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Leon Fraser Supports Bankers' Position on Bretton Woods

Leon Fraser, President of the First National Bank of New York, appeared on March 20 before the House Committee conducting hearings on the Bretton Woods proposals and supported the International Bank "as based on constructive financial principles" but stated that the objectives of the Fund would be more successfully attained and American interests better safeguarded if it were consolidated into a Monetary Department of the Bank, thereby avoiding the creation of two independent institutions which would overlap. This merger would permit a simplification of the complicated and obscure structure of the Fund and eliminate the difficult problem of finding competent personnel to man two separate international institutions, he said.

Leon Fraser

He recommended that as a condition to membership in the consolidated Bank, countries agree to consult with the Monetary Department of the Bank as to the abandonment at the earliest prac-

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Who Gets the Money And How Much?

By WILLIAM R. YENDALL

President, Richards-Wilcox Canadian Company, Ltd.

Holding That Test of Economic Justice Is Found in Inequality of Personal Incomes, Writer Contends That Even if Individual Incomes Over $25,000 Were Distributed Among the Lowest Income Groups, Each Recipient Would Get the Equivalent of "a Chocolate Bar a Day." Asserts Advantages of Tariffs, Patents and Other Privileges Are Diffused Through the Whole Population in Wages, Taxes and Prices of Goods, and That Business Automatically Distributes Total Production Within a Narrow Margin of Complete Equity. Says Problem Is One of Making Wages Buy More and That Elimination of Manpower Waste is Key.

Monopolies, tariffs, interlocking directorates, patents, bank credit, and the "profit system"—how much do they cost the American people in dollars and cents? How much better off would we be if we could abolish them?

William R. Yendall

We cannot measure separately the effect of each of these so-called "injustices" of our private enterprise system, but there is a simple method of figuring the total result of all of them put together, so far as they affect personal incomes, and that is what counts.

We need not concern ourselves with the profits of corporations as such. The major part of such profits are used to expand the business. That is the way a nation grows and raises its standard of living.

There is no proper quarrel with business profits that are used for more buildings, more machinery,

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The Defects of the International Monetary Fund

By W. L. HEMINGWAY*

President, Mercantile-Commerce Bank and Trust Co., St. Louis
Past President of the American Bankers Association

Prominent Banker, After Describing the Principal Defect of the International Monetary Fund as an Exchange Clearing System, Lists His Objections, as (1) in Granting Loans, the Fund Makes No Distinction Between Credit Standing of Countries; (2) There Is Ambiguity in the Interpretation of the Fund's Provisions; (3) No Proper Control of the Management of the Fund; and (4) the Operations of the Fund Will Lead to Managed Economy and the Strict Control of Foreign Exchange Operations. Warns That "if Fund Should Fail It Will Create Discord and Will Encourage the Opponents of International Cooperation."

It seems to me that the only point at issue in connection with the Bretton Woods proposals is one of method. We are all aiming at the same target but some of us believe that we should go one route and others prefer another way. If it is just a matter of technicalities it would not be necessary to impose upon your time, but the differences are not mere technicalities, they are fundamental, we believe. For that reason I want to present to you our views about the Intenational Monetary

W. L. Hemingway

*A statement made by Mr. Hemingway to the House Banking and Currency Committee on H. R. 2211, the Bretton Woods Agreement Act, March 22, 1945.

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Edw. E. Brown Answers Criticisms Of International Monetary Fund

U. S. Banker Delegate to Bretton Woods Says Automatic Loan Provision Was Necessary as Compromise to Get Approval of Plan. Holds Plan Is Not Premature and Can Be Put Into Operation Before Post-War Reconstruction Is Accomplished.

Appearing before the House Committee on Banking and Currency in support of the "Bretton Woods Agreements Acts" on March 16, Edward E. Brown, Chairman of the Board of the First National Bank of Chicago, and the only U. S. delegate to the Bretton Woods Conference who is a professional banker, gave testimony as to the need and importance of a mechanism for international monetary stabilization in the post-war period, and

Edward E. Brown

took occasion to answer chief criticisms against the Monetary Fund.

"While the criticisms of the Fund are many and varied," Mr. Brown said, "in the last analysis, they generally boil down to two basic criticisms:

"The first is that under the Fund Agreement, each nation has conditional rights, subject to various limitations, to use the resources of the Fund up to the amount of its quota. In other words, it has the right to borrow from the Fund over a period of years, and subject to conditions and limitations, up to the amount of the quota assigned it by its Fund Agreement. Bankers and

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The Job-Creating Power Of Private Enterprise

By IVAN WRIGHT
Professor of Economics, Brooklyn College

Asserting That to Provide Jobs for Everyone Is to Return to Freedom of Private Enterprise, Dr. Wright Quotes the Views of Hartley Withers, John Stuart Mill and Herbert Spencer That Great Britain's Rapid Population and Industrial Ascendency in the Nineteenth Century May Be Largely Ascribed to Encouragement of Free Enterprise. Says Regimentation Holds Back Production and Reduces Living Standards, and Predicts That "if the Government Is to Take Over the Task of Making Jobs, We Can Look Forward to Unemployment, Regimentation, Higher Taxes and Less Opportunity and Incentive."

In acclaiming the merits of private enterprise, individual initiative and effort, Bernard M. Baruch said:


Dr. Ivan Wright

"We must proclaim the lessons we learn — that we live by the sweat of the brow, that helpfulness to others is helpfulness to ourselves, that these are the measures of social consciousness which we freely accept and enact, rejecting the pauperizing, strength-destroying form of Statism against which the whole spirit of America is committed."

The way to provide jobs for everyone is to return to freedom of private enterprise, creating the conditions which will enable every ablebodied person to make the greatest use of his energies, skill and intelligence. The lessons of the history of civilization and industrial progress unmistakably verify the creative capacity of free, private enterprise in comparison with State or Government regulated enterprise.

The productive forces of freedom in industry are stated briefly by Mr. Hartley Withers in his excellent book, "The Case for Capitalism." Mr. Withers quotes from Dr. Shadwell who, in an article on the History of Industrialism in the Encyclopedia of Industrialism, shows that while in the last century before private capitalism became powerful—between 1651 and 1751 — the population of Great Britain rose from 6,378,000 to 7,392,000, an increase of 1,014,000; in the next century—1751 to 1851—it rose to 21,185,000, an increase

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Dick & Merle-Smith Admit Fergus Reid

Dick & Merle-Smith, 30 Pine Street, New York City, announce that Fergus Reid, Jr., member of the New York Stock Exchange, has been admitted as a general partner in the firm.

Admission of Mr. Reid to partnership was previously reported in the "Chronicle" of March 22.

Carter With Dean Witter

LOS ANGELES, CALIF.—Edward V. Carter has joined the staff of Dean Witter & Co., 634 South Spring Street. Mr. Carter was previously with G. Brashears & Co.

Federal Reserve and Bretton Woods Proposals

By M. S. SZYMCZAK*
Member, Board of Governors, Federal Reserve System

Federal Official Points to Conditions Following Last War as Indicating the Need for the Bretton Woods Proposals. Maintains That the Functions and Operations of the Federal Reserve System and Those of the International Monetary Fund Are Similar, and Contends That Because the International Monetary Fund "Breaks New Ground It is Considered Complicated." Says Federal Reserve Officials Were Consulted in Drawing Up Plan, and From Our Board's Point of View the Establishment of the Fund and the Bank Are Highly Desirable. In Address Before Illinois Manufacturers, He Admitted That It Is Expected That Member Countries Will Be Permitted to Maintain Certain Exchange Restrictions, and Will Not Find It Easy to Live Up to Their Agreements

The Bretton Woods Agreements which are now being considered by the Congress are concerned with the international flow of money.


M. S. Szymczak

This flow plays directly into the American money market. The Agreements are, therefore, of great importance to the Federal Reserve System which is concerned primarily with our domestic monetary and credit problems. The Reserve System, especially through the Board of Governors, has participated in the development of the Bretton Woods proposals practically from the beginning. Interestingly enough, the history of the agreements thus far is not unlike the history of the Federal Reserve itself.

First of all, both the Bretton Woods Agreements and the Federal Reserve Act arose out of inadequacies of existing institutions to meet pressing monetary and credit problems. The Federal Reserve System grew out of experience with periodic crises and money panics because there was something lacking in our banking system. There was no central banking authority. The Bretton Woods proposals grew out of experience between the First and Second World Wars when it became evident that the gold standard was also subject to crises and

*An address by Mr. Szymczak before the Chicago Chapters of the American Statistical and American Marketing Associations, Chicago, Ill., March 21, 1945.

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Cartels Imperil Economic Progress

By J. HOWARD PEW*
President, Sun Oil Company

Maintaining Strongly That Cartels in Any Form Threaten American Free Competitive Enterprise, Mr. Pew Refers to the Proposed Anglo-American Oil Agreement as an Example of How a "Super-State" Cartel Would Destroy Competition, Preserve Regimentation and Override the Federal Constitution in Its Operation. Points Out That in Addition to Oil, Cartels Are Contemplated for 60 Other Commodities in International Trade, and Asserts That This Country Cannot Be Cartelized in Its Foreign Trade and Free in Its Domestic Enterprise. Says Cartels Are Not Inevitable and That Competition Will Expand Our Foreign Trade.

We are here tonight as representatives of the trade press. As such it is our responsibility to advocate those measures which are good for the American public, and that which is really good for the American people is good for business. Ours is the responsibility of providing wise leadership, so that all segments of business and industry may clearly understand our economic system.


J. Howard Pew

Under the impact of the world's most terrible war, we have been jarred loose from our social, economic and political moorings. Emotion has replaced reason. Expediency is adopted in the hope that thereby the war may be brought to a speedier conclusion. Many people would stoop to use the war to impose their panaceas on us for our economic salvation. Virtually every dawn brings a new crop of prophets of a brave, new world in the future. Virtually each twilight has seen unfolded new and beguiling schemes whereby men may live without the painful pro-

*An address by Mr. Pew before the National Conference of Business Paper Editors, at the Waldorf-Astoria Hotel, New York City, March 18, 1945.

(Continued on page 1382)

The Right to Be Politically Free

By CECIL B. DeMILLE*
President, Cecil B. DeMille Productions, Inc.

In Explaining His Refusal to Submit to a Tax Levied by His Union to Support Political Action, Mr. DeMille Contends That to Have Complied Would Have Destroyed His Political Freedom and Would Be Against the Best Interests of the Nation. He Asserts the Right to Be Politically Free Is the Backbone of the Republic and That Joining a Union Should Not Mean Giving Up the Rights of an American Citizen. Warns That a Forced Election Contribution Is Not an Issue of Unionism but an Issue Between Liberty-Loving Citizens and a Few Unscrupulous Men, Involving the Right to Work. Upholds Unionism When It Is the Servant and Not the Master of the Working Man.


Cecil B. DeMille

I have been asked to tell you the reason why I no longer conduct the Radio Theatre of the air that for many years has brought good drama to many millions of Americans. It may be of little importance to anyone but me that I no longer conduct this theatre, but it is of vital importance to every man, woman and child in this nation

*An address by Mr. DeMille at the St. Patrick Day luncheon given in his honor by W. M. Jeffers, President of the Union Pacific Railroad, at Omaha, Nebr., March 17, 1945.

(Continued on page 1394)

Mr. Wallace and Planned Economy

By ARTHUR A. BALLANTINE*
Former Under Secretary of the Treasury

Stating With Reference to Mr. Wallace's "Economic Bill of Rights" That On Its Face, Economic Planning Seems Highly Logical, Mr. Ballantine Maintains That Full Development of Economic Planning Is a Socialist State. Holds That if Government Is to Guarantee to Every American the Right to a Desirable Job, It Will Result in Government Dictatorship and Compulsion as to Jobs, and He Proposes as an Alternative the Basic American Plan, Constantly Corrected and Improved, but Still True to the Fundamentals of Freedom. Warns of the Greatest of All Monopolies —The Superstate.

The core of the thoughts presented by Mr. Henry A. Wallace to the Senate Commerce Committee before his confirmation was that under "an economic bill of rights" the Government should guarantee to every American a congenial and remunerative job. This most desirable guarantee, with other values added, he hoped could be made good through the cooperation of Government and American private enterprise.


A. A. Ballantine

In the New York Times of Feb. 25, I presented some considerations on this subject. Another correspondent of the Times found some fault with that presentation on the ground that in my discussion I departed from just what Mr. Wallace had said. In fact, I did not deal with what Mr. Wallace had to say about establishing an immediate controlled reservoir of jobs. What seems important to me is the full implication of a Government guarantee of jobs—the economic bill of rights. Mr. Wallace did not discuss the ultimate results of that proposal, taken seriously. The end result is so-called "economic planning."

*Remarks by Mr. Ballantine at a meeting of the Women's National Republican Club, New York City, March 20, 1945.

(Continued on page 1383)

Buckley Brothers in L. A. Add to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF. — Buckley Brothers, 530 West Sixth Street, members of the New York, Philadelphia and Los Angeles Stock Exchanges, have added Guy W. Baker, Eugene Ellery Jr., Fred J. Faerber and Robert W. Hudson to their staff.

Mr. Baker was formerly manager of the statistical department for Conrad, Bruce & Co., and prior thereto was with E. F. Hutton & Co. Mr. Ellery was with Harris, Upham & Co., and Pacific Company of California; Mr. Faerber with Samuel B. Franklin & Co., and Bogardus, Frost & Banning. Mr. Hudson was with William H. Jones & Co., and E. F. Hutton & Co.

Meader Fletcher With Davis, Skaggs & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF. — Meader Fletcher has become associated with Davis, Skaggs & Co., 211 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Fletcher was formerly bank and insurance stock trader for Shaw, Hooker & Co.; prior thereto he was with Conrad, Bruce & Co., and in the past was an officer of Brush, Slocumb & Co.

E. Harold Schoonmaker Analyses Post-War Interest Rate Factors

Concludes "We Should Now Be in a Period of High Rates, but Government Controls and Other Factors May Stave Off the Working of the Laws of Supply and Demand."


E. H. Schoonmaker

In address delivered before the Savings and Loan Managers' Club of Metropolitan New York in the Hotel Astor, on March 13, E. Harold Schoonmaker, Executive Secretary of the Tenafly Mutual Savings and Loan Association and Chairman of the Economic Policy Committee of the New Jersey Savings and Loan League, expressed the conclusion from his analysis of factors determining interest rates that money rates should now be high if there were a free market without governmental controls and regulations.

"The subject of Postwar Interest Rates is a matter of deep concern to you as the managers of other peoples money," Mr. Schoonmaker told his audience. "Much has been said and written on this topic in recent months and money managers have a lively interest in this question which so vitally affects their business.

"I have accumulated considerable material for your consideration," he concluded, "which I would like to present in three parts; first, the views recently expressed by some experts who believe that present low money rates will continue; second, the thoughts of others who feel that money rates will advance; and third, some facts and figures I have assembled from which you will draw your own conclusions."

Mr. Schoonmaker then read diversant and conflicting views of several financial writers and government and bank officials, some of which have been already published in the "Chronicle" and then presented the accompanying tabulation of figures, showing among other things the ratio of gold to Federal Reserve credit and the ratio of gold to currency circulation. "For some time," Mr. Schoonmaker remarked, "it has seemed to me that the Federal Reserve Ratio was not sensitive enough to stresses and strains in the money market."

Regarding his tabulation, Mr. Schoonmaker concludes that "these figures would certainly indicate that we should now be in a period of high money rates. Whether or when money rates will advance it seems to me depends on several factors:

1. How long can government controls stave off the working of the laws of supply and demand?

2. How much gold will we lose in the postwar period?

3. Will the government lower the gold content of the dollar further, thereby increasing the gold reserve?

4. How long will the war last?

5. When will individuals dimin-

(Continued on page 1394)

Sees Russia an Important Factor In World Trade

A. W. Zelomek Points to Practically Unlimited Quantities of Capital Goods Required by Russia, Much to Be Provided by Loans, and Concludes That United States and Canada Exporters Have Right to Be Optimistic on Trade With Russia. Says Much Will Depend on Long-Term Political Stabilization.

The world's economic and political future cannot be discussed intelligently without considering Russia's place, according to A. W. Zelomek, President of the International Statistical Bureau, Inc., and economist of Fairchild Publications, who spoke before the Purchasing Agents Association of Montreal. "This is an obvious change from the situation following the last war. What is slightly shocking is that it is also a change from the situation immediately preceding this war. Few of us were very much concerned with Russia just before this war began; the great change that has occurred has, I believe, a deep meaning for the lives of all of us.

A. W. Zelomek

"That the major political development of recent months has been a steady expansion of Russian influence westward in Europe is no contradiction of the fact that the great outcome of this war will be a perceptible shift from West to East of the world's economic center of gravity. What is now being secured is a safe western anchorage for the nation which, by virtue of its geographical position, its ethnological makeup, its economic resources, its traditional orientation and its political realism is destined to play a major part in Asiatic affairs. However disturbing they may be to established commercial and political institutions in the world's most highly industrialized nations, I believe we must recognize the fact that the great social and political forces of this century are tending to undermine the traditional position of Europe and to lead to new developments in Asia. Russia, apart from the strength she has revealed in the present conflict, draws additional importance from the fact that she is, so to speak, astride this great historical development."

While emphasizing the potential size of the Russian market, Mr. Zelomek warned against going to the other extreme of counting too heavily on Russia in terms of post-war trade. It is clear from official statements that Russian imports will depend greatly on the size and nature of foreign credits. There is not much doubt that some credits will be granted. "One of the world's major goals after the war will be restoration of political stability. Such an attempt is almost bound to be supported by loans and economic aid. Recent international conferences indicate that the United States will take the lead in this, at least during the early post-war period. If the United States grants long-term credits to Russia, other countries will no doubt follow this example. But I doubt very much that these credits will reach the

(Continued on page 1386)

Chas. Somlo V.-P. of Sterling National

The Board of Directors of Sterling National Bank & Trust Co. announces the election of Charles Somlo as Vice-President. He will be in charge of the foreign department, with headquarters at the bank's main office at Broadway and 39th Street. Mr. Somlo has had broad experience both in this country and abroad in the field of foreign trade and foreign exchange.

Charles Somlo

He was formerly Vice-President of the Manufacturers Trust Co. in charge of its foreign department. More recently he served with the Foreign Funds Control Division of the U. S. Treasury in Washington.

Form Nat'l Series Distributors in L. A.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Rufus Lee Carter and Daniel H. McKellar have formed National Securities Distributors, with offices at 634 South Spring Street, to engage in an investment business. Mr. Carter was formerly with National Securities & Research Corp., and Massachusetts Distributors; in the past he was with Broad Street Sales Corp., and Keystone Custodian Funds. Mr. McKellar was with Revel Miller & Co., Franklin Wulff & Co., M. H. Lewis & Co., and the Pacific Company of California; in the past he was in charge of the local office of Blyth & Co., Inc., and was a principal of Welch, McKellar & Co., and Young-Clarke & Co.

With F. L. Putnam & Co.

(Special to The Financial Chronicle)

PORTLAND, ME.—Gorham D. Hoffses is affiliated with F. L. Putnam & Co., Inc., 97 Exchange Street.

