more than they are in any indus  trial group. However, an exam  ination of the railroad performances does offer an essential base from which to start. If in the past an indi  vidual railroad had reported a traffic or revenue trend adverse in the past, it is only the greater its defensive character, if its competitive status was weak, if its management was very unfavorable, or if it showed a con  sistent inability to carry a suf  ficiently adverse trend through to  net, a danger signal must be reckoned with. There may be substantial evidence to the con  trary it is wise to go on the theory that it will follow the trend. In evidence when conditions again relating to the railroad.

It cannot be assumed that just because an individual railroad has reduced its cost of operation, where they absorb only a certain proportion of the cost of the railroad in, per se, in high credit and that its securities receive a somewhat favorable price, underlining on the 20% of gross through to its operation. In the years 1911- 1914, many railways which carried only 8% through to net, of which the ICC has recognized in setting up organization plans the railroad company has set up soundly without the virtual elimination of alcohol.

Future of Railroad Securities

In looking to the future of rail  road securities there are two dis  tinct positions open to the investor. First, there will be the price at which a railroad in the market, in an adverse time, will be at that time is impossible to say. I do think that the best way to look at a little disadvantage with the state  ment that the automobile, which war production is up to the day of war, will be the subsequent recon  version problems. Government policy toward the maintenance of full military production in Germany and right up to the end of the war. It is also adhered to, and there is no  gradual transition from war to peace, war production period must necessarily be severe. No one can truly judge just how long the period of relatively curtailed industrial ac  tivity and production, when reduced, will last. If reconstruction is not  to be gradual but is to start only when we have achieved victory, it  would seem that we should expect to see a certain period of  curvature industrial activity, with a reduced level of optimistic expectation. It is that period which holds the danger to the present transportation situation, it is when will it come or how long it will last. As for the railroad of a sharp curtai  ning of business is the recession period is not due to any basic weakness but to the traditional trend of earnings and normal to their expenses quickly to a new level, the volume of business due to the recession and then the railroad, would normally be highly profitable, the railroad could presumably show some of its partial earnings if it represented a sharp and rapid decline in earnings. In the present instance there will be two abnormal considerations, and they will work against at worst purposes.

The retirement of long-obligated traffic is often a problem, the speculative alike are prone to drop in the rating of the trends of the present. If I am right in my view that the recession period will witness Sharply lower earnings, and per haps a reduction in the dividend of some roads which can show hand  some profit because of the temporary conditions, then, I think, the speculative alike are prone to drop in the rating of the trends of the present.

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The Securities Salesman’s Corner

BY JOHN DUTTON

The Most Efficient Salesmen Study Their Customers

There is a certain technique that is peculiar to the art of selling securities. There are a number of things that you can’t learn out of a book, in fact some of this stuff you’ve got to dig out for yourself.

To BE SURE successful investments AND by virtue of your own understanding, you have to have a certain amount of knowledge. When you read a book on security analysis, you will be able to make the grade in these later years the ones who have studied their business and who have some insight into the market. The most important of these is knowledge “types” of buyers, with a listing of some of their idiosyncrasies.

(1) INTELLIGENTLY ONLY IN QUICK PROFITS. KNOWS LITTLE ABOUT SMALLER PURCHASES. IS BRIGHT AND OPINIONATED. This is usually the type of account that is a time waster. Try to interest him in something not worth the putting up. If he has a small loss, you’ll have the opportunity for a turning point in the company’s affairs which indicate an opportunity for the over the long pull. He may are the market today just because he is popular. Usually an investor who has had no experience in buying or selling. They are not likely to make larger commissions when he does give you an order. He is willing to see the salesman make a commission and pay you for your efforts. To him, the high rate of the type of buyer, you have an account that is worth the work that you put out.

(2) THE INVESTOR PRIMARILY CONCERNED WITH COMPANY’S PERFORMANCE, BUT NOT WITH ACCOUNTS. IS NOT IMPORTANT TO WAIT FOR A PROFIT. HAS AN OPEN MIND. This is an attractive account if you know what to offer and you know your BUSINESS. This buyer wants to purchase securities when and where and for how he wants to do it. He will buy even though he would be a large risk. He is willing to see the accounts and pay for your advice. The large risk is your greatest asset. This type buyer has an account that is worth the work that you put out.