From Yalta to San Francisco

By JOHN FOSTER DULLES*

Mr. Dulles Traces the Trend Toward Allied Cooperation From the Yalta Agreements and Points Out the Progress in Planning a World Peace Organization and in Creating an Overwhelming Sentiment of the American People for It. Points Out the Imperfections of the Dumbarton Oaks and the Yalta Plans, and Suggests Two Changes, viz.: (1) That the Organization Be Infused With an Active Principle and Not Be Merely Mechanistic in Action but Should Judge the Merits of Situations Threatening Peace, and (2) That the Veto Power of the "Big Five" Be Abandoned so That Rigidities That Imperil the Whole Peace Structure Be Removed. In Washington Address, Says Dumbarton Oaks Is a Good Start but Does Not Go Far Enough.

The asigned topic is "From Yalta to San Francisco." I shall, however, take the liberty of starting, not with Yalta, but with Moscow in the Fall of 1943. In that perspective we can appraise better the task of San Francisco. For that task is not the academic one of writing a good world charter. Rather, it is the practical task of taking over a going concern.


John F. Dulles

You will recall that at the Moscow Conference the Big Three decided to establish at once the "closest cooperation" with reference to European questions. They also decided to create, later on, a general international organization. Those two decisions were interdependent. Anthony Eden explained that to Parliament. He pointed out that unless cooperation were established at once it would be hard to get it "when the immediate common effort needed for victory is over."

The two Moscow decisions created immense gratification. But it was quickly demonstrated that it is one thing to *agree* to cooperate and another thing to *do* it. The United States held aloof. Responsibility was apportioned, in large part to the Soviet Union and in small part to Great Britain. Thus the three great powers which at Moscow had agreed, in theory, upon the "closest cooperation," reverted to a practice of divided responsibility.

The Polish and Greek crises brought to light that contrast between theory and practice. The American people, when they saw it, were aroused. If three nations, faced by common peril, could not make good on an agreement to cooperate, what was the use, they said, of getting 40 nations to agree to cooperate after the common peril had passed.

President Roosevelt took cognizance of the public concern. In

*An address by Mr. Dulles at the Foreign Policy Association, New York Luncheon Discussion on March 17, 1945, and a further discussion before the United Nations Forum, at Washington, D. C., on March 26, 1945.

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Broker-Dealer Personnel Items

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

(Special to THE FINANCIAL CHRONICLE)
BEVERLY HILLS, CALIF.—**Cecil J. Downs** is now affiliated with **Merrill Lynch, Pierce, Fenner & Beane,** 9520 Santa Monica Boulevard. Mr. Downs was previously with E. F. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Linton B. Elliott** has been added to the staff of **Akin-Lambert Co.,** 639 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Walter Landor** is with **Bateman, Eichler & Co.,** 453 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF. — **Harry J. Bastion** and **Roy E. Borden** have joined the staff of **G. Brashears & Co.,** 510 South Spring Street.

Dealer-Broker Investment Recommendations and Literature

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

Bank Stock Evaluator—Comparative analysis of 38 banks—Also available a tabulation of 1944 **Fire and Casualty Insurance Operating Results—Huff, Geyer & Hecht.** 67 Wall Street, New York 5, N. Y.

Coal Companies—List of current quotations—**F. B. Whittemore,** 60 Broad Street, New York 4, N. Y.

Convertible Preferred Stocks—A list of 17 selling near their conversion points—**Hornblower & Weeks,** 40 Wall Street, New York 5, N. Y.

Public Utility Common Stocks—A discussion of these issues and a tabulation of operating company common stocks now available to the public—**G. A. Saxton & Co., Inc.,** 70 Pine Street, New York 5, New York.

Also available is the March, 1945, issue of **"The Preferred Stock Guide."**

Railroad Company Bond Purchases and Retirements—Booklet covering the period 1941-1944, showing the substantial portion of earnings which 28 major railroad systems have devoted to fortifying them against a potential lower income level after the war—**R. W. Pressprich & Co.,** 68 William Street, New York 5, N. Y.

Solvent and Insolvent Railroads—Comparative tabulation of data on solvent and insolvent railroads and those under reorganization by negotiation—in the March **Chicago Letter** of **Carter H. Harrison & Co.,** 209 South La Salle Street, Chicago 4, Ill.

Tax Chart—A reference chart for approximate equivalent taxable income from tax-free yields, or vice versa, based on Revenue Acts of 1943 and 1944—**Hannaford & Talbot,** 519 California Street, San Francisco 4, Calif.

Alabama Great Southern RR.—Descriptive circular—**Adams & Peck,** 63 Wall Street, New York 5, New York.

American Bantam Car—Circular on this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

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

Benguet Consolidated Mining Co.—Analysis—**F. Bleibtreu & Co., Inc.,** 79 Wall Street, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

Central Hanover Bank & Trust—Bulletin—**Laird, Bissell & Meeds,** 120 Broadway, New York 5, N. Y.

Central Iron & Steel—Bulletin on recent developments—**Lerner**

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Hughes Comptroller Of Mutual Life of N. Y.

The appointment of J. McCall Hughes as Comptroller of The Mutual Life Insurance Co. of New York was announced by Lewis W. Douglas, President, following a meeting of the company's trustees.


J. McCall Hughes

Mr. Douglas also announced that Frederick W. Miller, the present Comptroller, will retire as of April 1 after 38 years of service with the company.

A graduate of Brown University in 1933, Mr. Hughes served with the Bankers Trust Co. in New York City until 1939, when he became associated with the Mercantile Commerce Bank & Trust Co. of St. Louis, where he was later appointed Auditor. He joined The Mutual Life in March, 1943, as administrative assistant to the Executive Vice-President. In December, 1944, he was named Associate Comptroller.

States Why Monetary Fund Is Essential

In an address before the Commonwealth Club of California at San Francisco, on March 23, Dean Acheson, Assistant Secretary of State and a delegate from the United States to the Bretton Woods Monetary Conference, contended that to reject the International Monetary Fund "would mean a complete rewriting of the documents" and that "the purposes which have been conceived in the whole plan would not be achieved."

Dean G. Acheson

"Opponents of the fund," Mr. Acheson remarked, "have stated that the thing to do is to accept the bank and not to accept the fund, or to put them together in some way which leaves out most of the features of the fund. The answer is that, of course, it is impossible to separate the bank and the fund. To do so would mean a rejection of the Bretton Woods Agreements and a complete rewriting of the documents. This is so because the Bretton Woods Agreements have been thought of as one great conception, and therefore the documents relating to the bank and the fund are intertwined. The members of the bank are those members of the fund who wish to become members of the bank. Any number of other provisions are interdependent. So the whole thing would have to be rewritten."

Then he added, "but the point which I think escapes people when they make the suggestion that the fund be rejected is that the purposes which have been conceived of in this whole plan would not be achieved, if you do that. The whole heart of the matter is contained in the fund agreement—in the operation of the fund—which provides for putting aside the instruments of economic warfare, for putting aside this fratricidal struggle through currencies, to make it possible for currencies to be freely used through the world so that trade may expand.

"It is one thing to make loans through a bank, under a system like that, and it is another thing to make loans through a bank when you have no such orderly system, but only a system of warfare. The bank's loans will be infinitely safer where you have a fund operating which makes it possible for trade to expand and which makes it possible for people to abandon restrictive measures.

"Most of the difficulties we have experienced in connection with the foreign loans we have made in the past, aside from errors of judgment which may have occurred as to particular loans, have resulted from disasters which occur to whole countries, and to the whole of the trade of the world, from causes which the fund would remove.

"A loan may be just as sound as anybody can possibly ask for when it is made, but if international trade and international exchange are subject to all the hazards which come from economic warfare, then things which you have not foreseen will happen. The country will be unable to pay, not because it does not want to pay, but because it cannot get the money to pay, because it cannot get the trade which would develop the money to pay. We believe these difficulties will be eliminated by the fund.

"Therefore, from the point of view of the conception, from the point of view of the object which is sought to be attained, the bank and the fund are part of one conception, and to take away one part of it gives you something wholly different and something which was not contemplated."

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION INC.

NEW YORK, SECURITY TRADERS ASSOCIATION OF

Annual Dinner—The Security Traders Association of New York announces that reservations for over one thousand have already been received for the Annual Dinner to be held this year on Friday, April 20, at the Waldorf-Astoria Hotel. Those desiring to attend, who have not already made reservations, are urged to send them in immediately. All payments and names for reservations should be in the hands of the Committee, Michael J. Heaney, Vice-Chairman, not later than Monday, April 2. Subscription price will be eight dollars per person, plus sixty cents tax.

Increasing Membership Under Consideration—A By-Laws Committee, consisting of Stanley Roggenburg, Roggenburg & Co., Chairman; John S. French, A. C. Allyn & Co., Inc.; William K. Porter, Hemphill, Noyes & Co., and Walter F. Saunders, Dominion Securities Corporation, has been appointed by Richard F. Abbe, Van Tuyl & Abbe, President of the Association, to study the question of increasing the membership of the Association in conjunction with the Trustees of the Gratuity Fund. Trustees, in addition to Mr. Porter and Mr. Abbe, are Gustave J. Schlosser, Edward A. Purcell & Co.; Cyril M. Murphy, Mackubin, Legg & Co.; Arthur B. Retallick, Van Alstyne, Noel & Co.; George V. Leone, Frank C. Masterson & Co., and Willis M. Summers, Troster, Currie & Summers.

For several years STANY has had a full membership and a waiting list. Up until now there has been a year-end turnover, with the result that certain names from the the top of the waiting list have been admitted annually. This year, however, the turnover was so small that it permitted only readmission of a few returning service members, as provided in the By-Laws, and no new names at all from the waiting list, which at present number sixty-six.

Membership is limited at present to four hundred, plus not more than one hundred service members, who at present number fifty-seven. Since they are automatically readmitted to full membership upon notice to the Secretary of their discharge, no new outside members can be taken in until the rolls have fallen below four hundred.

The membership could be raised to four hundred and fifty or five hundred were it not for the Gratuity Fund, an important feature of STANY which was worked out on the basis of four hundred members. Accordingly, the question of increasing the membership is receiving careful study by the Trustees and the By-Laws Committee mentioned above. In this connection members are being asked to express opinion on the following specific questions:

1. Should the membership be increased, and if so, how much? (The joint recommendation of the By-Laws Committee and the Trustees of the Gratuity Fund is that it should be raised from 400 to 450.)
2. Should the present initiation fee of $5.00 be increased, and if so, how much? (It is felt that it should be increased to $15 with the additional $10 to be placed in the Gratuity Fund.)
3. Should there be a maximum age limit for new members, and if so, what should it be? (The Trustees of the Gratuity Fund have recommended that such a limit be set, with which suggestion the Committee is in accord.)

STANY FORUM

At 4:30 p.m. on Thursday, April 5, the Security Traders Association of New York will hold a Forum in the Governors Room of the New York Curb Exchange.

Arthur E. Baylis, Foreign Freight Traffic Manager of the New York Central Railway System, will give an informal talk on the railway industry from an operating and traffic standpoint. A question-and-answer period will follow. Mr. Baylis was until recently Assistant Director of the Railway Division of the Office of Defense Transportation.

Henry F. McCarthy, Executive Assistant to the President of the New York, New Haven and Hartford Railroad, will also attend as a guest.

Calendar of Coming Events

Apr. 3, 1945—Los Angeles, Security Traders Association—Spring Dinner at the Ambassador Hotel.

Apr. 5, 1945—Security Traders Association of New York—Forum on Rails—4:30 p.m. in the Governors Room of the New York Curb Exchange.

Apr. 20, 1945—New York, Security Traders Association of—Annual Dinner at the Waldorf-Astoria Hotel.

Harold Young Joins Eastman Dillon Staff

Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, announce that Harold H. Young has become associated with the firm as public utility analyst. Until recently he was with Bear, Stearns & Co.

Harold Young

Mr. Young's experience in the investment field dates from 1925 when he became associated in Providence, R. I., with one of the old New England houses identified with the financing of public utility companies from the early days of the industry. He has written extensively on public utility companies for leading financial publications. He conducted a course in "Public Utility Break-Up Values" for the New York Institute of Finance for two semesters and presently is lecturing there on "Current Developments in Utilities."

R. T. Coradine With Carter Corbrey in L. A.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Reese Thomas Coradine has become associated with Carter H. Corbrey & Co., 650 South Spring Street. Mr. Coradine in the past was with Paine, Webber & Co., Fuller, Rodney & Co., and Merrill Lynch, E. A. Pierce & Cassatt, in Chicago.

With Clark Davis & Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, FLA.—**Frank L. Edenfield** is with **Clark Davis & Co.**, Langford Building.

Laufman & Van Benschoten With Hill Richards Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—C. Harry Laufman and William H. Van Benschoten have become associated with Hill, Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Laufman was previously with Bankamerica Co., and prior thereto did business under the firm name of C. Harry Laufman & Co. in San Francisco.

N. Y. Finance Institute Offers Spring Courses

The New York Institute of Finance, 20 Broad Street, New York City, announces that a seven-week course in Marginal Rails will be given beginning April 4, on Wednesday, from 5:15 to 6:45. The current position and the outlook for the major roads and their securities will be discussed by Pierre R. Bretey, railroad analyst for Baker, Weeks & Hardin, and George T. Peregrin, rail analyst for Merrill Lynch, Pierce, Fenner & Beane.

Beginning April 2, an eight weeks' course, "Introduction to Financial Statement Analysis," will be given on Mondays from 5:30 to 7:15. This is an elementary course for those interested in the field of security analysis, covering the accounting background in detail. Andrew F. Lynch, manager of the statistical department of Abraham & Co., will conduct the course.

Cost of each course is $10.

With Atwill & Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, FLA.—**Lloyd S. Ainsworth** is with **Atwill & Co.,** 605 Lincoln Road.

Real Estate Securities

Factors Causing Decline in Stock Market Not Applicable to Real Estate Securities

In sympathy with the reaction of the stock market, some real estate securities are also declining in price. This may be the opportunity to pick up some very desirable investments. Various reasons have been advanced for the decline in the stock market, namely: peace, reconversion problems, new margin requirements and possible new capital gain taxes.

Real estate securities should not be affected by any of these situations.

Peace should continue to aid real estate securities. Present properties should be able to compete very well with new construction. Zoning requirements of smaller structures with the same labor operating costs of the present larger structures securing real estate bonds, plus the anticipated high cost of this new construction are factors to consider.

Reconversion problems are nil as far as real estate goes, with the exception of reletting space now occupied by Government agencies. This should not be difficult with the clamor for space by civilian tenants. Reference to any daily newspaper in New York will show advertisements by tenants looking for space.

New marginal requirements have not affected real estate securities, as with very rare exceptions they are not traded in on National Exchanges.

New capital gain taxes if promulgated, will only affect profits in trading these securities. When purchasing real estate bonds for investment, the buyer is naturally concerned with yield. Real estate securities enjoy the tax advantage of being able to deduct depreciation of the building before being subject to income taxes. (As an example, the Sherry Netherland Hotel, in 1944 had a net operating profit of $432,955.52. They paid 4¾% interest on the bonds and applied $102,678.98 for bond retirement. However, because they were able to deduct $200,436.56 as depreciation, they showed a bookkeeping loss of $44,164.54 and did not have to pay any income taxes.)

Hotels located in the cities should enjoy a post-war boom. Removal of restrictions of rail travel should bring conventions and visitors to the cities, instead of at resorts. You probably are aware that soldiers who have recently returned from overseas on furloughs are properly being given rest cures at resort hotels by the Government. Multiply this situation by the larger number of returning soldiers after the war and you will see that civilians will have to use the city hotels. In addition, merchandise buyers will flock to the city centers of distribution, also using hotel accommodations. Hotel rooms will also be in demand by returning soldiers until new housing is constructed for them.

Plowing back of excess earnings for debt retirement should be a great aid to hotel securities. Most notable reductions in the past few years are:

1. Governor Clinton Hotel—Paid off its entire senior debt of $750,000, placing the $5,000,000 bond issue in a senior lien position. 1944 earnings 9.78% on the bonds, which may be purchased in the middle 70's.

2. Park Central Hotel (870 Seventh Avenue 4½'s)—Reduced its senior debt from $1,200,000 to approximately $980,000 since 1942. This is an aid to the bond issue of $4,055,200, inasmuch as 60% of the net earnings are applied to reduction of the first mortgage until the issue is reduced to $900,000, after which a large percentage of the earnings will be used for bond retirement. 1944 earnings 16.14% on the bonds, which may be purchased in the middle 70's.

3. Sherry Netherland Hotel (Sherneth Corporation 3-5¾'s)—Bond issue has been reduced from $6,000,000 to $5,662,700 since 1943. 1944 earnings 7.37% on the bonds, which may be purchased at 60%.

New rent ceilings on office buildings in New York at 15% above 1944 rentals is not too bearish. Law also provides that landlord is entitled to 6% plus 2% amortization on his property. (As an example, Broadway Trinity Place, formerly Harriman Building, had a net profit before interest and depreciation for the six months ending Oct. 31, 1944, of $83,959. This was equivalent to 4.35% on the bond issue. 6% interest and 2% amortization on the bond issue of $4,533,500 for the six months period would amount to $181,320, leaving room for negotiation of higher rents than 15% above 1944 levels.

Speaking of office buildings, an interesting bond to watch is the first mortgage bond of 2 Park Avenue. Due in December, 1946, it offers a yield of 10.5% to maturity. If bonds are not paid off and reorganization becomes necessary, the bonds should be materially improved. Almost 2% on the bond issue was used for servicing junior debt, etc. In 1944 5% was paid on these bonds and $84,724 was used for bond retirement. In addition, $97,236 was paid to junior bondholders and equity owners during 1944. If in the future this money is used for first mortgage bond retirement, it would make a marked difference in the bonds.

American Labor Group on Int'l Affairs Approves Bretton Woods

A Report by Albert Halasi, of Its Research Staff, States That the Proposals Would Aid Employment, but Recommends Additional Measures, Including Lower Tariffs. Says Fund Will Render "Deficit Countries" a Breathing Spell in Which to Reduce "Transitional Unemployment." Combats Bankers' Alternatives.

The American Labor Conference on International Affairs, which was organized about two years ago under chairmanship of William Green to investigate and report on post-war problems and international affairs, has recently published a pamphlet, under the authorship of Albert Halasi, of its research staff, entitled "Bretton Woods and Full Employment." The report, in general, favors the Bretton Woods Proposals, pointing out the role of the Fund and the Bank in reducing "transitional unemployment" and "inferior employment." Mr. Halasi analyzes and rejects the alternative proposals of banking opposing the Bretton Woods Plan, but at the same time stresses the need for lower tariffs and the reduction of trade barriers as well as "synchronized anti-depression and neighborly employment policies" by the member countries as means of furthering international full employment.

Albert Halasi

Regarding the effect of the Bretton Woods proposals on what he terms "transitional unemployment" and "inferior employment," Mr. Halasi states that "the Bretton Woods agreements will render valuable service in reducing the extent of both transitional unemployment and inferior employment. They will do it directly by helping member countries suffering from adverse structural or cyclical changes in foreign trade (their own trade or that of other countries). But they will also do it indirectly by promoting friendly economic relations between the member countries. Such friendly economic relations should prevent them from attempting to remedy their own troubles by transferring them to other countries."

"The Bretton Woods agreements," he continues, "will also be instrumental in increasing the **real income** in goods, services, and leisure of the member countries. This may be considered their second contribution to the solution of the employment problem.