(3) THE INVESTOR CONCERNED WITH THE QUALITY OF THE SECURITY. THIS IS A SECURITIES OFFICERS. He is only interested in the value of the securities. He is only interested in the value of the securities. He is only interested in the value of the securities. He is only interested in the value of the securities. He is only interested in the value of the securities.

(4) INVESTOR AND SPECULATOR. Informed, intelligent, and ambitious; may have a small amount of money to invest for a short period of time. Not likely to be interested in long-term yields; can be turned to shorter-term investments.

(5) BROAD-MARGINED INVESTOR. This type of investor is interested in both the quality and the yield of a security. He is interested in both the quality and the yield of a security. He is interested in both the quality and the yield of a security. He is interested in both the quality and the yield of a security. He is interested in both the quality and the yield of a security.

(6) THE INVESTOR CONCERNED WITH THE GENERAL ECONOMIC CONDITION. He is interested in the general economic condition. He is interested in the general economic condition. He is interested in the general economic condition. He is interested in the general economic condition. He is interested in the general economic condition.

(7) THE INVESTOR CONCERNED WITH THE SPECIFIC INDUSTRIAL SECTOR. This type of investor is interested in the specific industrial sector. This type of investor is interested in the specific industrial sector. This type of investor is interested in the specific industrial sector. This type of investor is interested in the specific industrial sector. This type of investor is interested in the specific industrial sector.

(8) THE INVESTOR CONCERNED WITH THE SPECIFIC COMPANY. He is interested in the specific company. He is interested in the specific company. He is interested in the specific company. He is interested in the specific company. He is interested in the specific company.
The Federal Reserve Bank of St. Louis

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[707x1002] Page dimensions: 707.4x1002.2

The of basis for would avoid not practical cycle business. Would a new high domestic activity we come back to the fact that the best means of achieving a large export trade would be to make an active and effective foreign policy. You owe it to yourselves to see that something is actually being done that is actually achieved.

As exporters you have a big stake in the interdependence of markets at home and abroad. You owe it to yourself to have a full understanding of the enormous potential volume and how it could affect your exports. You owe it to yourselves to see that something is actually being done. It is not easy. In fact, the necessary solutions of wartime distortions stagger the imagination. Much more needs to be done to prevent a rapid shift to civilian output with a minimum hold-up in government deficit and income.

I gave you a partial list of the favorable influences which will tend to limit that recession and lead to a period of business expansion. There is no assurance that those favorable influences are going to provide for a capacity output in the first flush of the post-war period. Consideration is being given by various groups in ways to which you have not been exposed to operate more efficiently and reduce the cost of production. These proposals for tax reform are one example.

Some of these favorable factors will be temporary. Because of depressed conditions, the output of certain durable goods will be at a rate below what it would have been had price levels been maintained indefinitely. The period of relative prosperity may be prolonged by other favorable developments not now clearly foreseen. But it seems to me that the most significant reason for the major depression before the war focused attention on the need for a sound business cycle but as yet we do not see the most effective way to implement a practical combination of business and Government policies which would efficiently guide the economy.

Similarly, the foreign trade expansion has a short life expectancy, owing to the fact that helping to create the institutional basis for successful conduct of international trade. We have not had anything worthy of that title in our foreign monetary system since the old gold standard which was the main driving force of the first World War. The attempt to restore a fully functioning international gold standard failed for various reasons but largely because it was too insensitive.

Locate Broke Investment

Recommendations and Literature

(Derminated from page 1047)


Electronic Co. Common—Report discussing this stock as an attractive short-term speculative play. (Hutches & Treat, 40 Wall Street, New York 5, N. Y.)

Fashion Park, Inc., Post-war.

Whatever individual preference may be for whatsoever their basis in logic or fancy, there is not a chance of obtaining an intemational adherence to an "un- reconstructed" gold standard.

Bretton Woods offers a compromise between the legitimate desire for the maximum possible exchange stability and the necessity for exchange-rate adjustments to cope with "fundamental disequilibria." The alternative to such a compromise is not greater exchange stability but the absence of any system whatsoever. This would leave the exchange subject mainly to control over national policies and to ad hoc permutation such as characterized the inter-war period.