"Full employment may be achieved at different levels of real income. It is highly desirable that it should be reached under conditions guaranteeing the highest possible real income. This principle is vital for poor countries, where full employment may coexist with very low standards of living, but it is important also for the wealthier national communities. In so far as the Bretton Woods agreements reduce transitional unemployment and inferior

(Continued on page 1395)

Tomorrow's Markets Walter Whyte Says—

Breaking of March 9-10 lows reveals secondary trend now down. Bearishness will now increase but primary trend still up. Keep positions so long as stops hold.

By WALTER WHYTE

The market is trying to say that it doesn't trust post-war plans. That the majority of industries which have stock on the Big or Small boards are as confused about the future as the people who buy their stocks. The closer the end of the war draws, in Europe anyway, the more obvious this general muddling.

* * *

What this will do to the market is something else. I tried to explain last week that fear and hope psychology as it applies to stock prices cannot be gauged with any reasonable accuracy. The same wild hopes and fears which can lift prices to fantastic levels can also drive them down unbelievably.

* * *

A professional trader by frequent quotation of bid and ask prices can determine where the buying and where the selling is. By comparing these levels throughout the market day he can gauge fairly well at what price he will either buy or sell. Of course there is much more to it than just getting bid and ask quotes. He still has to decide if the trend is up or down. And when it comes to that there isn't any system so far devised that can answer it. There are all kinds of chart and tape methods calculated to give the answers. I have yet to see them work out with any success over a period of time.

* * *

All this, however, is beside the point. If you have a method which makes money for you then follow it. I don't have any. I try to gauge future levels by tape action. But I can't put it in any intelligible words to save my life. So I reduce it to "stops."

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The Job-Creating Power Of Private Enterprise

(Continued from page 1370)

of over 13,793,000; and in the next 60 years—1851 to 1911—it rose by 19,350,000 to 40,535,000. In commenting on the difference between the increase in the two centuries —1651 to 1751, and 1751 to 1851—Dr. Shadwell observes (page 304) that "the difference is not, of course, wholly due to the industrial factor; but the two go together, and the vast increase of life during the second century negatives the common assumption that industrialism produced a state of unprecedented and increasing misery. This is emphasized by the fact that the rate of increase was highest during the first decade of the 19th Century, when the change was proceeding at its maximum intensity." In commenting upon the conditions of the people in England the first quarter of the 19th Century, Louis Simon of France, said: "I have found the great mass of the people richer, happier, and more respectable than any other with which I am acquainted."

The possibility of growth, expansion and improvement of well-being under expanding freedom of private enterprise as described by Mr. Withers is a striking contrast with the description of the conditions in France by John Stuart Mill, the famous British economist of the 19th Century. In describing the pauperizing conditions in France in the 17th Century and the earlier part of the 18th, Mr. Mill said:

"Society exercised on the manufacturer the most limitless and the most arbitrary jurisdiction: it disposed of the facilities of manufacturers without scruple; it decided who should work, what products should be manufactured, what materials were to be used, what profits would be permitted, what form should be given to the finished products, etc. It was not sufficient to do a good job, even to do the best job, but simply to follow the rules laid down. Who was not acquainted with this regulation of 1670, which prescribed the seizure and boarding up of commodities not conforming to the rules laid down, and which, on the second offense, ordered the manufacturers thereof to be imprisoned? It was not a matter of consulting the taste of the consumers, but of conforming to the dictates of the law. Countless inspectors, commissioners, jurymen, guards were charged with seeing that they were carried out; they smashed the works and burned the products which did not conform: improvements were penalized; they were fined for inventions. Different rules were made for products destined for domestic consumption and those for foreign commerce. A worker was not his own master free to choose the place where he would work in every season, nor to work for everybody. There was a decree of March 30, 1700, which limited to 18 towns the places where one could carry on the stocking trade. A decree on June 18, 1723, ordered the manufacturers of Rouen to suspend workers from July 1 to Sept. 15 in order to help gather the harvest; Louis XIV, when he wished to undertake the building of the Colonnade of the Louvre, prohibited private persons from employing the workers without his permission, under penalty of 10,000 pounds fine, and the worker from working for private persons, under penalty, for the first offense, of prison, and for the second, of the galleys."

In spite of the relaxation of government regulations in England and the invigorating progress set in motion by the expanding freedom of private enterprise in the first half of the 19th Century, Mr. Herbert Spencer, a distinguished philosopher and sociologist, freely condemned what he called "over-legislation" in England and the incapability of the government to carry on or direct the affairs of private business. Mr. Spencer accused the advocates of government regulation and control of reading the parable of the talents backwards.

"Private enterprise has done much, and done it well. Private enterprise has cleared, drained and fertilized the country, and built the towns — has excavated mines, laid out roads, dug canals, and embanked railways—has invented and brought to perfection ploughs, looms, steam-engines, printing presses, and machines innumerable—has builded our ships, our vast manufactures, our docks —has established banks, insurance societies and the newspaper press —has covered the sea with lines of steam vessels, and the land with electric telegraphs. Private enterprise has brought agricultural, manufactures and commerce to their present height, and is now developing them with increasing rapidity."

"It is one thing to secure to each man the unhindered power to pursue his own good; it is a widely different thing to pursue the good for him."

Mr. Spencer found that the government was a most inefficient manager and producer. On the contrary, private enterprise with all of its mistakes, according to his observation, could carry out the task of production, employment and job making best for both government and the people.

Abraham Lincoln, in his annual address to Congress in 1861, said:

"There is not, of necessity, any such thing as the free hired laborer being fixed to that condition for life. Many independent men everywhere in these States, a few years back in their lives, were hired laborers. The prudent, penniless beginner in the world, labors for wages a while, saves a surplus with which to buy tools or land for himself, then labors on his own account another while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all, gives hope to all, and consequent energy and progress and improvement of conditions to all."

It was this system described by President Lincoln that made it possible for the people of the United States to prosper and make greater strides in raising the standard of living of all the people than any other country in the last century. The story is the same down through history. As people have thrown off the oppressions of slavery, regimentation, dependence on Statism, and have used their own initiative and resourcefulness, opportunities, jobs, production and general prosperity have been the consequences.

In modern times we have the outstanding example of government control and regulation of industry and employment provided by dictator countries. Germany would probably be the outstanding example of industrial countries with government regulated employment before the present war. According to the records available it appears that the average workman in the United States produced substantially more than the average workman in Germany. Many reasons may be assigned for this difference in production capacity between the average American and German workman. But the facts remain that while the people in Germany were fully employed, regimentation was at its height. The description of an automobile manufacturer's purchase of tires required routine approvals from government agencies which took about six months for confirmation if everything could move smoothly without interruption. The questionnaires and documents to be filled out and signed were dozens. That such conditions can make work for everyone cannot be doubted, but do these conditions make production and increase the output of products and services to be divided between the workmen? They certainly do not. Such regulated conditions hold back production and the smaller product which results can only reduce the standard of living for all.

Present American Conditions

War conditions always bring necessary restrictions and regulations to carry out as quickly as possible the main purpose—to win the war. Between the two world wars many restrictions and regulations restraining private initiative were legalized. Restrictions and regulations decrease the opportunities for the average man and reduce the number of jobs. If the present regulations and restrictions are held to when this war is over there is no hope for full employment or for raising the standard of living in this country. On the contrary, if the Government is to take over the task of making jobs we can look forward to unemployment, regimentation, still relatively higher taxes, and less opportunity and incentive for both the worker and the employer. The first steps in making full employment after the war must not be merely so many jobs, but so much opportunity that there will not be enough men to fill all the jobs available. These are the conditions for full employment. How are these conditions to be brought about? The way to bring about these conditions is to remove all the war and other restrictions as rapidly as practicable. Give every man freedom to compete in his own way for any product, job, business or opportunity. Establish free markets for men, money and materials; abandon the idea of looking to the Government for help either by business enterprises, labor organizations or pressure groups of other special interests; remove the tariffs or reduce them where practical; abandon the ideas of dual price systems, dual money systems, Government cartels, subsidies and all the other protections awarded to special interest.

The Government should continue its normal functions of maintaining sound money, a speedy system of justice, freedom of opportunity and equal rights for everyone under the same laws.

With these conditions of freedom of private enterprise restored there will be no scarcity of jobs. But, on the contrary, there will not be enough men to fill the job made opportunities.

I am afraid, however, that this is asking too much, because we have traveled so far along the roads of regimentation, partiality, and pressure group class privileges, and the people have been so indoctrinated with these ideas that we may have to endure a long period of hard times to regain the initiative necessary in a society of freedom again, or let this cycle of Government regimentation run its course and then start over.

Private enterprise and jobs for all would provide no special privileges for anyone. The task of Government is to keep open the way to all honest effort and to restrain anyone seeking to take advantage of his fellow-man for selfish gains. Under private enterprise that provides equal privileges for all an honest and swift-acting Government legal system must protect all equally against fraud and unfair dealings. There is no need for hundreds of volumes of regimentation rules such as now guide administrative bureaus which make the laws and regulations under which private initiative is being strangled. Only the laws of the accepted standards of honesty and fairness are needed.

The return to democracy and private enterprise in this country is the road to jobs for everyone. This will require, however, the elimination of red-tape, regulations and regimentation; the setting up of a system of freedom and the enforcement of the simple rules of honesty and integrity; and the re-education of the people to self dependence, enterprise and the rewards of accomplishment. This could be the greatest civil revolution in the history of democracy, and its results could be an example to the rest of the world of the value of the individual in a democratic society.

Railroad Securities

The Seaboard reorganization, one of the oldest still pending in the railroad field, will soon advance another important step towards consummation. Foreclosure sale of the properties has been set for May 31. The special master is to file his report on the sale not later than June 9, and a court hearing on that report is scheduled for June 29. Hearings on the final foreclosure decree, which sets these dates, will be held on April 10, but the expectation now is that there will not need to be any change in the proposed schedule. It may be possible, therefore, to wind up the proceedings and issue the new securities by the year-end or shortly thereafter.

In anticipation of the reasonably early consummation of the plan there has developed a considerable speculative interest in the new securities, traded now on a when-issued basis. Judging from the prices at which the new junior securities, from the Income bonds down through the common stock, are selling, there is not complete understanding of the technical details of the plan. The market apparently accepts it as settled that the effective date of the plan is Jan. 1, 1944, that the new securities will be dated as of that time, and that interest and dividends will accrue from that date. Under most reorganization plans this theory might be acceptable. The way the Seaboard plan is drawn up it is apt to prove erroneous.

Section VI of the plan, titled "The Date of New Securities and Adjustment of Claims" has an important bearing on the status of the new securities and seems to have been ignored by many speculators in the new Seaboard securities. This section starts out —"The date of the new securities shall be determined by the Reorganization Committee with the approval of the Court, and the claims shall be adjusted in the following manner:—" The text then goes on to outline how the reorganization shall be handled in the event that cash becomes available for distribution prior to the date of actual consummation of the plan.

If cash becomes available for distribution to creditors, in addition to the cash payments actually provided in the plan, the Reorganization Committee at its discretion, but subject to approval by the Court, may apply such cash to payment of interest on the old bonds. As an alternative, it may set aside the cash for purchase or retirement of the old bonds. A schedule in the plan sets forth the percentage of such cash that shall be applied to each individual old bond issue or the percentage of new securities each shall receive if new securities become available for redistribution by virtue of the cash payments. There will be no reallocation of securities so long as cash payments on individual bonds do not exceed interest accrued from Jan. 1, 1944, to date of consummation of the plan and the date of the new securities.

There is little question but that Seaboard has now accumulated a substantial amount of cash which could be distributed to security holders, and more will accumulate before the prospective date of consummation of the plan. The question arises as to whether this cash will be distributed as interest on the old bonds by the present company or will be held until after consummation of the plan and be distributed as income from Jan. 1, 1944, on the new securities. In most reorganizations the latter procedure has been adopted but this has been due largely to the fact that the plans themselves are not flexible enough to allow any other action. As the Seaboard plan specifically provides for the alternative of paying interest directly against the old bonds, and thus changing the effective date of the plan and the date of the new securities, it is generally expected that that will be the course adopted. Certainly it might prove very advantageous from a tax angle and would be in the best interests of holders of the old bonds.

The effect on the new securities would naturally be adverse. Instead of getting delivery of new Income bonds with perhaps two years' interest (9 points) back interest, purchasers might get bonds dated Jan. 1, 1946, with no interest accrued. The same would be true of the new preferred stock, and naturally there would be no back earnings out of which to pay a dividend on the common stock. The probability that this will happen should be considered when contemplating purchase of the new Seaboard securities on a when-issued basis.

Edward Mundo Resumes As E. W. Mundo & Co.

BOSTON, MASS.—Edward W. Mundo has resumed business as E. W. Mundo & Co., 50 Congress Street, to act as dealer in bank and insurance stocks. Mr. Mundo for many years did business under this firm name; recently he has been with duPont, Homsey Co.

Leon Fraser Supports Bankers on Bretton Woods

(Continued from first page)

ticable moment of discriminatory exchange practices, the gradual reduction of exchange control, and the fixing or alteration of exchange parities; also to supply the necessary monetary information. He maintained that other nations would readily adhere to such changes, which add nothing new but are mainly a simplification and recognition that observance of any code of currency policies and practices must in the final analysis be voluntary by each country.

The consideration for such consultative agreements would be, Mr. Fraser said, first, the mutual promises, etc., which are the basis of all international treaties; second, membership in the Bank which has potential credit granting powers up to ten billion dollars; third, the immediate creation in the Monetary Department of the machinery for continuous consultation, planning, and action on stabilization questions and monetary principles and practices; fourth, in all instances where shown to be requisite and appropriate prompt access through the Monetary Department to short-term financial aid in connection with moderating exchange restrictions, to long-term stabilization loans, to seasonal credits, and other special financial help in exchange emergencies. If necessary, a portion of the Bank's large capital could be earmarked for these stabilization purposes. The resources of central banks could also be mobilized for stabilization aid, with the Bank heading the consortium.

Mr. Fraser criticized the Fund because of the arbitrary quota system which he said fixes a nation's rights irrespective of its needs and which opens the door to loose and indiscriminate borrowing without specific commitments as to repayment, without any agreed program for correction of economic difficulties, and without any right of the United States, the principal contributor, to approve. Under the Bank plan, the United States has to approve important operations in its own currency.

He added that currency stabilization was a different problem for each country and that the world-wide, indiscriminate approach of the Fund was premature and theoretical and a fundamental misstep that could be avoided by action through the Monetary Department of the Bank, where each case could be constructively and generously dealt with on the basis of a program worked out in advance. The present Fund conception is so elaborate that he anticipated that it would lead to more exchange controls rather than fewer and would probably break down in practice unless the United States was prepared to supply more dollars if and when they were exhausted.

He concluded by saying that whether the Fund mechanism or the consolidated Bank mechanism were adopted, the vital economic interests of the United States would be so greatly involved that the American Governor and Director should be subject in all broad policy matters to a Consultative Committee of Government officials.

Jas. Williams Promoted: Awarded Bronze Star

James Williams has been promoted from Private First Class to Sergeant, and has been awarded the bronze star. He is in General Patton's Third Army.

Sgt. Williams was formerly cashier of M. J. McHale Co., 115 Broadway, New York City.

GENERAL FOODS CORPORATION AND WHOLLY OWNED SUBSIDIARY COMPANIES IN THE UNITED STATES AND CANADA

COMPARATIVE CONSOLIDATED BALANCE SHEET DECEMBER 31, 1944, AND DECEMBER 31, 1943

ASSETS

	Dec. 31, 1944	Dec. 31, 1943
CURRENT ASSETS:		
Cash	$ 14,243,669	$ 11,983,961
U.S. and Canadian Govt. securities at cost, which is not in excess of market value. (The 1943 figure is after deducting $6,320,000 applied in reduction of Federal tax liability.)	5,422,820	7,277,811
Accounts receivable (less reserve for discounts and doubtful accounts, $377,261 in 1944 and $378,925 in 1943)	23,225,086	18,203,111
Inventories, at average cost or market, whichever is lower*	73,561,771	63,784,096
Total Current Assets	$116,453,346	$101,248,979
INVESTMENTS AND MISCELLANEOUS ASSETS:		
Investments in and advances to subsidiaries not consolidated (less reserves)	$ 1,321,582	$ 1,690,391
Amount receivable from U.S. Government for assets requisitioned	—	2,633,000
Estimated postwar refund of excess profits tax	2,700,000	1,600,000
Miscellaneous securities and loans (less reserves)	1,101,856	1,423,844
Total Investments and Miscellaneous Assets	$ 5,123,438	$ 7,347,235
PROPERTY ACCOUNTS:		
Land, factory sites, etc	$ 3,981,716	$ 3,905,022
Buildings, docks, etc	21,703,742	20,928,545
Machinery, equipment, motor trucks, vessels, etc	42,996,389	41,346,779
	$ 68,681,847	$ 66,180,346
Less—Reserves for Depreciation	36,827,809	33,924,342
Net Property Accounts	$ 31,854,038	$ 32,256,004
TRADE-MARKS, PATENTS AND GOOD WILL	1	1
DEFERRED CHARGES TO OPERATIONS		
(Prepayments for services, etc.)	$ 2,069,983	$ 1,767,470
	$155,500,806	$142,619,689
*Inventories:		
Raw Materials	$ 53,530,264	$ 44,876,900
Finished and semi-finished stock	18,054,805	17,050,451
Supplies	1,976,702	1,856,745
	$ 73,561,771	$ 63,784,096

LIABILITIES

	Dec. 31, 1944	Dec. 31, 1943
CURRENT LIABILITIES:		
Accounts payable, including taxes withheld	$ 10,438,815	$ 8,052,884
Acceptances and drafts payable	2,730,756	377,726
Salaries and wages, miscellaneous taxes, and other expenses accrued	2,866,391	2,821,180
Premium on preferred stock and dividend payable*	1,293,750	168,750
Federal and foreign income and excess profits taxes. (The 1943 figure is after deducting $6,320,000 of U.S. Government Tax Notes held.)	22,629,321	18,794,278
Total Current Liabilities	$ 39,959,033	$ 30,214,818
RESERVE FOR CONTINGENCIES	$ 6,374,239	$ 4,942,712
DEFERRED CREDIT	—	721,825
CAPITAL STOCK AND SURPLUS:		
Preferred stock (no par value) Authorized, 350,000 shares Issued 150,000 shares $4.50 cumulative preferred*	$ 15,000,000	$ 15,000,000
Common stock (no par value) Authorized, 6,000,000 shares Issued, 5,590,774 shares (Including 85,778 shares held by a subsidiary for conversion of its non-voting stock in hands of public)	55,400,109	55,400,109
Total Capital Stock	$ 70,400,109	$ 70,400,109
Earned Surplus (less $725,390, cost of 15,311 shares of common stock in treasury) (Note 4)	38,767,425	36,340,225
Total Capital Stock and Surplus	$109,167,534	$106,740,334
	$155,500,806	$142,619,689

*The preferred stock was called in December, 1944, and redeemed as of Jan. 31, 1945. On Feb. 1, 1945, $25,000,000 was borrowed by the issuance of unsecured notes.

COMPARATIVE CONSOLIDATED INCOME STATEMENT

	Years Ended Dec. 31, 1944	Years Ended Dec. 31, 1943
Net sales	$296,518,989	$259,858,252
Cost of goods sold	222,238,390	185,857,000
Selling, administrative and general expenses, and other charges	44,054,122	38,260,570
	$266,292,512	$224,117,570
Profit from operation	$ 30,226,477	$ 35,740,682
Other Income:		
Dividends and interest	$ 145,187	$ 222,151
Proportionate share of profits (losses) of subsidiaries not consolidated	(250,571)	49,508
Miscellaneous	848,787	464,503
	$ 743,403	$ 736,162
Less interest expense	27,675	31,997
	$ 715,728	$ 704,165
Profit before taxes and contingencies	$ 30,942,205	$ 36,444,847
Provision for estimated income and profits taxes (Note 5):		
Federal income taxes (including surtax)	$ 7,830,000	$ 7,892,000
Federal excess profits tax	8,300,000	12,200,000
Foreign income and excess profits taxes	715,000	708,000
	$ 16,845,000	$ 20,800,000
Profit before provision for contingencies	$ 14,097,205	$ 15,644,847
Provision for contingencies	1,500,000	1,500,000
Net profit	$ 12,597,205*	$ 14,144,847*
Dividends:		
Preferred stock ($4.50 a share)	675,000	675,000
Common stock ($1.60 a share)	8,919,141	8,660,713
	$ 9,594,141	$ 9,335,713
Undivided profits	$ 3,003,064	$ 4,809,134

*Equivalent, after deducting preferred dividend requirements, to $2.14 a share of common stock in 1944 and $2.42 a share in 1943.

STATEMENT OF EARNED SURPLUS

Earned surplus at beginning of 1944 (less $725,390, cost of 15,311 shares of common stock in treasury)		$36,340,225
Add:		
Undivided profits for year		3,003,064
Net amount realized for requisitioned assets in excess of book value		716,974
		$40,060,263
Deduct:		
Intangibles acquired during year	$ 167,838	
Provision for premium on preferred stock called for redemption	1,125,000	
		$ 1,292,838
Earned surplus at end of year, as per balance sheet (Note 4)		$38,767,425

NOTES TO FINANCIAL STATEMENTS

1. Net current assets and deferred expenses of Canadian subsidiary companies and the results of their operations have been reflected in the accompanying financial statements at official rates of exchange at the close of the year; property accounts have been reflected on the basis of approximate cost of exchange.

2. Properties are stated at cost, excepting certain properties appraised at sound values in 1916 and 1926; the balance at Dec. 31, 1944 of the appraised values in excess of cost, not yet covered by depreciation, was $715,192 ($756,989 in 1943). Depreciation provided for 1944 aggregated $3,418,774 ($3,122,726 in 1943).

3. Renegotiation of 1943 business with U.S. Government departments resulted in a net refund of $68,473 which has been charged against the reserve for contingencies. No specific provision has been made in respect of 1944 business; the net amount refundable, if any, will not be material in relation to the year's profits.

4. Under the provisions of the loan agreement of Dec. 20, 1944, a maximum of $10,000,000 of the earned surplus of Dec. 31, 1944 was available for dividends (except stock dividends), or for the purchase or retirement of capital stock other than the preferred stock redeemed Jan. 31, 1945.

5. Estimated postwar refunds, amounting to $1,100,000 in 1944 ($1,500,000 in 1943) have been deducted in determining the provision for excess profits taxes.

6. In accordance with the company's policy of carrying intangibles (trade-marks, patents, and good will, etc.) at the nominal amount of $1.00, intangibles acquired during 1944 were written off against earned surplus. Intangibles acquired in prior years for cash and for shares of capital stock were applied against earned surplus or capital surplus (or reserves created therefrom), or were not reflected in the common capital stock account in connection with the original issue of common stock therefor.

ACCOUNTANTS' OPINION

To the Board of Directors and Stockholders of General Foods Corporation: February 21, 1945

We have made an examination of the consolidated balance sheet of General Foods Corporation and wholly owned subsidiary companies in the United States and Canada as at December 31, 1944, and of the related statements of income and surplus for the year 1944. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary.

In our opinion, the accompanying consolidated balance sheet and related statements of income and surplus present fairly the position of the companies consolidated at December 31, 1944, and the results of their operations for the year 1944, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE, WATERHOUSE & CO.
56 Pine Street, New York 5, N. Y.

The consolidated balance sheet of General Foods Corporation and wholly owned subsidiary companies at Dec. 31, 1944, and related financial statements have been prepared under my supervision and, in my opinion, present fairly the position of the companies consolidated as of that date and the results of their operations for the year.

Feb. 21, 1945. WAYNE C. MARKS, *Acting Controller*

SOUTHERN RAILWAY COMPANY

Fifty-First Annual Report for the Year Ended December 31, 1944

Richmond, Virginia, March 26, 1945.

To the Stockholders of
SOUTHERN RAILWAY COMPANY:

The Board of Directors submits the following report of the affairs of the Company for the year ended December 31, 1944, which is the annual report it is contemplated formally to present to the stockholders of the Company at the annual meeting due to be held on May 15, 1945.

I.

The Year 1944

The revenue from the operation of the railroad was $260,978,544 in 1944 as contrasted with the previous high revenue of $245,532,051 in 1943, an increase of 6.29%.

The volume of business handled and the receipts therefrom as compared with the previous year were:

	1944	1943
Freight moved (tons)	65,587,514	61,747,215
Average distance moved (miles)	244.46	247.79
Ton miles	16,033,255,370	15,300,520,696
Average revenue per ton mile	1.165¢	1.129¢
Total freight revenue	$186,821,986	$172,799,049
Number of passengers	13,472,869	14,678,774
Average journey (miles)	199.46	177.52
Passenger miles	2,687,308,323	2,605,816,163
Average revenue per passenger mile	2.206¢	2.213¢
Total passenger revenue	$59,270,726	$57,660,240

Freight revenue for 1944 of $183,821,986 constituted a new high record, as did passenger revenue of $59,270,726, the increases over the previous year 1943, being 8.12% and 2.79%, respectively.

The proportion of passenger revenue to total revenue declined from 23% in 1943 to 22% in the current year, both these percentages being in excess of what has heretofore been considered a normal proportion of passenger revenue. The large amount of 1944 passenger revenue is explained by the fact that during the year the Company ran 9,634 special and extra sections of regular trains handling armed forces alone, carrying thereon 1,751,536 members of the armed forces. On regular trains the Company handled a total of 11,721,333 passengers and of this number it is estimated that more than 50% were members of the armed forces.

The increase in Operating Expenses was larger than the increase in gross revenue, operating expenses consuming $156,911,481 in 1944, a new high in the Company's experience, an increase of $20,307,328 or 14.87% over 1943, as contrasted with the increase of 6.29% in gross revenue.

Railway Tax Accruals, including the accruals for Excess Profits Taxes, amounted to $66,641,178, which was $3,796,058 less than in 1943 due to there being less net after expenses. Taxes consumed 25.54¢ out of every dollar of gross revenue.

The comparative ratios of the several categories of Operating Expenses, expressed in the number of cents out of each dollar of revenue, were as follows:

	In 1944	In 1943
Transportation	28.69¢	25.25¢
Maintenance of Way	11.74¢	10.96¢
Maintenance of Equipment	15.70¢	15.12¢
Traffic expenses	.99¢	1.12¢
General expenses	1.90¢	2.24¢
Incidental expenses	1.10¢	.95¢
Totals	60.12¢	55.64¢
Taxes	25.54¢	28.68¢
	85.66¢	84.32¢

The Company had left in the till for all other corporate requirements (after providing for the expense of operation, taxes and equipment and joint facility rents) only 12.80% of the 1944 gross revenue, as compared with 14.56% in 1943 and 22.61% in 1942, although gross revenue increased in each year over the previous one.

The successive decreases in the past two years in Net Railway Operating Income, exactly in inverse order to the increases in gross revenue, are attributable to a continuing upward trend in the cost of doing business. For example, total payrolls for 1944 amounted to $91,149,707, an increase of more than 10% over 1943, with an increase of less than 5% in the number of employees.

Net Income

The Net Income (after charges and taxes) for 1944 amounted to $22,261,814, as compared with $23,528,589 for the year 1943.

Fixed charges were covered 2.55 times. After deducting dividends of 5% on the Preferred Stock, the balance of income for 1944 was equivalent to $14.84 per share of Common Stock, as compared with $15.81 per share in 1943.

Use in 1944 of the Company's Financial Resources

After paying operating expenses, taxes payable in 1944 of $72,000,000 and fixed charges, the Company used its treasury monies (mentioning major items only) as follows:

(1) Devoted $12,264,301 of treasury cash to capital improvements to road and equipment, as compared with $10,184,715 of similar investments in 1942, and $10,294,215 in 1943. Included in such charges for 1944 was the sum of $2,957,517 for improvements to the Company's equipment, of which approximately $1,500,000 was the entire cost of new Diesel-electric locomotives, paid for in cash.

(2) Expended from the treasury approximately $2,600,000 more in 1944 than in 1943 in providing adequate materials and supplies for the increased volume of business handled during 1944.

(3) Disbursed approximately $8,050,000 in the continuing program of "debt retirement".

(4) Disbursed dividends payable in 1944 amounting to $6,570,050.

(5) Had left on December 31, 1944, (a) $72,300,000 of temporary investments in Government securities, as a reserve against an accrued tax liability of approximately $66,600,000, and as a reserve for other corporate necessities, and (b) the cash shown in the balance sheet. The balance sheet cash is reducible by items which were not cleared through the banks as of December 31, 1944.

Dividends

(1) Dividends of 5% on the Preferred Stock, aggregating $3,000,000 were declared out of 1944 earnings, being four dividends of $1.25 per share each, paid and payable, respectively, on December 15, 1944, and March 15, June 15 and September 15, 1945.

(2) A dividend of 75¢ per share on the Common Stock, requiring $973,650, was declared out of the balance of 1943 earnings, and paid December 15, 1944, making the aggregate paid on the Common Stock, out of 1943 earnings, $2.75 per share.

(3) A regular quarterly dividend of 75¢ per share on the Common Stock was declared January 23, 1945, out of 1944 earnings, payable March 15, 1945.

To recapitulate the Company's recent dividend record: Dividends were resumed in 1942 (after a lapse since 1931) with dividends aggregating $5 per share on the Preferred Stock, out of 1942 earnings, which rate on the Preferred has been continued annually since that time. Common dividends of $2 per share were declared out of 1942 earnings, $2.75 per share out of 1943 earnings, and quarterly dividends at an annual rate of $3 per share were established with the declaration of the quarterly dividend of 75¢ per share, payable March 15, 1945, from 1944 earnings.

All of the above dividend disbursements will have aggregated approximately $19,000,000. The Company from its resources and earnings of the past five years has put back into the property in capital improvements $45,400,000, and has reduced long term debt, exclusive of equipment trust obligations, by more than $74,000,000.

II.

Progress in 1944 Toward Meeting Post-War Problems

When the war ends, the railroads will be confronted with intensified problems—less revenue, coupled with the difficulty of obtaining compensatory rates, and levels of expense that are difficult to reduce. In addition, they will face new forces of competition. Measures to prosper in such a period must be sought and found.

Among such measures are new techniques of efficient, safe and economical maintenance and operation, the installation of modern economical processes, devices and machines, the trimming of the tree of the corporate organization so as to cut off any unprofitable branches, continuing reduction in the burden of interest-bearing debt, the legitimate influence of public opinion in favor of the well-being of the industry, and an intelligent and determined promotion of the development and prosperity of the territory to be served. Along such lines, the Company has made progress in 1944.

Operations and Maintenance

Operations and maintenance of way and equipment were directed and conducted in 1944 with two definite objects in view, viz., to carry the tremendous load of freight and passenger traffic with safety, economy and efficiency, despite the relative scarcity of manpower and equipment, and to use the available resources of the Company to make the property better, more efficient and more economical to operate.

Although the increased wage level, effected through the increases mentioned in last year's Report, prevented the "cost of transportation" ratio again to reach down to the low figure of 25.25% of 1943, 1944's "C. T." of 28.69% was creditable under war-time circumstances, and compares favorably with other railroads' operating results for the year.

The year 1944 passed without serious casualty in train operation, the goods and passengers, the huge volume thereof considered, being transported with as good average performance as could be expected. The ratio of bad order cars and locomotives, in order that they might be available for the year's service needs, was kept approximately to the same low minimum as reported for 1943.

Maintenance, both of way and equipment, despite certain shortages in material and supplies, and in the face of an increasing shortage of manpower, was accelerated and increased, both of necessity because of the current level of business and the continued high level of business to be expected in 1945, and also in the endeavor to make the property more economical to operate.

Maintenance of Way and Structures cost $30,654,358 in 1944, an increase of $3,737,547, or 13.89% more than in 1943. Large items included therein were the repairs to 48 miles of road damaged in the floods of September, 1944, and the maintenance expenditures included in the charges for the continued trestle filling program, there having been filled in 1944 an additional 1.54 miles of trestles in 70 separate locations, thereby permanently eliminating some 2,300,000 board feet of timber.

Expenditures for Maintenance of Equipment for 1944 were the largest in the Company's history, amounting to $40,980,700, an increase of 10.38% above the corresponding figure of 1943. This increase was necessary in the effort to restore the wear and tear caused by the extraordinary amount of engine and car mileage run during the year.

Capital Investments to Make Future Operations More Economical

In addition to the investments in new equipment, mentioned below, further progress was made in 1944 in the continuing program of modernization of the Company's plant, both way and equipment, through the expenditure of capital money for processes, devices and machines which will make future operation more efficient and economical. Among some of the most noteworthy of such items:

On the mechanical side, there was the construction of new Diesel-electric shops, a traction motor shop for renewing Diesel-electric motors and improvement to some 40 of the Company's steam locomotives, serving to increase their efficiency and economy.

From the standpoint of improvements to, and modernization of, roadway, there may be mentioned the installation of automatic electric water pumps, the application of heavier tie plates to prolong the life of crossties, the continued installation of spring switches to replace time consuming manually operated switches, an expanded program of purchasing automotive trucks for the handling of certain materials, the installation of flashlight signals to relieve crossing watchmen, and the purchase of numerous power operated machines such as automatic tools, graders, ditchers and bulldozers. As an example of new techniques developed, a laundry for dining car linen and uniform coats was put into successful operation during 1944, cutting almost in half the necessary inventory of such supplies, and effecting a substantial saving in costs as compared with previous commercial laundry bills.

New telephone circuits were installed during the year, supplementing the already indispensable communication system of the Company, additional automatic track signals were put into operation, and many mechanical loaders and devices for more efficient handling of the materials were installed in roadway and mechanical storehouses.

New Rail

During the year 1944 there were laid 47,171 tons of new rail, as compared with 40,733 tons laid in 1943, 38,787 tons in 1942, and 20,925 tons in 1941.

Orders for 1945 have been placed for 78,600 tons of new rail.

The price of new rail, which had been fixed since the year 1939 at $40 per ton at the mill, was increased, effective January 11, 1945, with approval of the O.P.A., to $43 per ton, which increase will substantially increase the expenses of the Company during the current year.

New Equipment

With a view not only to the current level of business, but also looking to the future when more modern equipment will continue to earn its cost, the program of equipment acquisition was continued, but no new debt was incurred during the year in connection with such purchases.

During 1944, there were delivered substantially all of the 950 new all steel freight train cars, formerly restricted by orders of the War Production Board, which were included in the Company's 1942 Equipment Trust, Series "JJ".

Eighteen new Diesel-electric switching locomotives of 1000 horsepower each were delivered and paid for during 1944, and are now giving efficient service.

There were also delivered late in December, 1944, and paid for in January, 1945, the four 5400 horsepower Diesel-electric road freight locomotives, mentioned in last year's Report, at an aggregate cost of approximately $2,000,000. Two additional 5400s, costing approximately $1,000,000, were delivered in February, 1945, and were also paid for in cash.

To take care of current business and for economy in future operations, the Company now has on order, for delivery in 1945, three 5400 horsepower road freight Diesel-electric locomotives, seven 1000 horsepower Diesel-electric switchers, four small 44-ton Diesel-electric switchers and six 4000 horsepower road passenger Diesel-electric locomotives.

Reduction of Debt and Fixed Charges

During 1944 the Company continued its program of reducing debt and the burden of fixed charges.

The Company's Development and General Mortgage Bonds, which mature in 1956, and which originally were outstanding in the principal amount of $111,333,000, were reduced to a balance of $79,154,000 outstanding in the hands of the public as of December 31, 1944. An additional principal amount of approximately $1,500,000 of these Bonds was acquired by the Company during January and February, 1945. The average interest payable on the aggregate balance of the three series of

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Development and General Mortgage Bonds outstanding on March 1, 1945, was at the annual rate of 4.97%.

The average interest payable on the Company's equipment trust obligations has been reduced from 4.41% in 1930, to a current average rate of 2.60%.

The Company's annual fixed charges, as defined by the Interstate Commerce Commission, less income from securities of its leasehold estates owned by the Company, which were shown in last year's Report at a net amount of $13,500,000 as of March 1, 1944, were at the net annual rate of approximately $12,900,000 at December 31, 1944, a reduction of nearly 25% since 1932.

The miscellaneous income charge on account of Southern Railway-Mobile & Ohio Stock Trust Certificates amounted to a net figure of $150,456 annually at December 31, 1944, as compared with $194,940 at December 31, 1943.

Reserves have been set aside for the acquisition by the Company of the Mobile and Birmingham Bonds, outstanding in the aggregate principal amount of $1,800,000, maturing July 1, 1945.

The table of funded debt at the end of 1944 showed the following reduction from a year ago:

Funded Debt

	Dec. 31, 1944	Dec. 31, 1943
Funded Debt	$207,820,000	$215,446,000
Leasehold Estates	*52,929,600	*52,929,600
Equipment Trust and Miscellaneous Obligations	30,666,658	35,688,834
	$291,416,258	$304,064,434

*Includes $5,000,000 of The Atlanta and Charlotte Air Line Second Mortgage 3¾s owned by the Company.

Rates and Fares

The Interstate Commerce Commission, on December 12, 1944, continued the suspension of the freight rate increases (which were in effect from March 18, 1942, until suspended on May 15, 1943) for the entire year 1945.

Industrial Conditions

The South continued its important contribution to the Nation's war production program during 1944. Its many and varied industries bent their efforts essentially in one direction—production for war.

New munition factories were planned and additions to existing war plants authorized, many of which are served by the Company's lines. Announcements by several large companies of the acquisition of new plant sites point, however, to further industrial development in the immediate post-war period.

Steel production in 1944 was near peak levels due to the increased demand for war materials, and products of mines and quarries made a new record.

The cotton textile industry continues to rank as one of the most vital war industries in the South; although due to labor shortages, active spindle hours and mill consumption of cotton were less in 1944 than in 1943. The cotton-growing States, with 76% of the total cotton spinning machinery of the country at the end of 1944, worked 84% of the total spindle hours and consumed 8,557,000 bales of cotton, or 88% of the total mill consumption in the United States.

During the year, the Company's handling of cotton was 1,449,228 tons, constituting 68% of the total consumption by mills in the cotton-growing States.

The rayon industry established another record in 1944, with an increase of 9% over last year's production. The output of viscose tire yarn in 1944 was more than twice as large as in 1943.