It is scarcely necessary to emphasize the interest of foreign traders in promoting a world-wide relaxation of barriers to trade. Your practical experience in that connection should be invaluable. You have divided something more than simply lowering our tariffs is return for reciprocal action abroad.

Because of the importance of the United States market, foreign countries are even more concerned in the solution of our domestic problem of reconversion and the maintenance of a high national output after the war. Frankly, they are somewhat skeptical and fearful about those prospects. The possibilities of liberalization of world trade would be considerably increased if we could give them some assurance.

These fears need not be reciprocal on our part. On the contrary, the United States is in a unique position in its ability to develop full employment policies without concern as to any possible unfavourable consequences on its balance of payments or foreign exchange position. We have enormous gold reserves. Our imports are only a small part of our total national output. Because of the strong foreign demand for our goods, if we happen to do something impairing our favorable situation we are immediately compensated by increased exports.

This picture would be I like to believe that our efforts have been rela- tively full utilization of its man- power and other resources, the United States is capable of producing more than in the last war. The resulting oppor- tunities for business enterprise must be great in proportion to the increased staying the imagination. Conditions immediately after the war will in some respects be quite favorable to such an expansion. The question is whether we shall have the wit to take ad- vantage of those opportunities.

New York Central Railroad Company—Note the effect of 1944 operations on the financial position of the road—Blair & Co., 44 Wall Street, New York 5, N. Y.

Oxford Paper preferred & common—Analytical study—Good body, 115 Broadway, New York 6, N. Y.

Panama Coca-Cola—Discussion of this situation—H. E. Unterberg & Co., 50 Broadway, New York 4, N. Y.

Pittsburgh Railways—Current outlook—First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis, for dealers only—C. E. Unterberg & Co., 115 Broadway, New York 6, N. Y.

Rohe Aircraft—Descriptive circular—J. F. Reilly & Co., 111 Broadway, New York 6, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merrit, in care of Schenley Distillers Corporation.

1050 Fifth Avenue, New York 1, N. Y.

Seaboard Railway Company—Complete arbitrage proposition on request—Sutro Bros., & Co., 120 Broadway, New York 6, N. Y.

Southern Railway—Analysis showing how the common stock is acquiring investment characteristics and appears to offer outstanding appreciation possibilities—H. E. Unterberg & Co., 120 Broadway, New York 6, N. Y.

Taylorcraft Aviation Corporation—By cumulative preferred stock presents at current levels a liberal yield investment characteristics with a speculation on the future of the private plane industry according to a detailed circular issued by W. B. Pitinari & Co., 120 Broadway, New York 4, N. Y.

Wellman Engineering—Circular—J. F. Reilly & Co., 115 Broadway, New York 6, N. Y.


Tuba Consolidated Gold Fields—Analytical discussion of possibilities for price enhancement—Cartwright & Parmerle, 70 Pine Street, New York 5, N. Y.
Crimea Declaration: A Pattern of Power Politics

(Continued from page 1045)

For these Yalta decisions are the incredible proofs that the Big Three are willing to sacrifice the smaller nations of Europe. Their decision is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for.

By WALTER WHYTE

Undoubtedly the biggest piece of news to hit the market in the last few weeks is the setting up of new margin requirements. It isn't particularly important to define the changes. You have already seen them described elsewhere, or your broker has already notified you. What is important is to understand why the changes were brought about.

You will recall that a few weeks or so ago, two administrative spokesmen came out with a new tax scheme. This was aimed at penalizing those who were profiting by inflation by placing what amounted to a confiscatory tax on speculators. But the expectations of these suggestions was, to say the least, lukewarm. But hot, cold, or lukewarm, the tax scheme is now law. Apparently seeing that the new tax could not go into effect, in the immediate future, the next step was to see what could be done to slow up the inflation minded. What I can't say is certain, I have little doubt but that the stock Exchange people were called in by the Treasury or affiliated agencies and told in effect, "Either you take steps to stop it or we'll come in and do it."