The drilling for oil in several of the Southern States has been further advanced during the year, one of the principal areas being on the Company's subsidiary, the New Orleans and Northeastern Railroad, near Heidelberg, Mississippi, and plans are now being consummated for the establishment of an oil refinery there.

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Southern agriculture again progressed toward greater production of food, feed crops and livestock. In states served by Southern Railway System, 1944 cotton production was 5,987,000 bales, an increase of more than 9% over that of 1943.

During the year, 78 new industries were established, and additions made to 32 existing plants, at points served by the Company.

The Company has continued to lend its every aid to the development of the industry of the South.

Public Relations

The relations of this Company with public authority, state and national, have been almost entirely cordial and cooperative. One outstanding exception, however, was the position taken by the Department of Justice of the United States, affecting all the railroads. Notwithstanding these are days of war stress and manpower shortages, the Department felt that it was necessary in the performance of duty imposed by law to harass and embarrass the railroads by instituting suits, securing indictments and making investigations charging violations of the Federal anti-trust laws. The railroads deny any violations of law, but above and beyond that, feel that such time-consuming procedure should await the termination of the war emergency.

The Company, during the year, continued its public relations program inaugurated in 1942.

Advertisements, built around the call to "Look Ahead—Look South!", appeared regularly in 20 business magazines and financial periodicals, and other advertising featuring the Company's contribution to the winning of the war was regularly scheduled in 418 on-line newspapers, reaching a combined total circulation of more than 81½ million readers. Similarly, advertising specifically addressed to farmers appeared regularly in 12 farm publications. Thus, the total circulation of all Southern Railway advertising during 1944 was approximately 94½ million.

Advertising constituted only a part of the Company's public relations program. Related activities were newspaper, magazine and radio publicity, the distribution of literature, poster production and display, and cooperation with authors, editors, educators, government officials, and promotional agencies in Southern territory.

The Board records, with deep regret, the death on October 16, 1944, of their esteemed colleague, John Stewart Bryan.

Conclusion

Perennial problems have been mentioned in this report and are called to the attention of the stockholders. Imagination and courage will surmount them, and with the help of the owners and of an informed public opinion, the Company hopefully looks forward to the post-war era, confident in its ability adequately to serve the South, and to pay a return to the owners of the property who through their investment have expressed their faith in Southern Railway.

The warm appreciation of the management is extended to all officers and employees for their effort, skill and continued loyalty in the year just closed.

Respectfully submitted, by order of the Board,

ERNEST E. NORRIS,
President.

SOUTHERN RAILWAY COMPANY
Financial Results for the Year

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	In 1944	In 1943
The Company received from freight, passenger and miscellaneous operations a total revenue of	$260,978,544	$245,532,051
The cost of maintaining the property and of operating the railroad was	156,911,481	136,604,153
Leaving a balance from railroad operations of	$104,067,063	$103,927,898
Federal, state and local taxes required	66,641,178	70,437,236
Leaving a balance of	$37,425,885	$38,490,662
The Company paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by it from those sources	4,010,044	2,745,905
Leaving an income from railway operations of	$33,415,841	$35,744,757
Other income derived from investments in stocks and bonds and miscellaneous items was	3,518,811	2,843,218
Making a total income of	$36,934,652	$38,587,975
Interest on funded debt and equipment trust obligations, rents paid for leased railroads and miscellaneous deductions totaled	14,672,838	15,059,386
Resulting in a net income of	$22,261,814	$23,528,589

SOUTHERN RAILWAY COMPANY
Financial Position at the End of the Year

	On December 31, 1944	On December 31, 1943	Increase or *Decrease*
The Company had investments in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars and other fixed property of	$566,591,806	$556,053,290	$10,538,516
In addition the Company had investments in stocks, bonds and notes of affiliated companies and other investments carried at	52,598,362	59,015,868	*6,417,506*
Total Investments	$619,190,168	$615,069,158	$4,121,010
The Company had cash and special deposits amounting to	$33,170,969	$31,424,886	$1,746,083
And temporary investments in U. S. Government Notes	72,300,000	64,000,000	8,300,000
Other railroad companies and others owed the Company	17,380,723	22,788,235	*5,407,512*
The Company had on hand fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	14,470,000	11,867,711	2,602,289
Deferred assets and unadjusted debits, including items owed to but not yet available to the Company	12,277,706	14,733,040	*2,455,334*
The Assets of the Company totaled	$768,789,566	$759,883,030	$8,906,536
The Company owed for materials, supplies, wages and balances to other railroad companies, and interest, dividends and rents accrued but not yet due	$29,791,746	$29,713,823	$77,923
Taxes accrued but not due	66,189,015	70,692,484	*4,503,469*
Operating reserves	2,080,873	2,090,296	*9,423*
Reserve for depreciation of road and equipment and amortization of defense projects	68,605,348	57,530,285	11,075,063
Deferred liabilities, including items due to others, but not yet adjusted	18,240,591	15,652,776	2,587,815
The total of these liabilities, credits and reserves was	$184,907,573	$175,679,664	$9,227,909
After deducting these items from the total assets there remained, for the capitalization of the Company, net assets of	$583,881,993	$584,203,366	*$321,373*
The capitalization of the Company consisted of the following:			
Funded Debt, including bonds, equipment trust obligations, etc.	$238,486,658	$251,134,834	*$12,648,176*
Preferred Stock	60,000,000	60,000,000	------
Common Stock	129,820,000	129,820,000	------
Making a total capitalization of	$428,306,658	$440,954,834	*$12,648,176*
After deducting this capitalization from net assets there remained a surplus, largely invested in the property, of	$155,575,335	$143,248,532	$12,326,803

OUR REPORTER'S REPORT

Progress being made in the marketing of Pacific Gas & Electric Co.'s huge $80,000,000 issue of new first mortgage 3s is being scrutinized carefully in underwriting circles.

Offered at a price of 107⅝ to return a yield of 2.66% to maturity, the undertaking was not one of those "out-the-window" propositions.

It was not expected to be, but even so the movement of this issue is widely viewed as a reliable barometer of the probable scope of new corporate financing in the period between now and May 14, when the Treasury takes over for its Seventh War Loan.

The Pacific Gas issue, a center of a lively controversy between the company, the Securities and Exchange Commission and a group of midwestern bankers, was shifted from a negotiated basis between company and its traditional bankers, to a competitive basis with the issuer receiving two bids separated by a difference of only .03 basis points.

Somewhat better than half sold, the time which is consumed in placing the balance of the issue and thus freeing up capital funds of underwriters and their distributors is expected to weigh heavily on the volume of new financing which is ahead for the next six weeks or so. The current issue, however, is not out of line, on a yield basis, since it is noted that its outstanding 3s of 1971, 1974 and 1970 are currently quoted to yield from 2.62 to 2.65%.

May Affect New Issue Bids

Including four large railroad loans, which are impending, and several big utility refinancing programs which are definitely in the works, the next six weeks could, if all prospective issues materialize, bring out an aggregate of something over $600 millions of new bond and senior stock issues.

With a few minor exceptions, the bulk of this total would consist of issues which are now subject to competitive bidding. Rules affecting the capital-loan ratio of many firms, particularly those which are members of the New York Stock Exchange are stringent.

When deals "back up" the ability of such firms to participate in new underwritings is correspondingly shortened. Three of the recent new offerings are in that category, namely the Pacific Gas bonds, those of Laclede Gas Light and the preferred stock of Florida Power.

These will without question work off, given time. Of that there is no question. But should any considerable time be required, many firms holding such issues would be out of the running as far as new syndicate participations are concerned.

Would Complicate Things

The exception proves the rule. The case of Commonwealth Edison Co. of Chicago's projected refinancing of its $113,000,000 of outstanding 3¼% bonds is an instance.

Ordinarily, investment bankers would be bewailing the fact that such an undertaking would involve no public offering of the new securities. In this instance, however, there is a tendency to give thanks in view of the many issues already set up and waiting to go.

The outstanding bonds are held by a group of insurance companies and the company is working out an exchange plan under which they will accept new 3s for their holdings.

Late Summer or Early Fall

Evidently some potential issuers are taking a second look at the calendar of prospective refinancings before giving consideration to plans which they themselves have in mind.

That seems to be the case as far as Puget Sound Power & Light Co. is concerned. Stockholders were told at the annual meeting recently that if market conditions continue as they are, the company will weigh the advisability of refinancing its $52,000,000 of outstanding first 4¼s which are callable next year at 108⅝.

But Frank McLaughlin, President, revealed that such a program would await the closing of the Seventh War Loan which means that it would come late in July or shortly thereafter.

Buchanan Houston Dies

Buchanan Houston, limited partner in the New York Stock Exchange firm of H. T. Carey, Joost & Patrick, 120 Broadway, New York City, died at his home at the age of sixty-nine. Mr. Houston joined the brokerage firm in 1926, becoming a limited partner two years ago.

David Ellis Dead

David W. Ellis, senior partner in Ellis & Co., Dixie Terminal Building, Cincinnati, died after an illness of several months. Mr. Ellis had been in the investment business for more than thirty years, beginning his career with Seasongood & Mayer, and organizing his own firm in 1922.

Public Utility Securities

Stockholders' Reports

In general, stockholders' reports of operating utility companies appear to be as informative as the best type of industrial corporation report, and somewhat more illuminating than the average railroad report. The utilities appear to be making a conscientious effort to improve the form and scope of their reports. Consolidated Edison, for example, recently mailed to approximately 750 members of the New York Society of Security Analysts a copy of their 1944 report, with a questionnaire and letter from which we quote as follows:

"This letter is inspired by an article in the recent issue of 'The Analysts Journal' entitled 'Retrogression in Annual Reports to Stockholders?' in which the point is made that the recent trend toward modernizing and streamlining has resulted in less informative reports.

"We have felt for many years that if our report was to be directed to one group more than any other, that group should be the sophisticated investors, those who can readily comprehend the financial statements and statistics presented and who at the same time welcome the information furnished by a running account of the year's activities.

"We have believed that this group, which includes the members of your organization, is, by reason of ability to interpret the company to others, the best liaison we have with holders of large amounts of our securities.

"We would now like to know how closely we have come to providing this group with what it needs and wants in an annual report, and we are canvassing your membership to try to find out."

The questionnaire asks for specific criticism or comment on 14 items in the report, together with suggestions of a general character. The Edison report seems unusually complete in that it includes bits of information not always revealed—such as the amount of depreciation and amortization in the consolidated income tax return (which exceeds only moderately the amount in the stockholders' report); discussion of fuel costs and bi-monthly billing economies; increased maintenance costs due to operation of equipment "at higher sustained loads than that for which it had been designed;" and the increase in depreciation to offset tax savings resulting from five-year amortization of war facilities. Attention is called to the adjustment of $2,100,000 to offset tax savings due to bond retirements.

The report estimates that the war load amounted to about one-quarter of the year's sales, despite the fact that the aluminum plant in Queens was operated only part of the year. The discussion of wartime restrictions would have been more complete if it had included an estimate of potential revenue losses from the current brownout. Data on the power interchange with Niagara Hudson is of interest, but might have been amplified in terms of revenues.

The important merger proceedings (a necessary preliminary to the company's broad refunding program, which will include almost the entire bonded debt and the preferred stock) were discussed rather more briefly in the report than the importance of the subject might have warranted.

The chart comparing Edison's revenues with electric and gas revenues for all utilities, and with national industrial production for the period 1929-44, is of interest as reflecting the company's stability and the relatively sluggish growth of New York City business during the war.

Regarding statistics, the tabular presentation is not as complete as might be desired. The table of kwh. sales and revenues would be improved by showing the percentage of the total for the various classes of customers (residential, commercial, etc.). As in many other reports and prospectuses, no figures are given on average kwh. revenues for residential or other classes of service—although the data can easily be worked out on a slide rule by the inquisitive analyst.

The report does not include any discussion of certain important questions which have arisen with respect to utility accounting methods, such as the issue over "original cost." The possibility of a plant account write-off of some $66,000,000 is buried in a balance sheet footnote. The rapid growth in the depreciation reserve under present accounting rules is noted in the text, but no comment is made on the fact that the reserve is still low based on the straight-line depreciation theory sponsored by the Public Service Commission of New York (some time ago the Commission suggested a huge increase in Niagara Hudson's reserve, on this basis).

The report, supplemented by the informative bulletins, "News and Views for Stockholders," issued on dividend dates, may well serve as a model for the industry in many respects.

Cartels Imperil Economic Progress

(Continued from page 1371)

cess of work or thought. Yours is the task of analyzing in an impartial and logical manner these grandiose schemes, and of pointing out the fallacies in their glittering promises. It is in the hope of making some small contribution in assisting you in that task that I have come here tonight.

The Undermining of Competitive Enterprise

In recent years there have been various pressures undermining our competitive enterprise system and pushing us toward a collectivist system under ever expanding governmental authority. I shall discuss tonight only one of these pressures, that of monopolistic restraints of trade. The widespread movement that recently has come to the front to cartelize world trade under government control through so-called "trade accords" is, in my opinion, the greatest danger now threatening economic progress in America. My desire is to arouse you to a realization of the gravity of that danger, and through you, our leaders of business, industry and the American people.

Discussions of this sort mean very little unless we have before us a clear definition of the terms and words we are using, and a definite exposition of the principles upon which we make our stand. So as a starting point, all that I shall say shall be bottomed upon a strong and fervent faith in the superiority of our American competitive enterprise system as a means of raising the standard of living for all, providing employment for those able and willing to work, and creating opportunities for men and women to utilize their talents to the utmost.

Business and industry render their greatest service to the Nation when they constantly produce better products and services at lower prices through an efficiency that reconciles a low cost policy with the payment of high wages. But that objective can be realized only through constantly increasing the productive efficiency of everyone engaged in business and industry. It cannot be achieved under the restrictions of bureaucratic control; nor can it be achieved in the face of featherbedding practices, whether imposed by government, labor or the owners of industry; and it cannot be achieved if we are going to adopt policies that remove both the stimulas and the means to increased efficiency by reducing alike the rewards for seeking it and the penalties for ignoring it.

Cartels and Collectivism

If you believe in that principle and its implications, then you cannot regard cartels, in any form, as good business practices. If you do not believe in that principle, if you favor collectivism in our economic life, national socialism, national ownership and all the other philosophies which lead to the all powerful State, then you will find cartels an admirable instrument to achieve your objectives.

When I use the word cartel I mean an arrangement whereby two or more independent enterprises undertake to restrict the production, fix the prices, and/or allocate markets or sales quotas covering commodities in which they trade. This is the so-called private cartel.

A government-controlled cartel is such an arrangement under the direction or with the sanction of the government having jurisdiction over such enterprises and it usually contains provisions for the enforcement of the arrangement.

A super-state cartel is an arrangement requiring independent enterprises to restrict production, fix prices and/or allocate markets made pursuant to an international agreement or treaty between two or more governments which undertake in some manner to enforce upon their nationals the terms and conditions of such an arrangement.

The private cartel embraces monopolistic practices in restraint of trade that have been outlawed in this country for more than 50 years. The evil and reprehensible nature of such practices is beyond dispute. Their effect has been to destroy initiative; close the door of opportunity for new individual entrepreneurs; destroy small business units; encourage inefficiency; raise prices and thus lower the standard of living. These fruits of the cartel system result in the freezing of industrial progress to the detriment of workers, consumers and those with savings to invest.

Few voices today are openly raised in defense of the so-called private cartel. But there is a school of thought which believes that an undertaking which is against the general welfare, and thus bad, can be made good if it is conducted under government control. Illustrative of the government-controlled cartel were the N.R.A. codes of a few years ago. There we have the Government urging and even forcing upon American industries practices which, if undertaken outside of the N.R.A. codes, would have been unlawful. Their counterpart has flourished in Europe for many years and is a primary reason for the backwardness of European industry compared with our own.

Super-State Cartels

The super-state cartel is a relatively new evolution of the cartel idea, under the deceptive labeling of "trade accords." These agreements compound all the evils found in private and government-controlled cartels, adding to them a dangerous expansion of power in our Federal government through the treaty-making device. Illustrative of the super-state cartel is the abortive Anglo-American Petroleum Agreement submitted to the United States Senate last summer, but subsequently withdrawn under pressure of the unanimous protest of the American petroleum industry. The objectives of this proposal were never clearly set forth beyond vague statements that the purpose was to bring about an orderly development of the world's oil resources through the stabilization of the operations of the industry.

Such euphemisms as "orderly development"; "stabilization"; "fair competition"; "rationalized competition"; "elimination of waste" and "fair prices" always are used to describe the objectives of a cartel! They are terms which should immediately arouse your suspicions and command your close scrutiny.

The Anglo-American Oil Agreement

The Anglo-American Oil Agreement provided the framework for restrictions on the production of petroleum and its products, the fixing of prices and the allocation of marketing quotas upon the recommendations of an International Petroleum Commission. Inherent in the implications of the Agreement was the assumption of an obligation by our Federal government, when it concurred in such recommendations, to undertake to carry them out in the domestic field. This would necessitate the exercise by the Federal government of an authority which it does not now possess under our Constitution, since jurisdiction over natural resources is among the powers reserved to the States in the Tenth Amendment.

The Federal government would have gotten the authority to fulfill its part of the bargain made with other nations through the treaty-making power.

Our Constitution makes treaties the supreme law of the land on a par with the Constitution itself, and overriding other Federal laws, and State Constitutions and laws which may be in conflict with the treaty. Thus the reserve powers of the States would, through treaties dealing with them, fall into the orbit of Federal authority and jurisdiction.

As a matter of fact, such a procedure is the only lawful way, since the N.R.A. was declared unconstitutional, to cartelize effectively the American petroleum industry. Even were private cartels lawful, there are too many enterprises within the industry for any master plan to embrace all of them. Those outside of the cartel arrangement in a reasonably short time would succeed in defeating the conspiracy. To make a petroleum cartel effective here it must necessarily be implemented by the lash of governmental authority. What is more, the petroleum industry, by and large, wants no part of cartel action, since its growth has resulted from spirited competition. Here we had the amazing spectacle of the administrative agencies seeking to force an industry into a super-state cartel against its wishes.

Throughout the controversy over the Oil Agreement, it was difficult to avoid the conclusion that those who had proposed it were desirous of taking a short cut designed to change our American system over night to the status of the German system of national socialism. Just remember that the advocates of Socialism long have proposed the promotion of cartels in the conviction that a system of extensive monopolies controlled by the State paved the way for a socialist economy. The Fascists and Nazis seized upon existing cartel systems for the foundation of their totalitarian states. For those reasons I believe the super-state cartel is far more reprehensible and detrimental to the public welfare than private cartels entered into by individual companies, bad as they are.

Other Proposed Cartels

Much of what I have said specifically in regard to the Oil Treaty, would be applicable to similar undertakings affecting other industries. This use of the treaty-making power to override Constitutional limitations and set the stage for transforming our American system into National Socialism is a danger that may engulf all of us. During the controversy over the Petroleum Agreement, it was reported that similar international agreements were contemplated covering approximately 60 commodities and services in international trade. These were said to cover rubber, tin, sugar, coffee, shipping cargo space and global airways. Undoubtedly others had to do with metals, leather, wool, cotton, chemicals, as well as manufactured articles that could be fitted into a cartel framework.