It is apparent that authorities are under the impression that the small buyers of stocks are the potential menace, although I am not sure in this case who they believe the small buyers are mainly concerned with low-priced issues. So ergo - analyse down the cost of the dogs and everything will be lovely.

How lovely it will be remains to be seen. Telling the small man he can no longer do this, and the leaving the man with the action in international affairs. For these Yalta decisions are the incredible proofs that the Big Three are willing to sacrifice the smaller nations of Europe. Their decision is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for. It is the direct opposite to what the smaller nations of Europe have always stood for.

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Municipal News & Notes

Although it is not always easy to present a 1945 viewpoint point of view, it is more than likely that the post-war world is becoming increasingly cognizant of the fact that a few parts in other lines of endeavor. This is to say that the municipal bond market is threatened with a hard war, just what it means to say is that it is developing for buyers and a high consumption of munitions means a lower cost in life and labor.

The Army’s 1945 program for municipal bonds is a 20 per cent larger than Army. This is based on the requirements of the two-front war at maximum intensity for as long as the two-front war may last. You will agree with me, I am sure, that it would not be safe to limit the supply of our munitions to the one date for termination of the war on either front.

The Army production program for this year, with the program of the lend-lease program of the United States, will call for an increase of munitions. The possibilities are that we bear in mind the fact that we already have shortages in lumber, steel, and the further fact that the government’s mobilization for military service will come free to manufacturers, to face with a manpower problem more difficult than ever before, a problem that calls for mobilization on the industrial front and another.

Take munitions as an example. The Germans have not been in front in designing land mines. The United States has been our invasion of North Africa the Germans could not have managed to be more generally defective in character. The Americans would have had to use a weapon, and the Germans have overlooked nothing in exploiting it.

When we developed a magnetic mine, the answer was a steel-cased mine, they came out with a plastic mine that was not as effective as they. They also developed a small box-mine, half as effective as its box kills or cripples many of our soldiery. The Germans also invented the “Bouncing Betty,” a mine that sprang a sprain with a spy on shrapnel. We have since improved our mines and locate these mines more, and we have invented the “cross-country” clearing a way through minefields by explosives. But this is not to say that there will not suffer from the losses by reason of German land mines. The race in research, development and production is on. It is a race that puts a premium on the ability to shift production to meet the changing needs and to produce large quantities of munitions in keeping with the lives of men as stakes.

The part played by research, development and design workers is one more proof that success in this war is going to mean, to say nothing of science, engineering, industry, and the whole organization of military manpower at home, as well in the trained, well-equipped, led, but is to the man or woman. Germany and Japan wanted a total war. Japan has had a total war. We have a fighting force of tremendous power. It is under

Acme Aluminum Stocks Offered by Reynolds

A public offering of 40,000 shares of $11 cumulative convertible $175,000 common stock at $8 a share, respectively, by an underlying group headed by Reynolds & Co. and Gilden & Co. and will be offered for sale under agreements of certain stockholders.

Upon completion of the financing, the company will have outstanding $25,000,000 of common stock, $55,000,000 of convertible $175,000 in 4% bank loans. The preferred stock is convertible at 103.50 and the common stock at 101 prior to five days before its redemption date to the basis of two shares for each preferred.

Some other members of the underwriting group are A. W. A. & Co., Inc., 730 Fifth Ave., New York, 23 N. Y. paper—$166.

Business Man’s Bookshelf


To Holders of $130,000,000

Arkansas Bond Principal and Coupons Payable Now

The Bank of America National Trust & Savings Assn., Inc., have announced that upon presentation of the appropriate coupons or check for $130,000,000 principal and coupons of their $210,000,000 bond refunding issue of 1945, which is outstanding, the coupons will be paid for, in full, on the date of the maturity of such bond.

The refunding coupons will be paid to the holders of such bonds, at the rates of interest and dates set forth in the bond indenture, and such coupons will be payable to the order of such bondholders on presentation of such bonds at the office of the National Trust Company, 112 Broad Street, New York, N. Y.

Arkansas Highway Refunding Bonds of 1945 have been called for redemption on that date.

With the payment of the bonds to be received on April 1, 1945, the outstanding principal amount of Highway Refunding Bonds of 1945 have been reduced in four years from $130,000,000 to $55,000,000, leaving only $75,000,000 in bonds outstanding.

California Municipal Bond Advisory Service Announcement

The Bank of America National Trust & Savings Assn., Inc., has put into effect a new municipal advisory service for public officials of California who have been interested in either free of cost obligation to those making use of the facilities.

An active dealer in municipal bonds, the bank’s bond investment, has accumulated wide and highly specialized experience in the underwriting of California bonds and is credited with owning the largest block of underwriting commitments in California.

The bank’s municipal bond advisory service is intended to be of assistance in the investment of municipal bond funds in accordance with the most advantageous terms to the cities and the extensive facilities of the bank are now readily offered to the entities, counties and other political subdivisions of California as a means of meeting their post-war financial planning and dictated only by the known in the program of the state.

If it is learned, conversations have been held with the officials of many of the larger cities which are contemplating new bond issues and the net results are expected to be seen in more readily marketable securities.

New Jersey Subject of Recent Literature

Two studies of interest to dealers and investors in the field of municipal bonds have just been released, a bondholders report, in phases of the state’s economy is being distributed by B. J. Van Ingen and a brochure devoted to water needs of State of New Jersey, with special reference to recent legislation. The State of New Jersey Water Commission, may be

From Lyons & Shattuck, Inc., Boston.

State of North Dakota

Highway Refunding Bonds of 1945

Re Immediate Payment of

April 1, 1945 Interest coupons of entire issue

$1,975,000 principal amount Serial Bonds due April 1, 1945

$1,000,000 principal amount Term Bonds due April 1, 1972

Nev. 2,001 to 3,000 called April 1, 1945

As a convenience to holders, coupons due April 1, 1945 and the maturing and called bonds above referred to, may be presented at our Chicago or New York offices on immediate payment.

HALSEY, STUART & CO. INC.
CHICAGO 93, 123 N. LaSalle St. \ NEW YORK 5, 35 Wall St
AND OTHER PRINCIPAL CITIES
Dividend notices

AMERICAN LOCOMOTIVE COMPANY

30 Church Street
New York, N. Y.

February 25, 1945
CARL A. SUNDBERG, Secretary

PREFERRED DIVIDEND

Dividends of one dollar seventy-five cents ($1.75) per share on the Preferred Stock of and for the year ending March 31, 1945, have been declared payable April 2, 1945, to holders of record at the close of business on March 15, 1945. Transfer books will not be closed. Dividend checks will be mailed by the Trustees of the Company on March 31, 1945.

The Chesapeake and Ohio Railway Co.

A dividend for the first quarter of 1945 of seventy-five cents per share on $25 par common stock (par value $100) of record at close of business March 8, 1945, will be mailed. Transfer books will not close.

H. F. Lehengen, Secretary

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 156
Common Dividend No. 142

A quarterly dividend of 7 1/2% on the Preferred Stock for the quarter ending March 31, 1945, and a dividend of 4% on the Common Stock have been declared payable April 1, 1945, to holders of record at the close of business March 16, 1945. The stock transfer books will remain open until April 1, 1945.

EXIDE

The Electric Storage Battery Company

17th Consecutive Quarterly Dividend

The Directors have declared a quarterly dividend on the 1,000,000 shares of the Preferred Stock and on the 15,000,000 shares of the Common Stock payable April 1, 1945, to holders of record at the close of business March 15, 1945. Checks will be mailed April 13, 1945.

L. E. Du Pont de Nemours & Company

25 Portland, New York, N. Y.

February 25, 1945

MARGOIL CORPORATION

DIVIDEND NO. 20

The Board of Directors of MARGOIL CORPORATION, having determined upon the declaration of a quarterly dividend of 4 1/8% on the Preferred Stock and 10% on the Common Stock, hereby declare the quarterly dividend as follows:

The quarterly dividends of the Preferred Stock and Common Stock have been declared payable April 1, 1945, to holders of record at the close of business March 31, 1945.

W. F. RACEY, Secretary

International MINERALS & CHEMICAL CORPORATION

General Offices
20 North Wacker Drive—Chicago

MEETING NOTICE

The Board Company

ANNUAL MEETING

The annual meeting of the shareholders of the Company will be held on Wednesday, April 18, 1945, at 11:00 A.M. (E.S.T.) at the Century Hotel, 23 Park Avenue, Flemington, Hunterdon County, New Jersey.