The list is sufficiently broad, if those plans are pursued, to encompass part of world trade in a super-state cartel system. More alarming, however, this movement would entangle a large part of our domestic economy in the tenacles of the vicious cartel system, with destructive repercussions upon every other line of economic activity. International trade and domestic trade are not two differentthings. They cannot be isolated in compartments, one from the other. They are parts of the same thing. This country cannot be cartelized in its foreign trade and free in its domestic enterprises,

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Mr. Wallace and Planned Economy

(Continued from page 1371)

On its face, economic planning, even apart from the vast virtues urged for it, seems highly logical. Do not all businesses, all private enterprises, plan, it is eagerly asked? Indeed they do, and the more the better, especially in the post-war period. But so-called "economic planning" means overall planning by persons outside those enterprises, for the direction or operation of practically all business. Such planning is by no means to be confused with planning from within by partners or boards of directors. Full development of economic planning is the socialist state, by its less semantic name.

Example of Russia

The best example of economic planning is the Russian U. S. S. R. One may view that extraordinary development with complete admiration for the war achievement, and in any case with objectivity as to its domestic side. Exposition of that system, not by outsiders but by recognized Russian authorities, bases it on "liquidation of the capitalist economic system" and substitution of "planned direction of virtually all economic activities by the Soviet State and Communist Party, which guides all the activities of the toiling masses."

The Russian domestic plan is of course in sharp contrast to our own. We still adhere to the basic idea of a state exercising necessary controls and furnishing relief when needed, but in the main leaving economic life to the free energies and associations of the people. Our political bill of rights, our liberties, are associated with that system.

Economic Planning and American Enterprise

Comparatively few in our country advocate the substitution here of "economic planning" for American enterprise. Certainly Mr. Wallace does not do so: with Mr. Wallace the question is as to the ultimate effect of measures which he would undertake, with the highest of motives. At the same time there is an astonishing amount of background literature coming from philosophers and widely read writers, which does make for the adoption here of economic planning.

It is significant, for example, that the title of a recent book by Professor Harold J. Laski, now of the London School of Economics, was expressively "Reflections on the Revolution of Our Times." The opening sentence there is:

"We are in the midst of a period of revolutionary change that is likely to be as profound as any in the modern history of the human race."

Farther on Professor Laski says:

"What is certain is that we are moving into an era of planned society: what is quite uncertain is the purpose for which we can plan."

An acute American commentator, dealing with the subject from a very different point of view, entitled his recent book "The Revolution Was."

Mr. Wallace in addressing the Senate Committee, as elsewhere, does maintain that we may be able to work out a desirable future under the American plan by greatly increased Government activity and participation. Yet it should be noted that not infrequently expressions of his elsewhere veer rather away from that possibility. Thus, he states in one of his frequent books:

"We must invent, build and put to work new social machinery. This machinery will carry out the Sermon on the Mount as well as the present social machinery carries out and intensifies the law of the jungle."

He visualizes "that continuously planned harmonious relationship which I call the Land of Tomorrow."

Approach to continuously planned relationships is not likely to come through direct advocacy, but step by step, without declaration or realization of objective. If the difficult but real line between Government regulation of private business and actual management or operation is deserted, the end seems inevitable.

Let it be supposed that the Government does guarantee to every American the right to a desirable job—in the end this hopefully conceived guarantee would involve the Government in the direction of jobs and of work—otherwise the guarantee has little meaning. Most jobs must be in what we know as private industry, not in public works. If government is to attempt to increase very much the number of jobs in that area, the Government would have to have most of the say there.

In war time, control of the use of material and of production effort is necessary, and such control must be continued in transition to peace.

Continuance of that control in peace is another matter. It is one thing to take the industrial plants created by the Government for war production and make them available for private industry in peace, and quite a different thing to keep such plants in peace as Government plants, even though called "yard sticks."

There is a great attraction in supposing that the Government can in some way pay for most of what the citizen desires, with little concern to how Government finances are ultimately supported. Sucha writer as Mr. Stuart Chase regards the fear of inflation, of crushing national debt, of beaureacracy and paternalism all as bogies. He sees ahead

"a new kind of profit system which is not based on capitalism: a new kind of private enterprise which is not based on private initiative—a system under which the government provides the capital and takes the risk."

The ultimate consequence of unlimited Government spending and risk taking is likely to be the Government take over of enterprise.

The trouble with planned economy, in spite of its supposed benefits, is that it is impossible to see how such an economy can work without dictatorship. In time of war there is one clear social objective, but in time of peace so many questions would arise, so many difficulties would be presented, so many controls would have to be exercised, that resort would have to be made to arbitrary power.

The view that planned economy means dictatorship is thoughtfully presented in a recent little book by Frederick A. Hayek, of the London School of Economics, "The Road to Serfdom." It is one thing to criticize that book and another to answer the argument. Professor Hayek is an Austrian economist, who knows revolution at first hand. By no means does Professor Hayek advocate compulsory labor, as has been recently asserted. On the contrary, he points out that if jobs are to be guaranteed under a planned economy compulsion is the only alternative.

Planned Economy Questions

Planned economy necessarily presents two great questions: Can that system actually supply goods and jobs in greater abundance than free economy? And from the human standpoint, can we afford to replace a system that proceeds on the basis of liberty, with one that proceeds on the basis of compulsion?

The question insistently asked by those who oppose planned economy and steps leading to it, however sincerely proposed, is "But what have you to suggest as an alternative?" The alternative is of course the basic American plan, constantly corrected and improved, but still true to the fundamentals of freedom.

Putting the matter rather simply, if your health leaves something to be desired, and someone suggests a new remedy claimed to assure the greatest vigor and vitality, you do not necessarily take it: you might well distrust the ultimate effect of the powerful remedy. You might still prefer to rely upon the tried route of sound health habits.

I repeat "The most fruitful economy the world has ever seen has not lost the springs of vitality, nor is it ready for the paralyzing blueprint of the official. We Americans do not love monopoly and only by inattention or blindness could we turn over our beloved country to the greatest of all monopolies—the superstate."

Lt. Col. Lawrence Is With Kaiser in N. Y.

Kaiser & Co., members of the New York Stock Exchange, announce that Lt. Col. Walter E. Lawrence, formerly manager of the firm's Los Angeles branch, has joined the New York office, 25 Broad Street. Serving in the Army Air Corp. from July, 1941, until last month, when he was released from active duty, Colonel Lawrence was in command of the 37th Service Group of the 15th Air Force Service Command.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Two weeks ago this column presented the 1944 operating results, on a per share basis, of 14 representatives fire-marine insurance companies, compared with their 1943 figures. This week similar comparisons are presented for an additional 19 representative companies. The figures are on a parent-company basis and do not include the earnings of partially or wholly owned subsidiaries. Underwriting profits have been adjusted to include the change in stockholders' equity in the unearned premium reserves.

It will be observed that seven of the 19 companies exprienced underwriting losses, Baltimore American broke even, while 11 companies showed net underwriting profits. However, these results are before Federal Income Taxes. In all except three cases, viz: Globe & Republic, National Fire and New York Fire, net investment income was sufficient to offset underwriting losses.

NET EARNINGS PER SHARE

	1943				1944			
	Net Und.	Net Inv. Inc.	Fed. Tax	Total Net Operating	Net Und.	Net Inv. Inc.	Fed. Tax	Total Net Operating
Baltimore American	—$0.14	$0.42	$0.05	$0.23	----	$0.44	$0.04	$0.04
Boston Insurance	9.52	31.74	2.44	38.82	$4.40	31.33	1.47	34.26
Franklin Fire	0.13	1.33	0.38	1.08	— 0.50	1.35	0.20	0.65
Glens Falls	2.75	1.48	1.03	3.20	1.69	1.49	0.28	2.90
Globe & Republic	— 0.63	0.86	----	0.23	— 1.72	1.12	----	—0.60
Hanover	1.16	1.54	0.59	2.11	0.28	1.59	0.10	1.77
Hartford	3.91	3.24	1.50	5.65	2.29	3.55	0.78	5.06
Home Insurance	1.76	1.45	0.91	2.30	0.25	1.44	0.17	1.52
Homestead	— 0.61	1.33	0.47	0.25	0.07	1.16	0.25	0.98
National Fire	1.42	2.36	0.01	3.77	— 2.67	2.43	*Cr*0.01	—0.23
National Liberty	— 0.13	0.37	0.03	0.21	— 0.07	0.38	0.01	0.30
New Brunswick	— 0.57	1.96	0.20	1.19	— 0.30	1.97	0.18	1.49
New York Fire	— 0.57	1.18	----	0.61	— 1.52	1.34	----	—0.18
North River	0.50	1.12	0.34	1.28	0.58	1.18	0.35	1.41
Providence Washington	1.79	1.78	0.70	2.87	0.96	1.87	0.18	2.65
St. Paul F. & M.	1.98	2.70	0.83	3.85	1.83	2.83	0.48	4.18
Security	0.39	1.52	0.01	1.90	— 0.70	1.68	0.06	0.92
United States Fire	1.41	2.63	0.81	3.23	1.41	2.68	0.74	3.35
Westchester	1.65	1.73	0.85	2.53	0.54	1.82	0.40	1.96

Moderately better total net operating profits in 1944 compared with 1943 are shown by Baltimore American, National Liberty, New Brunswick, North River, St. Paul Fire & Marine and United States Fire. As a group, however, total net operating profits in 1944 were approximately 15.5% below 1943 results. Net underwriting profits were 73% lower, net investment income 1.6% higher and Federal income taxes 48.5% lower.

A recent issue of Best's Bulletin Service shows aggregate figures for 215 stock fire companies, from which the following summarized tabulation has been derived:

	1943	1944	Change	
Capital and surplus	$1,517,596,000	$1,622,362,000	+ $104,766,000	+ 6.9%
Unearned premium reserves	816,211,000	894,623,000	+ 78,418,000	+ 9.6
Net premiums written	928,002,000	1,011,440,000	+ 83,438,000	+ 9.0
Statutory underwriting	40,460,000	—81,109,000	— 61,569,000	—152.2
Net investment income	76,471,000	81,309,000	+ 4,838,000	+ 6.3
Federal taxes	24,841,000	10,241,000	— 14,600,000	— 58.8
Dividends	66,688,000	62,577,000	— 4,111,000	— 6.2

Underwriting results are shown on a statutory basis and consequently do not reflect the stockholders' equity in the increased unearned premium reserves. The aggregate increase in this item amounts to $78,418,000, and since the stockholders' equity in this increase is conservatively assured at 40% or $31,367,000, it is clear that 1944 adjusted underwriting results, in the aggregate, approximated around $10,000,000 profit.

It is too early to attempt to prognosticate what the experience of fire-marine insurance companies will be in 1945. It is fairly safe to say, however, that investment income will probably be moderately higher than it was in 1944, as 1944 was higher than 1943. Underwriting results will depend principally on the fire record; if fire losses decline below the $423,538,000 of 1944, underwriting results should be favorably affected. Fire losses in January and February were approximately 12% higher than they were in the first two months of last year. Companies which wrote a relatively large proportion of lines other than fire, such as ocean marine, inland navigation, motor vehicle and extended coverage, which were profitable, did better in 1944 than those heavily underwritten in fire. By the same token such companies would seem to have the best prospects for 1945.

The Defects of the International Monetary Fund

(Continued from first page)

Fund. In order to explain to you our understanding of the Fund, I would like to use an illustration:

The Clearing House Analogy

Let us assume that we are visiting a clearing house in one of our large cities. Clerks for various banks sit at a high desk. Other clerks walk around the desks and deliver bundles of checks. Each bank that is a member of the clearing house delivers its checks on the other banks and receives in return the checks drawn on itself. A balance struck by the manager of the clearing house readily determines the amount of debit balances against those banks having more checks against them than they have on others and a similar amount of credits to the other banks. Soon after the clearings are made, the debtor banks give the clearing house checks on the Federal Reserve Bank in settlement of the debit balances. At the same time the clearing house issues its checks to the banks having credit balances. In this manner enormous quantities of checks are cleared daily with a comparatively small amount of actual payment of money. In other words, the amount of money needed to settle the total clearings runs about 10%. You will notice that the balances are settled in legal funds at once. These operations are taking place all over this country daily.

There was a time, however, when this method of settling balances had to be changed to meet an emergency. That was during the panic of 1907. At that time there were no Federal Reserve Banks and it was the practice of the banks to settle their debit balances by actual delivery of gold and currency. But in 1907, runs on the banks occurred and they paid out large amounts of money. When the withdrawals continued, money became scarce and some banks were unable to provide for the usual settlement of debit balances. Then a plan was devised by which the clearing house issued certificates, usually of large denomination, which showed that the bearer member bank had a credit of that amount at the clearing house and that the certificate was receivable by all members in settlement of balances. These certificates were then used in the place of money. They were issued in the following manner:

The bank short of money submitted certain of its notes receivable to a committee of the clearing house for examination and with it an application for credit with the clearing house for a given amount. If the Committee found the notes to be acceptable collateral, and found the bank's financial condition showed it to be solvent, it would enter into a contract with the bank whereby the bank pledged its collateral in return for clearing house certificates. In this manner the banks helped one another and created a credit mechanism which tided them over the crisis.

Because the clearing house exacted a stiff rate of interest the banks paid off their obligations as rapidly as conditions improved and within a few months the confidence had been restored. Money came into circulation and the clearing house certificates were retired.

Now let us compare the proposed Bretton Woods Fund with the plan the banks followed in 1907, because conditions are very similar. In normal times the nations have settled their trade balances with gold by shipment from one country to another—in principle like the banks settled before 1907, although, of course, there was no institution similar to the clearing house. But now, on account of the fact that the distribution of gold has become unequal, some of the great trading nations are unable to make settlement in gold. Just as in 1907 some of the banks were unable to get the gold or currency. It is therefore necessary to provide some sort of assistance to those countries in order to revive active multilateral world trade. So the representatives of governments have devised the Fund as the method of accomplishing this.

Consider now that the manager of the clearing house has become the manager of the Fund, and instead of the banks being the members of the clearing union, we find the 44 member nations. Of course they have no daily settlements, as the banks have in clearing their checks, but with the revival of world trade there will be innumerable transactions between countries, and as the volume of goods flows more heavily into one country than its exports flow out, that country must sooner or later settle the difference by a payment to the exporting countries in currencies acceptable to them or gold. If it finds itself short of those currencies and gold, let us suppose that it applies to the Fund which for the purpose of this illustration we will imagine is in operation and the applicant country a member.

Objection to the Fund

Now here is one of the objections we have to the Fund. The applicant does not put up collateral but merely its own note without maturity, non-negotiable and non-interest bearing, although it really pays a low interest rate in the form of charges. The note upon demand on the Fund must be converted into the currency of the country giving the note. That would be very much like a bank in 1907 putting up its note without collateral and upon demand of the clearing house substituting its own cashier's check drawn upon itself.

It seems to those of us who have long been in the banking business that that is not the way to lend money. There is no distinction between those countries having good credit based on past performance and those having a poor credit. It is the opinion of members of our Committee who have studied the plan and who have talked with members of the various delegations that many of the countries will feel that they have a right to exchange their currencies for other currencies in the Fund so long as they do not violate the purposes of the Fund, which, as you know, are so broadly drawn that there could be many different interpretations in the application of them. We think that each loan should be studied and that proper security should be taken. The authors of the Fund agreement evidently had in mind the necessity for some such program because in Article 5, Section 4, there is a provision for waiver of conditions, and in this section it says that the "Fund shall take into consideration a member's pledge as collateral security gold, silver, securities or other acceptable assets having a value sufficient in the opinion of the Fund to protect its interest and may require as a condition of waiver the pledge of such collateral security."

According to Dr. White's testimony, he believes that the managers of the Fund should inquire into the credit worthiness of the applicant for use of the resources of the Fund, but it seems evident that the representatives of other countries may very properly refer to Article 5, Section 3, in which it says that "a member shall be entitled to buy the currency of members in exchange for its own currency under four conditions," none of which refers to the credit worthiness of the applicant.

A Second Objection

This brings me to the second criticism that we have of the proposal of the Fund, namely, its ambiguity. I am sure that those of you who have studied the provisions of the Fund have found it very difficult to interpret. I ask you to compare this document with Lord Keynes' proposal for a clearing union, which was the first of these plans for stabilization of currencies.

In his plan, Lord Keynes expresses clearly the purposes for which the plan is drawn and the reasons back of them in a very lucid manner. I think it is easy to understand what his plan contemplates. In the proposal for the Fund, however, there are no explanations, but a very brief and general Articles of Association prepared in a legalistic way to such an extent that if it were a domestic corporation, we could all feel sure that before it could properly function, the courts would have to determine the meaning.

We know from experience that any contract to be successfully performed must reflect a meeting of minds. It must be apparent to any one that in the present case many compromises were made and a document was drawn which might be interpreted in different ways by different persons.

The discussions that have taken place in this country and in England are evidence that there is already a difference of understanding between two of the principal members of the Fund. Certainly the men who proposed this plan are experts in the use of the English language and they could have expressed their meaning in a way that even bankers and members of Congress might understand. One wonders why these masters of English prose did not give the world another exhibition of their talent. The answer, however, is not difficult to find. Dr. White, in his testimony here and in statements that he made at the St. Louis meeting, explained that the Fund was adopted as a bridge to close the chasm that laid between public opinion in the United States and public opinion in the United Kingdom. In our country there is still a strong feeling for hard money and the gold standard. Whereas in England there is a strong feeling against the gold standard and in favor of a managed currency. Therefore, it has been necessary for Dr. White to assure us that the Fund does not interfere with the operation of the gold standard and for Lord Keynes to emphatically inform the House of Lords that the plan is the exact opposite of the gold standard.

Unfortunately, there is no court before which this Fund agreement can be interpreted because the instrument provides that the interpretation shall be by the executive directors. In other words, the men who may differ in the interpretation must decide, or they must reach a compromise or else the Fund will end in failure. It is our belief that such will be the case, and if the Fund should fail, it will not only fail to bring about harmony in our international relations, but it will create discord and in effect be a boomerang. Again I say we are not objecting to technicalities. We are objecting to this program because we believe that it will end in failure and will bring about disharmony, and will encourage the opponents of international cooperation.

Control of Fund Criticised

The third point to which we wish to call your attention is that of the delegation of powers. Under the plan the executive director will be appointed by the President subject to confirmation by the Senate. After confirmation, his responsibility is solely to the President. The executive director may himself appoint an alternate who in his absence may accept the full authority of the executive director. This alternate must be approved by the President, but does not require the confirmation of the Senate. Now in all banking operations with which we are familiar the executive officers are required to report to an executive committee and their actions must be authorized or confirmed. We feel that the lack of this control is a very great weakness in the plan. In an institution of this character, involving as it does matters of great national importance, it seems to us that the executive director should be required to have approval from somebody, such as a committee suggested in the report of the American Bankers Association, or to Congress itself, or to some committee of the Congress. It is easy to see that the executive directors of the United States, United Kingdom and Russia can largely control the actions of this organization. We do not know what authority the other nations will give to their representatives, but if they should follow the same course that is here recommended three individuals would have greater economic powers than have ever been conferred on anybody in the world.

We realize that there must be a delegation of power sufficient to operate efficiently and promptly, but we urge that some body of control be required which will have authority over our executive director.