Only stockholders of record at the close of business on Tuesday, March 20, 1945, will be entitled to vote at said meeting, notwithstanding that they may not be present. The stock transfer books will not close before March 18, 1945.

The Borden Company

THOMAS D. WADE, Secretary

[Continued page 1048]

Keep Inflation Brakes Working: Burgers

(Continued from page 1048)

(f) The same fundamental process, but in exaggerated degree that gave origin to the inflation of 1919 and 1920 and the crash of 1929, is likely to return for the farmer to recover from real harm that has not yet been felt, to see the wheat prices up to $3.50 and down to $1.00, that depressed the price of farm land and then dropped it back again.

(f) The same forces later caused the real estate and security inflation of 1926, another great depression of the thirties. It took the war to correct this process and labor out of that slump.

There are many signs that these inflationary tendencies are not yet over at work today. We see them in the prices of land and houses and in all uncontrolled prices, particularly in the black markets and the ready availability of goods. The amount and quality of food, clothing, shelter, and services that a good could buy for his dollar is steadily declining.

"We bankers are working with the Treasury in the program of stabilizing and restruc-
turing bonds to the people. We have put on a lot of pressure and succeeded in getting a real sale obligation to those people to keep their dollar at a real value. Under World War I the prices of Liberty Bonds dropped 50 cents in two years, but buying power in goods dropped more than that. Indus-
trial bonds fortunately can’t drop in price, but its buying power can fall, and in fact has fallen 40 to 50 cents in two years.

"This bill before the Senate re-
voes certain automatic checks on credit expansion. To do so is a wartime necessity, but it may be increasingly alert. We ought to review where we stand on the inflation problem and the things we can to prevent the eaves in workin the country.

"We, therefore, make the fol-
lowing definite demands:"

"1. That the bill be amended so that at the same time that the use of general internal controls and the Federal Reserve notes is made permanent, the 1933 emergency power to issue Federal Reserve Bank notes and the power to issue greenbacks under the Thomas amendment of 1933 shall be re-
pealed.

"2. That the committee con-
der whether it shall be expedient at this time to lower reserve re-
quirements to 20 per cent rather than 25 per cent. Thirty per cent is likely to take care of the needs for 1945, and then if we keep the reserves low, it will be because we are safe, not because we have

gone to a point where congressional review is necessary.

3. That every proposal for government post-war spending be scrutinized with the utmost care. Government expenditure is the chief" water of inflation. We agree wholly with Chairman Eccles’ statement that ‘nothing would be more harmful to prevent inflation developing than to have a balanced budget and no war.’ No campaign among the people and no price controls will be adequate to curb inflation unless the government itself sets an example and puts its own house in order.

4. That the committee request the Federal Reserve Board to make a comprehensive report to Congress on the dangers of inflation and the proposed method for its avoidance.

Following the reading of his statement Mr. Burgess, in answer to a query by Senator Murdock (Denn., Utah) who stated that he was contemplating introducing a bill to replace gold with a new commodity, such as $35 to $50 per ounce, stated that such a measure would make real prices go lower, and that the result would bring a decline in Government bonds and cause losses to people who have held bonds for years. In the case of gold and other precious metals, he argued that there were wealthy and popular beneficiaries and others. He emphasized that the present stability of the American dollar throughout the world is the fact that it is pegged to gold.

[Continued page 1053]
WEDNESDAY, MARCH 11

AMERICAN ENGINEERING K., Inc., New York, N.Y., filed a registration statement for $25,000,000 of 2½% mortgage bonds due July 1, 1950, at an amount of $25,000,000.

Details—See item of March 1.

Underwriters—Underwriters to be named.

The company is offering the mortgage bonds for the purpose of adding to its working capital for use in the construction of new buildings and equipment and for the purpose of paying off the company's first mortgage bonds held by City Bank, N.Y., at an amount of $25,000,000.

Underwriting—Van Alstyne, No. Co. & Co. is the underwriter.