Fund Tends Toward Managed Economy

In concluding my statement, I wish to call attention to what to me is the most dangerous aspect of the Fund and that is its tendency towards managed economy and that is totalitarianism. If, as Dr. White feels, the Fund should exercise strong control over its members and its members should acquiesce in that control, then we would have in operation a body which to a degree managed the economy of each member country. As you will see on studying the plan, any member country following the instructions of the management of the Fund will in turn have to apply very close management of exchanges in its own country. For example, take the reference to the transfer of capital funds and the agreement of one country to assist another in carrying out its transfer of capital funds. It will evidently be necessary to have almost complete control of all foreign exchanges. Everyone having foreign exchange transactions of any consequence will have to give proof satisfactory to some agent of government that it will be consistent with the government's regulations about about control of capital funds. If we in this country should not attempt to control the flow of capital funds, believing it better to have free and unhampered exchanges, we are bound by the agreement to assist any other country, which, as now, will readily institute exchange controls over capital transfers. Some commentators on this believe that it may be necessary to even continue the censorship of mail in order to live up to a member's obligations to the Fund.

Fund Will Require Control of Foreign Exchange

It is our opinion that the Fund cannot successfully operate except by the use of extreme powers which will in turn require the members to manage meticulously foreign exchange transactions. Or, in other words, we see here an economic super-state imposing its will on its members and the members in turn adopting or extending a program for managed currency. Now we have all been told that a benevolent despot is the best government, and as long as the Fund is operated wisely there will probably be little trouble, but it requires a large degree of optimism to believe that all 44 nations will at all times be satisfied with the actions of the Fund. If they feel badly treated or dissatisfied with the operations of the Fund, they have a right to withdraw. That privilege applies, of course, to the United States, but as we are today the most favored nation in the way of liquid resources, our withdrawal would, no doubt, endanger the Fund and most likely would bring about international discord, the very thing that we are now attempting to prevent.

In conclusion, I would like to emphasize the sacredness of the trust which we in the United States hold. By reason of our wealth, our natural resources and our industrious people, we can make a great contribution to the well-being of the world. If we act wisely we can help others as well as ourselves. If we act foolishly, we can bring harm not only to the world but to ourselves as well. It is for that reason that we urge you to postpone action on the International Monetary Fund and to adopt the plan for the International Bank for Reconstruction and Development, with its terms amended, as will be later explained to you in detail.

N.Y. Stock Exchange to Compile Credit Data

The Board of Governors of the New York Stock Exchange on March 23 asked member firms to report each month the amount of credit being extended on securities to customers of member firms carrying margin accounts; the amount of such credit being extended on U. S. Government obligations; the amount of their customers' free credit balances; and the amount of cash such firms have on hand and on deposit with banks.

The reports are to be submitted to the Exchange as of the close of business on the last business day of each month. The reports are to be filed as promptly as possible after the end of each month but not later than the fifth full business day of the following month.

The Exchange will consolidate the reports and make public the data monthly.

Industrial Trust of Providence Issues Rts.

G. H. Walker Underwriter

The Industrial Trust Co., Providence, R. I., is offering to its stockholders 50,000 shares of new capital stock (par $20). The stock is being offered in the ratio of one new share for each four shares held, at $42 per share. Stockholders of record March 30, 1945, are entitled to subscribe for this stock at any time up to 12 o'clock noon April 21, 1945. Such stock as is not subscribed for by stockholders will be sold to G. H. Walker & Co., investment security dealers, and a group of associated dealers, for resale to the public.

G. H. Walker & Co. and the associated dealers plan to maintain a market for the rights during the period they are outstanding.

The new stock will be issued and dated on or about May 1, 1945 and will not be entitled to receive such dividend as may be declared payable on May 1, 1945.

The Trust Company, through its charter, as amended, has an authorized capitalization of $5,000,000. At the present time $4,000,000 of common capital stock has been issued which is divided into 200,000 shares with a par value of $20 each. On March 27, 1945, the board of directors voted to issue the remaining $1,000,000 of stock authorized but not yet issued by the sale of 50,000 additional shares.

In the opinion of Messrs. Hinckley, Allen, Tillinghast & Wheeler, legal counsel for the Trust Company, the shares offered have been duly and properly authorized, and, when issued pursuant to such authorization, will constitute valid stock, fully paid, non-assessable, and not subject to double liability.

The Trust Company is the largest banking institution in Rhode Island. On the list of the hundred largest banks, (exclusive of mutual savings banks) compiled by the American Banker as of Dec. 30, 1944, it ranks third in New England and seventy-first in the nation. It has the largest amount of savings deposits of any financial institution in Rhode Island.

As of Dec. 30, 1944, the Trust Company was administering trust department assets with a book value aggregating approximately $121,000,000.

Sees Russia Important Factor in World Trade

(Continued from page 1373)

many billions of dollars that have been so extensively quoted, or that this policy will be continued indefinitely. Capital cannot continue to flow indefinitely in one direction unless there is some chance that the flow of goods and services in the other direction will offset it. Trade is an exchange, and to talk about a one-way 'exchange' just doesn't make sense.

"The economic consequences of the war will require of Russia two things. One is the immediate reorganization of the transportation system; the other is the early re-equipment of agriculture with machines and other means of production, in order to provide the minimum food requirements of the industrial areas. For a short period following the war, Russia will buy tremendous quantities of transportation materials and agricultural equipment, including supplies for plants manufacturing these items in Russia. To a smaller extent, purchases of foodstuffs, seeds, breeding cattle and so on should be expected.

"These first purchases are essential. Russia will finance these imports with loans wherever loans are forthcoming; but she will not hesitate to buy on a cash basis. Deliveries will be needed immediately, and orders will be placed with those countries able to deliver without delay.

"Beyond this early period Russia will need practically unlimited quantities of all types of capital goods and equipment. Russian plans to expand her economic base in the Far East will require shipments of industrial supplies in almost endless quantities—if they can be financed. It is in connection with these needs that the question of medium and long-term loans will become most important."

Mr. Zelomek concluded that "both Canadian and United States exporters have a right to be optimistic about the possibility of trade with Russia, but it is not safe for them to take an uncritical attitude or to believe all the wild estimates that they may hear. Their thinking will be more realistic if they divide the trade outlook into two categories. Regular trade, conducted on a commercial basis similar to that of pre-war, will return to pre-war figures only gradually, and this return will depend on Russia's ability to export. Additional trade will consist of Russian imports of capital goods financed by medium and long-term loans. The volume of this additional trade depends almost entirely on long-term political stabilization. No private banker will be sure after this war what the state of affairs will be 10 or 20 years from now. If there are clashes between conflicting interests in the Far East, international loans to Russia at a later date may be much less than now expected."

Wheeling Steel Corp. Bonds Offered Publicly

A banking group headed by Kuhn, Loeb & Co., on March 27, offer a new issue of $24,000,000 first mortgage sinking fund 3¼% bonds, series C, of Wheeling Steel Corp. The bonds mature March 1, 1970, and are priced at 103% and accrued interest.

Net proceeds from the sale of these bonds, together with proceeds of a bank loan and other required corporate funds, will be used to retire, at 102½% and accrued interest, $30,000,000 first mortgage sinking fund 3½% bonds, series B, presently outstanding.

Other members of the underwriting group include Lee Higginson Corp.; Harriman Ripley & Co., Inc.; Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Lazard Freres & Co.; Mellon Securities Corp.; Smith, Barney & Co.; Drexel & Co.; Hornblower & Weeks; Kidder, Peabody & Co.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; Stone & Webster and Blodget, Inc.; Union Securities Corp.; Estabrook & Co.; Whiting, Weeks & Stubbs; Moore, Leonard & Lynch; Singer, Deane & Scribner; A. E. Masten & Co.; Glover & MacGregor, Inc.; Graham, Parsons & Co.; Stroud & Co., Inc.; Alex. Brown & Sons; Baker, Watts & Co.; Stein Bros. & Boyce; Mackubin, Legg & Co.; Hayden, Miller & Co.; McDonald & Co.; Merrill, Turben & Co.; Curtiss, House & Co.; Field, Richards & Co.; The First Cleveland Corp.; Maynard H. Murch & Co.; A. G. Becker & Co., Inc.; A. C. Allyn & Co., Inc.; Central Republic Co., Inc.; Harris, Hall & Co., Inc.; H. M. Byllesby & Co., Inc.; Kebbon, McCormick & Co.; Bacon, Whipple & Co.; William Blair & Co., and The Illinois Co.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of the late Ralph S. Richards to Nathan K. Parker will be considered by the Exchange on April 5. Mr. Parker will continue as a partner of Kay, Richards & Co., Pittsburgh.

Privilege of Henry J. Lemmermeyer to act as alternate for Charles F. Havemeyer of Homans & Co. was withdrawn as of March 22. Mr. Lemmermeyer has acquired the Exchange membership of Arthur E. La Branch.

A. O. Van Suetendael & Co., Yonkers, New York, will retire as an Exchange member firm as of March 29.

Alfred I. Preston will retire from partnership in Mitchel, Whitmer, Watts & Co. as of March 31.

Charles R. Butler, partner of Moore & Schley, died on March 18.

Interest of the late Herbert L Mills, Exchange member, in Dick & Merle-Smith, ceased as of Feb. 26.

Canadian Securities

By BRUCE WILLIAMS

The proposal by Finance Minister Ilsley to Alberta's Premier Manning that the Dominion Government is willing to cooperate with the province in the rehabilitation of Alberta's credit, provided that the province fully recognizes interest arrears and also the contractual coupon rates, completely changes this situation, especially when it appears that Premier Manning has taken on himself the responsibility of spurning the Federal Government's offer of assistance and has taken a narrow political course in satisfying those fanatics of weird monetary doctrines within the Social Credit party.

Thus it appears that in the interests of party politics Mr. Manning is willing to jeopardize indefinitely not only the credit standing and future prosperity of his own province but he also stands in the way of the Dominion attaining that proud position where it could be said that the credit standing of all governments within Canada is intact.

Therefore, although the Dominion Government and the Alberta Bondholders' Committee have taken a somewhat belated stand, nevertheless the bondholders in general can now render signal service to Canadian financial prestige, and make a notable contribution towards a full development of Alberta's great natural resources by throwing their wholehearted support behind Mr. Ilsley in his insistence on a full restoration of the credit of Alberta.

On the political front the feature of the week was the overthrow of the Progressive Conservative Government of Ontario, instigated by the irrepressible Liberal leader Mitchell Hepburn, and brought about by a coalition of Liberals and members of the C. C. F. Following the ensuing provincial election it is to be hoped that the Conservative leader, Colonel Drew, will abandon his narrow course of unreasoning opposition to Federal policies, which forced him on so many occasions into contradictory positions, and which led eventually to his defeat. If, as is expected, he is restored to power, he can profit by past mistakes by looking beyond his provincial borders and following the example of Prime Minister Churchill in sounding a national call for the restoration, in the post-war era, of unfettered individual enterprise.

In a young dynamic country such as Canada, the fostering of the pioneer spirit is essential, without which the country can not attain the high destiny which those, blinded by bureaucracy, provincialism, and the narrow concepts of sterile socialism, can not see.

Turning to the market for the past week, the factors previously mentioned commenced to exercise their influence, and although prices were well maintained, there was a decided diminution of activity throughout the list. High-grades were neglected, and whatever interest was displayed was confined to Albertas and Montreals, in which issues there still appears to be scope for further eventual improvement.

Internals also were dull and free funds were inactive around 9⅞% discount, totally unaffected by the currency battle of Bretton Woods. In this connection, it is to be hoped that the increasing opposition to the International Monetary Fund will not prevent ultimate agreement on a universal currency stabilization scheme. However, the general opinion is shared that any international currency plan agreed upon should be put into operation by practical bankers and business men with adequate experience of international finance.

With regard to the possible future course of the market, it should be repeated that in view of the generally high level of prices and the imminence of the Eighth Victory Loan and the General Election, caution should be exercised in the taking of new commitments.

Aireon Mfg. Co. Places 150,000 Preferred Shares

The offering of 150,000 shares of 60 cent cumulative convertible preferred stock of Aireon Manufacturing Corp., made March 23, by a banking group headed by Reynolds & Co., was quickly oversubscribed and the books closed, the bankers reported. The stock was priced at $11.375 a share. The proceeds will be added to the general funds of the company.

Other members of the underwriting group were Henry F. Swift & Co.; Herrick, Waddell & Co., Inc., and H. O. Peet & Co.

Cleveland Stock Exch. Standing Committees

CLEVELAND, OHIO—At its regular monthly meeting held on March 19, the Board of Governors confirmed the following appointments by the President to the Standing Committees:

Executive Advisory Sommittee—W. Yost Fulton, Chairman, Maynard H. Murch & Co.; John D. Burge, Bell, Burge & Kraus; John S. Fleek, Hayden, Miller & Co.; Charles B. McDonald, McDonald & Co.; Charles B. Merrill, Merrill, Turben & Co.

Stock Listing Committee—Russell I. Cunningham, Chairman, Cunningham & Co.; A. J. Stiver, Saunders, Stiver & Co.; John P. Witt, John P. Witt & Co.; E. E. Parsons, Jr., Wm. J. Mericka & Co.; W. E. Beadling, Beadling & Co., Youngstown; L. J. Schultz, L. J. Schultz & Co.

Rules and Arbitration Committee—R. A. Gottron, Chairman, Gillis, Russell & Co.; A. R. McClintock; Daniel Baugh, III, Gordon Macklin & Co.; R. W. Snyder, John P. Witt & Co.

Membership Committee — S. Prescott Ely, Chairman, Curtiss, House & Co.; Gordon S. Macklin, Gordon Macklin & Co.; Theodore Thoburn, Hayden, Miller & Co.

Public Relations Committee—Morton A. Cayne, Chairman, M. A. Cayne & Co.; L. O. Birchard, Prescott & Co.; D. P. Handyside, Maynard H. Murch & Co.; E. E. Finley, Finley & Co.

Arrangements Committee—Paul Gaither, Chairman, Gillis, Russell & Co.; Norman V. Cole, Ledogar-Horner Co.; W. J. Carey, Gunn, Carey & Co.

Finance Committee — Daniel Baugh, III, Chairman, Gordon Macklin & Co.; R. A. Gottron, Gillis, Russell & Co.; D. A. Hawley, Hawley, Shepard & Co.

Ohio Valley IBA Group Officers & Committees

CINCINNATI, OHIO—The Ohio Valley Group of the Investment Bankers Association of America announces that the following

Thomas Graham

have been elected officers for the coming year:

Thomas Graham, Chairman, The Bankers Bond Co., Louisville, Ky.

Ewing T. Boles, Vice-Chairman, The Ohio Co., Columbus, Ohio.

Chester A. Lucas, Secretary-Treasurer, Stein Bros. & Boyce, Louisville, Ky.

The following committees have been appointed by the group.

Executive Committee

Robert B. McDowell, Blyth & Co., Louisville, Ky.

C. T. Diehl, Provident Savings Bank & Trust Co., Cincinnati, Ohio.

Anthony J. Armbrust, Merrill Lynch, Pierce, Fenner & Beane, Cincinnati, Ohio.

J. Austin White, J. A. White & Co., Cincinnati, Ohio.

Senator Stanley G. McKie, Governor ex-officio, The Weil, Roth & Irving Co., Cincinnati, Ohio.

Legislative Committee

James R. Burkholder Jr., Chairman, Almstedt Bros., Louisville, Ky.

Ewing T. Boles, The Ohio Co., Columbus, Ohio.

C. T. Diehl, Provident Savings Bank & Trust Co., Cincinnati, Ohio.

J. Berges Reimer, B. T. Moore & Co., Louisville, Ky.

Harry R. Niehoff, The Weil, Roth & Irving Co., Cincinnati, Ohio.

Educational Committee

Reamy E. Field, Chairman, Field, Richards & Co., Cincinnati, Ohio.

Campbell S. Johnston, W. E. Hutton & Co., Cincinnati, Ohio.

Berwyn T. Moore, B. T. Moore & Co., Louisville, Ky.

J. A. White, J. A. White & Co., Cincinnati, Ohio.

Maxwell Fuller, W. E. Hutton & Co., Cincinnati, Ohio.

Howard H. Banker, C. J. Devine & Co., Cincinnati, Ohio.

Meetings and Entertainment Committee

Robert B. McDowell, Chairman, Blyth & Co., Louisville, Ky.

Mrs. Ora Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.

O. W. Hirschfeld, Stranahan, Harris & Co., Cincinnati, Ohio.

James M. Hutton, W. E. Hutton & Co., Cincinnati, Ohio.

W. L. Lyons Jr., W. L. Lyons & Co., Louisville, Ky.

Henry J. Hoermann, Provident Savings Bank & Trust Co., Cincinnati, Ohio.

Douglas W. Hill, Hill & Co., Cincinnati, Ohio.

Municipal Securities Committee

J. G. Heimerdinger, Chairman, Walter, Woody & Heimerdinger, Cincinnati, Ohio.

Chester A. Lucas, Stein Bros. & Boyce, Louisville, Ky.

J. E. Sohn, Lincoln National Bank, Cincinnati, Ohio.

Marion H. Cardwell, J. J. B. Hilliard & Son, Louisville, Ky.

Kentucky Municipal Committee

Harry R. Niehoff, Chairman, The Weil, Roth & Irving Co., Cincinnati, Ohio.

Wood Hannan, The Bankers Bond Co., Louisville, Ky.

James W. Chandler, Stein Bros. & Boyce, Louisville, Ky.

Joe Hillman, W. L. Lyons & Co., Louisville, Ky.

Membership Committee

Howard H. Banker, Chairman, C. J. Devine & Co., Cincinnati, Ohio.

Milton S. Trost, Stein Bros. & Boyce, Louisville, Ky.

Robert Reed, Hill & Co., Cincinnati, Ohio.

J. D. Van Hooser, J. D. Van Hooser & Co., Lexington, Ky.

Edward M. Battin, The Ohio Co., Columbus, Ohio.

John J. DeGolyer Co.

ROCHESTER, N. Y.—John J. DeGolyer is doing business in municipal, corporate bonds, and over the counter securities, under the firm name of John J. DeGolyer Company. Offices are at 42 East Avenue. In the past Mr. DeGolyer was a partner of Howlett & DeGolyer.

Courts & Co. Adds Neilson To Staff

ATLANTA, GA.—Courts & Co., 11 Marietta Street, N. W., members of the New York Stock Exchange and other Exchanges, announce that Russell F. Neilson has joined their organization, with headquarters at the LaGrange, Georgia office.

Who Gets the Money And How Much?

(Continued from first page)

more materials and equipment, all of which create more employment. So far as social justice is concerned, the only portion of corporation earnings we need to consider is the portion paid out in wages, salaries, dividends, bonuses and interest—all of which are included in the personal income figures. The whole story of economic justice or injustice is found in personal income figures, so far as it can be reckoned in terms of money.