Underwriting—Names of underwriters to be named in amendment.

MONDAY, MARCH 16

WEDNESDAY, MARCH 11

AMERICAN ELECTRIC CO., Inc., filed a registration statement for 250,000 shares of Class A preferred stock, par value $25 per share.

Details—See item of March 1.

Underwriters—Seventy-five thousand shares of Class A preferred stock will be offered by American Electric Company, Inc.; twenty-five thousand shares of Class A preferred stock will be offered by American Electric Company, Inc., and twenty-five thousand shares of Class A preferred stock will be offered by American Electric Company, Inc., for the purpose of raising additional capital for the construction of new buildings and equipment.

Underwriting—The names of underwriters will be filed by amendment.

The company is offering the mortgage bonds for the purpose of adding to its working capital for use in the construction of new buildings and equipment and for the purpose of paying off the company's first mortgage bonds held by City Bank, N.Y., at an amount of $25,000,000.

Underwriting—Van Alstyne, No. Co. & Co. is the underwriter.

Underwriting—Names of underwriters to be named in amendment.

TUESDAY, MARCH 17

AMERICAN GAS & ELECTRIC CO., filed a registration statement for 500,000 shares of common stock, par value $1 per share.

Details—See item of March 1.


Underwriting—Names of underwriters to be named in amendment.

SATURDAY, MARCH 10

AUTO INSURANCE, Inc., filed a registration statement for $5,000,000 of 6% bonds due March 1, 1950, at an amount of $5,000,000.

Details—See item of March 1.

Underwriters—Four thousand shares of common stock will be offered by Auto Insurance, Inc.; one thousand shares of common stock will be offered by Auto Insurance, Inc., and one thousand shares of common stock will be offered by Auto Insurance, Inc., for the purpose of raising additional capital for the construction of new buildings and equipment.

Underwriting—Names of underwriters to be named in amendment.

NEW FILINGS

List of new filings of registration statements filed in the district of the SEC, as filed and in normal course become effective, on

SUNDAY, MARCH 12

MIDLAND TEA & CO., Inc., filed a registration statement for 5,000,000 shares of common stock, par value $1 per share.

Details—See item of March 1.


LACLEDE GAS LIGHT CO., filed a registration statement for $2,000,000 of 6% bonds due March 1, 1950, at an amount of $2,000,000.

Details—See item of March 1.


CONTEMPORARY DIAMOND SUPREME CO., filed a registration statement for $1,000,000 of 4% convertible preferred stock, par value $25 per share.

Details—See item of March 1.

Underwriters—None named.

AMERICAN MARINE INVESTORS, Inc., N.Y., filed a registration statement for 100,000 shares of common stock, par value $1 per share.

Details—See item of March 1.

Underwriters—None named.

Wednesday—See item of March 1.

Details—See item of March 1.

Underwriters—None named.

AMERICAN CASUALTY CO. OF READING, Pa., filed a registration statement for 100,000 shares of capital stock, par value $1 per share.

Details—See item of March 1.

Underwriters—None named.

AMERICAN PENNSYLVANIA GAS & ELECTRIC CO., filed a registration statement for 250,000 shares of common stock, par value $1 per share.

Details—See item of March 1.


Underwriting—Names of underwriters to be named in amendment.

AMERICAN TELEPHONE & TELEGRAPH CO., filed a registration statement for 500,000 shares of common stock, par value $1 per share.

Details—See item of March 1.

Underwriters—Names of underwriters to be named in amendment.

AMERICAN HOLDINGS, Inc., filed a registration statement for 500,000 shares of common stock, par value $1 per share.

Details—See item of March 1.

Underwriters—Names of underwriters to be named in amendment.

AMERICAN TELEPHONE & TELEGRAPH CO., filed a registration statement for 500,000 shares of common stock, par value $1 per share.

Details—See item of March 1.

Underwriters—Names of underwriters to be named in amendment.

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Details—See item of March 1.

Underwriters—Names of underwriters to be named in amendment.
"Our Reporter on Governments"  

BY JOHN T. CHIFFEPPALE, JR.  

Last week for the first time in several weeks the government bond market was not a one way "buy" market.  

In the 2% bonds would again be available in the next war loan resulted in a sharp decline in the taxable 2% with these issues giving up about a quarter of a point early each day, starting with Tuesday of last week.  

Substantiation of these reports came last Saturday, when the Treasury announced that the Seventh War Loan would contain not only long term 2½ but also a 2% issue as well as a 1½% obligation.  

The maturity dates of these securities may be held at a later date after the market has had an opportunity to "settle a little."  

The fact that the Treasury did not offer a 1½% bond, was interpreted in certain quarters as meaning that the pattern of interest rates has not changed.  

There is still a large amount of financing to be done both in the government and in the commercial markets which may well be as favorable as they are at the present time.  

It was pointed out that if a 1½% bond had been offered and the market was receptive, it is possible that new developments, or other factors, such an issue would have to be supported with the likelihood to sell the 1½% bonds in order to purchase the higher coupon issues.  

Thus there would be a tendency for the 1½% bonds to find their way into Federal, instead of remaining with the financial institutions.  

LONG ISSUE MATURITIES  

With reference to the 2½% bonds, it is indicated that these obligations have a maturity of either 1959/60 or 1960/63.  

The long 2½% it is believed, will be a 1972/73 issue with the insurance companies expected to be large buyers of these bonds.  

The longer maturity for the 2½% bond will not be important to these institutions once they have expressed the opinion that what they were interested in was more of the 2½% bonds with the maturity决定ly a secondary consideration.  

INSURANCE CO. AND BANK SELLING INDICATED  

It is believed that the insurance companies may dispose of some of their 2½ with the proceeds to be invested in the 2½ and the 2½% bonds.  

It is indicated that these bonds may have an intermediate term 2½% as well as the 2½% due 1967/72.  

These bonds advanced about a quarter of a point the early part of the week.  

The published information on the Seventh War Loan indicates a goal of $10,000,000,000 to be sold in the 3½% that will be available in the Seventh War Loan.  

In New York State the savings banks can invest funds with the Savings Bank Trust Co. at 1½%, and it is believed that some of these institutions will take advantage of the strength in the market to sell certain issues, with the proceeds working at 1½ until the War Loan issues are available.  

COMMERCIAL BONDS  

The fact that commercial banks with Savings deposits will net be allowed to purchase the 2½ or the 2½% resulting in buying by these institutions in the intermediate term 2½% as well as the 2½% due 1967/72.  

These bonds advanced about a quarter of a point the early part of the week.  

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is also more than has ever been asked for from individuals.  

The remaining $7,000,000,000 is to come from non-bank investors.  

Although the savings bond period will extend for close to three months beginning April 9, and extending through July 7, the drive proper for individuals will be from May 14 to June 30.  

During the final phase of the drive, covering the period from June 18, through June 30, subscriptions will be received from all other non-bank investors for the 2½% and the 2½% marketable bonds and the 1½% certificates.  

Life insurance companies and Savings banks will be permitted to make deferred payments at par and accrued interest for the 2½% and 2½% bonds allotted to them up to August 31, 1945.  

The Treasury has requested that there be no trading in the marketable issues until after the closing of the drive on June 30.  

Savings banks and insurance companies and corporations will not be permitted to buy the 1½% bonds during the drive.  

The aggregate amount of purchases by these institutions with Savings deposits must not exceed $500,000 or 15% of savings deposits.  

These institutions with interest accounts may buy limited amounts of the 1½% bonds, 2½% certificates and the Series "F" and "G" savings bonds, with the latter two issues available for bank purchase for the first time.  

Not more than $100,000 of the $500,000 may be Series "F" and "G" savings bonds.  

TYPE OF ISSUES  

Following are the issues that will be offered in Seventh War Loan:  


1½% Certificates of Indebtedness.  

1½% Bonds.  

2½% Bonds.  

Lillenthal, Kinsey  

With Sutro & Company  

[Bond by the Present Ownership]  

SAN FRANCISCO, CALIF.  


Mr. Lillenthal was formerly with J. Barth & Co. and Strassburger & Co. In the past he was a partner in M. P. Lillenthal & Co.  

Illinois Securities Commission  

on pages 1046 and 1047; Wisconsin on page 1048.  

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