Here are the figures published by the Bureau of Internal Revenue for the last pre-war fiscal year *1939 showing the number of individual income tax returns, with net income, by net income classes (omitting the non-taxable returns), the aggregate income and total tax paid by each income class:

NET INCOME—INDIVIDUALS

Net Income Classes—	Number of Returns	Net Income (Round figures)	Total Tax Paid
Up to $5,000	3,213,948	$7,766,939,000	$88,968,000
$5,000 to 6,000	191,873	1,047,810,000	18,683,000
6,000 to 7,000	119,235	770,461,000	17,206,000
7,000 to 8,000	76,203	568,659,000	15,817,000
8,000 to 9,000	52,207	442,394,000	15,096,000
9,000 to 10,000	39,122	370,719,000	14,668,000
10,000 to 15,000	100,401	1,211,865,000	63,007,000
15,000 to 20,000	40,011	687,928,000	48,811,000
20,000 to 25,000	20,796	463,513,000	41,709,000
25,000 to 30,000	11,820	322,650,000	35,604,000
30,000 to 40,000	12,791	439,454,000	59,441,000
40,000 to 50,000	6,343	282,304,000	46,520,000
Over 50,000	11,668	1,176,296,000	425,404,000
Totals	3,895,418	$15,550,992,000	$890,934,000

These are very interesting figures. As they cover all personal incomes in America above exemptions they must include monopoly profits, tariff profits, and all other kinds of profits, so far as these profits go into the hands of individuals.

Where in this schedule of incomes would one look for the monopolists, the tariff beneficiaries, the interlocking directors, the rich bankers and profiteers in general? The chances are that most of them would be found in the $25,000 and over income groups. No sensible person would say that everybody with an income of $25,000 or more has obtained it unjustly by exploiting his fellowmen. Nevertheless, suppose we say, for sake of the argument, that all incomes over $25,000 are the result of profiteering or exploitation. Suppose we had passed a law that all excess income over $20,000, after taxes, be taken away and distributed—not to any group shown in the schedule, but to the low-income group whose earnings were below exemptions in †1938, and who therefore do not appear in the schedule. How much would the low-income group have been benefited by the distribution of that surplus?

"*Statistics for Income for 1939"
†Single $1,000, married $2,500.

	(round figures)
Number of personal incomes over $25,000	42,622
	Millions
Total of personal incomes over $25,000	$2,220
Income taxes paid by this group	567
Total incomes of this group less taxes	$1,653
Deduct 42,622 incomes at $20,000	852
Surplus	$801

What to Do With $801 Million?

Now let us divide this $801 million, not among the other groups in the schedule, but among the people who paid no income tax because their incomes were below exemptions—the group we want to help.

The generally accepted figure for the total of all personal incomes in that year was roughly $70 billion. The total incomes of all persons who paid income taxes was $15 billion. This leaves $55 billion as the total of the personal incomes of the low-income group who paid no income tax.

Dividing the excess of $801 million proportionately among this group whose incomes totalled $55 billion would increase the incomes of this non-taxpaying group $1.45 per $100 of income. The man with an income of $1.600 would receive an extra of $23.20 a year—$2.00 per month—one chocolate bar a day!

Or suppose we push the limit back to $10,000, after taxes, and distribute the surplus in the same manner:

Number of personal incomes over $10,000 before income taxes	203,830
	Millions
Total of personal incomes over $10,000	$4,584
Income taxes paid by this group	720
Total incomes of this group less taxes	$3,864
Deduct 203,830 incomes at $10,000 each	2,038
Surplus	$1,826

If this surplus of $1,826 million had been collected and divided among the same low-income group, it would have increased the incomes of this group $3.30 per $100 of income. The man who had an income of $1,600 would have received an extra of $1.01 a week!

It would be ridiculous to say that all personal incomes over $5,000 are the result of monopoly, or tariff, or profiteering of some kind, but if we went that far the increase in earnings to the same low-income group would be 5 cents on the dollar of their annual earnings—$75 on $1,500. That is what they would receive THEORETICALLY, but not actually, because long before we could readjust our national affairs to the $5,000 limit, the whole economy would crash in a wild bedlam of unemployment and starvation. (For any war year, owing to higher earnings of the low-income group, and the greatly increased taxation on all other groups, the possible gains to low-income receivers from such a distribution would be much less than these pre-war figures.)

We now have a clear picture of the effect on personal incomes produced by **all** forms of so-called "economic injustice." Whatever financial advantages there are in so-called "monopolies," in patents, in tariffs, in the whole private enterprise system, are not concentrated in the hands of a few but are diffused and distributed throughout the whole population in wages, taxes and prices of goods.

Incidentally, an analysis of income figures in Canada, and in Great Britain, shows that the pattern of their income distribution is practically the same as that of the U. S. A.

Where Is the Exploitation?

Here is clear proof that our present system of business and finance **automatically** distributes the total production of goods and services, measured in dollars and cents, in a manner that is within 5% of complete equity (not equality, which nobody wants). If one is willing to admit that **half** the people who have incomes of $5,000 or over have probably earned their incomes honestly, without injustice to their fellowmen, he can say without hesitation that **all** these items of so-called "exploitation" put together do not affect the earnings of the low-income group more than 2 cents on the dollar of their earnings.

The people are not being robbed by monopolies, by tariffs, by interlocking directorates, by the money system, or any other device; the common statement that business, banks and government are all operated "for the benefit of a few, and to the disadvantage of the many" is completely disproved.

This analysis is concerned entirely with incomes and not with accumulated wealth. Some reformers call for a redistribution of wealth, which is generally conceived as being money in a bank. Credit balances in the banks are but a small portion of the wealth of the country. Most of it consists of buildings, railroads, machinery, tools, materials—physical things which could not be divided among the whole population.

The only way wealth could be distributed would be by giving each individual **a stock certificate** for a share in the national wealth. But this certificate would be worth nothing if it did not pay dividends, which come from profits. It makes little difference who holds the certificates—what matters is, who gets the income from the certificates, and how much? Nothing could be accomplished by distributing "wealth" that is not now accomplished by distributing the income produced by this wealth. That is what makes the schedule of income so important—it shows where the income goes, and enables us to measure exactly whatever inequality there is in its distribution.

Most of the inequalities in income, not all, are the result of differences in intelligence, skill, disposition, and experience. Progress for the individual goes on steadily as he increases his intelligence, his skill, the quantity and quality of his production of goods or services. While the **average** standard of living for the nation as a whole moves forward slowly, individuals have abundant opportunity to improve their position, and are doing it by the millions every year. The important point is that these individual inequalities are not the result of an unsound or unjust **system,** and there is no ground anywhere for supposing that a change from private ownership to government ownership of everything would improve our living standards.

Distribution Is Not Our Problem

In these figures we also find the answer to the common statement that we have solved the problem of production, but have not solved the problem of distribution. The statement is wrong on both counts. The people have **not** produced enough goods and services to give themselves the standard of living they want, but they **have** solved the problem of distributing equitably more than 95% of all that is produced.

It is good to know that the so-called "injustice" of our present social order is of such puny dimensions. Granting that this is an imperfect world and that there are many instances of handicaps which we must be diligent to remove, it still remains that the way of life to which we are accustomed, which we call private enterprise. with all its hard work, and difficulties, and accidents, and unforeseeable emergencies, has served us extremely well. There is no essential injustice in the system. It provides opportunity for individual progress on reasonably fair terms, and produces results according to the intelligence and character of the people who use it.

This is not an argument for standpatism. There are excellent opportunities ahead of us for larger and finer living, but they are not to be gained by taking from one group and giving to another, because this small group of the rich and well-to-do have not enough to be of any importance when it is divided among the many.

How then are we to raise the standard of living? By steady employment of all who are able and willing to work, not in make-work jobs, but in the efficient production of necessary, useful, saleable or exchangeable goods and services, the responsibility for which does not rest upon employers alone but requires the intelligent co-operation of the whole people; by increased production per capita through training, better machinery, and better methods; by pulling together in a spirit of goodwill and fair play. Tax reform is highly important, but that is another story, which must wait for peace days.

It is quite clearly useless to expect an improvement in our affairs to come about through "soak the rich" legislation—that idea is as bare as Mother Hubbard's cupboard. We can have more and better of everything—by **producing** it—the wage-and-price system **will continue to distribute** the purchasing power to buy the goods with a very close approximation to complete equity.

A number of popular theories are now seen to be entirely untenable and some ambitious projects impossible:

(1) Taxation experts no longer have any basis for using taxation as a "social instrument" for the redistribution of wealth—what are they going to redistribute? And how much?

(2) Social workers are brought face to face with the fact that money for social services must come mainly from the same low income group they are trying to benefit, because 90% of all personal income in the U. S. A. is in the hands of people whose incomes before taxes are $5,000 a year or less—the excess earnings of the rich and well-to-do are negligible as sources of funds for an over-all social security program.

(3) The "soak-the-rich" demagogue, in high places and low, loses his stock in trade.

(4) The economic basis of Marxian Socialism turns out to be a mirage.

The key to progress is not found in the redistribution of money—nor in the increase of money—but in making a day's wages buy more through the elimination of waste, especially the waste of manpower. It is difficult to draw a straight line between producers and non-producers, but there is no doubt that "overhead" percentages in our national life are too high. We need some new criteria of utility.

Sprague Electric Stock Offered by F. S. Moseley

Public offering of 130,000 shares of common stock, at a price of $15.50 per share was made March 22, by a banking group headed by F. S. Moseley & Co., and including Paine, Webber, Jackson & Curtis; Paul H. Davis & Co.; Kidder, Peabody & Co.; R. W. Pressprich & Co.; Reynolds & Co. and Mackubin, Legg & Co.

Of the shares currently offered 50,000 represent new financing by the company and 80,000 shares are for the account of present shareholders.

Proceeds of the shares sold by the company will be used, in part, to provide funds for the retirement of all the presently outstanding preferred stock so that capitalization will consist of $1,000,000 of 3¾% debentures due Oct. 1, 1954, and 446,525 outstanding shares of common stock.

Cartels Imperil Economic Progress

(Continued from page 1382)

any more than a nation can survive "half free and half slave." Once we start to regiment through allocations, price fixing and production controls our activities in the foreign field, we, of necessity, will have forced upon us by the Government, restrictive measures upon operations falling wholly within the domestic field.

False Arguments for Cartels

Turning to the arguments advanced in behalf of the negotiations of these super-state cartels we find the contention that cartels are a necessary device to safeguard industry and invested capital against unfair and destructive competition and the wastes which result from wide fluctuations in industrial activity—that they serve to permit the orderly development of industries and stabilize prices.

Now all of that argument begs the question of what is best for the general welfare. Like the League of Nation's definition that: "Cartels are associations of independent undertakings in the same or similar branches of industry established with a view to improving conditions of production and sales", it fails to state to whom the benefit or improvement accrues. The answer is obvious, since the primary purpose of cartels is to restrict competition. Competition, bringing better products at lower prices, benefits the consuming public. So whatever restricts competition in the long run harms the public welfare. Price stabilization usually means the establishment of a rigidity designed to protect high cost and marginal producers. It destroys incentives for low cost policies. Thus, cartels operate against the smaller or relatively newer enterprises which, through increased efficiency, are challenging the position of larger and older enterprises when the latter have become water-logged through plant obsolescence and inefficiency.

Professor Anton de Haas of the Harvard Business School in a recent defense of cartels distributed ironically, by an organization calling itself "American Enterprise Association", cities all of these justifications for cartels. He also attributes to the cartel the virtue of providing "equality of opportunity." This phrase contradicts itself. Since all men differ in talent, initiative and industry, creation of "equality of opportunity" would shut the door of opportunity for the efficient, and drag them down to the level of the inefficient.

Much written in defense of cartels makes little sense to me. We find, for instance, Milo Perkins, former Executive Director of the Economic Warfare Board, concluding a recent magazine article with the assertion that: "Where we cannot eliminate cartels, we must gradually perfect ways to make them into instruments which serve the public interest." But at the beginning of the article, emphasized by italic type, Mr. Perkins states: "All cartels are in business to keep prices at levels which could not be held if free competition existed." In other words, Mr. Perkins in one breath asserts cartels are devices for rooking the public, and in the next breath that such devices can be made to serve the public interest.

Another group asserts that although in normal times cartels may be undesirable, they are necessary devices for short terms in periods of depression to prevent the too precipitious drop in price levels, which have disastrous consequences. I suppose that here and there a showing of facts could be made to sustain that conclusion. But it also could be demonstrated that the operation of cartels creates depressions and prolongs them. The danger in resorting to cartels during emergencies is that the cartel survives after the real emergency has passed.

Aside from all of that, however, it is significant this argument is put forth at this time by the cartel advocates. This country does not face a post-war depression. This approach to post-war problems is illustrative of the defeatist attitude marking the economic thinking in Washington during the last 12 years. Too much Washington planning is being done under the shadows of the past. These planners should approach the problem in a venturesome spirit determined to seize upon the great opportunity presented for a dynamic expanding economy, the only hope for the restoration of full employment in this country.

Cartels and Peace

Some argue that American participation in super-state cartels is necessary to assure lasting peace. I remind them it was cartels, subsidies, unduly high tariffs, bartering and governments trading with other governments, which generated so much of the economic friction preceding this war. The cartel idea had its origin in Germany. When Adolf Hitler seized power he found in the cartel system a completely forged weapon for his program of rearmament and war.

This peace argument is based upon a corollary contention that they are necessary to expand world trade. Actually cartels operate to contract world trade. At best, they might serve to transfer markets from one nation to another without increasing the total of world trade. But if the ills of the world are to be healed through international trade, then the volume of international trade must be expanded. New consumer markets must be created and this can be done only through the production of better goods for sale at lower prices.

A healthy foreign trade is essential to our well-being as well as that of the rest of the world. Our Government should be vigilant in opening and preserving trade opportunities abroad for American business and every effort, compatible with our national interest, should be made to expand world trade. Our volume of world trade, proportionately small as it has been, is of great importance to our economic life, particularly to those industries largely dependent upon export business. But this foreign trade is not worth the price, if that price is abandonment of our competitive enterprise system and placing our domestic economy in a totalitarian strait-jacket.

Cartels Not Inevitable

Finally we hear it said our participation in super-state cartels is inevitable. This argument goes that most of the world has embraced cartels and there is nothing that we can do about it. Thus, we are urged to climb abroad the cartel bandwagon, even though it means the destruction of a system at home which has given our people the highest standard of living ever achieved anywhere at any time upon this earth.

As Friedrich Hayek wrote in his excellent book, "The Road to Serfdom", nothing in social evolution is inevitable unless thinking makes it so. Who can be certain that other nations will remain wedded to the cartel system? Events in Europe have not progressed far enough to indicate definitely the political and economic desires of the people upon the European continent. Nor are the English united in support of cartels. Only last week Prime Minister Winston Churchill called upon the Conservative Party to make private enterprise versue collectivization, and liberty versus controls, the issues of the forthcoming election. The London Economist weekly thunders that cartels and other forms of collectivism are will o' the wisps leading Britain to disaster.

Assume that we must live in a world which outside our borders is wedded to the cartel system. Then we should use our great economic power to give world leadership and direction toward a more universal adoption of the competitive enterprise system. For instance, when the war in Europe ends, there will be billions of dollars of Lend-Lease materials that can be converted to peaceful industrial use—perhaps as much as thirty billions worth. In disposing of that surplus material in the countries in which it is stored, let us attach a condition that none of it may be sold or given to any enterprise that is a party to any cartel arrangement. There have been suggestions in Congress that the surplus war material in this country should not be sold to monopolistic enterprises. There is no reason for any less exclusive requirement for the disposal of surplus materials abroad.

Again, why should not Congress enact legislation making it unlawful for America to lend money to foreign enterprises participating in cartel arrangements. Such action would apply to foreign loans the prudence and common sense exercised at home by bankers against lending to enterprises engaged in practices destructive of their markets.

A Suggested Proviso For Bretton Woods

Pending before the Senate are the Bretton Woods Monetary Agreemtns. One of thesse provides for the establishment of the International Bank for Reconstruction and Development with a capital of eight billion eight hundred million dollars, of which this Givernment would be obligated to provide two and three quarters billions of dollars. In ratifying that agreement, why should not the United States Senate attach a reservation providing that no part of this sum may be loaned to any enterprise participating in cartel arrangements. We also could shut out of our rich market foreign monopolists set on discriminating against us and thereby driving us into a totalitarian economy. I am not proposing that any of these things be done. I merely suggest courses of action open to us as protective measures against countries, if any there be, attempting to strong-arm us into cartel arrangements.

In conclusion, I appeal to you gentlement to proclaim on every occasion your faith in our competitive enterprise system; to demonstrate by fact and example the superiority of this system over the programs of the collectivists and totalitarians; to scrutinize with realistic eyes schemes that are abeled "free enterprise", but which might well undermine our competitive enterprise system, ending the best hope we have for economic progress, high levels of employment, and a rising standard of living.

Let us not be beguiled by emotional appeals and glittering promises, but let us give sober reflection to the Wall Street Journal's recent observation that "No people ever entered the compulsory state through a door on which the price of admission was plainly posted." Through the doors of super-state and government-controlled cartels lies the road that leads to Nationalism, Isolationism, Totalitarianism, and finally, to another disastrous war.

Bizerte Being Rebuilt as Modern City

Reconstruction plans for ancient Bizerte, France's most important seaport in the Mediterranean, provide for a new and modern city. The heaps of rubble to which the city had been reduced during the furious battle of Tunis in which the Allies waged such a brilliant campaign, have now been cleared away and rebuilding has begun.

Forty modern houses have already been completed and it is expected that housing accommodations for 10,000 residents will be finished by the end of the year. Building schedules for 1946 should take care of another 25,000.

This work is being rushed as much as possible since the terrible devastation of the Tunisian phase of the war had made most of the city's population homeless and their suffering has been acute: thirty-five thousand people were left without shelter of any kind, and another 10,000 huddled in the comparatively few buildings which were only partially, not completely, wrecked.

The reconstruction program for Bizerte, one of the most ancient cities in Africa, which has been conquered innumerable times through the centuries by the Phoenicians, Vandals, Arabs, Turks, Romans, Spaniards and Barbary pirates, includes an excellent system of transportation and communications. New Moslem quarters will be erected on either side of the narrows and the seaport itself is to be surrounded by a pine forest.

W. R. Bull Co. to Be Smith, Ramsay & Co.

BRIDGEPORT, CONN.—W. R. Bull & Co., 207 State Street, announce that effective April 2, 1945, the name of their company will be changed to Smith, Ramsay & Co., Inc. This represents no change in management, policy or personnel.

Directors who have been with the company an average of 22 years are William R. Bull, Joseph E. Miller, DeWitt C. Ramsay, Andrew R. Smith, Ralph L. Talbot and Thomas H. Trelease.

Branch offices of the firm are located in New Haven and Shelton.

Mutual Funds

Formula Plan Investing

As a result of the publicity given to successful formula plans in operation by leading college endowment funds, much favorable attention has been drawn to formula plan investing in recent years. **Keystone Corp.**, so far as we know, is the first among investment company sponsors to suggest the use of this principle in the purchase of mutual investment funds.

Keystone Corp. has published a folder describing formula plan investing which sets up in detail the procedure to follow in operating a "Seven Step Formula Plan." With the folder is provided a worksheet for periodic rebalancing of the account. An Investment Time Table is also provided which shows the respective points on the Dow-Jones Industrial Average where portfolio shifts are to be made. The 10 **Keystone Custodian Funds**, with their range all the way from good grade bonds to speculative common stocks, would appear to provide an excellent medium for use in the operation of formula plans.

Selected American Shares

Selected Investments Co., in a new folder, "Outstanding Facts About Selected American Shares," states:

"Those who—
Anticipate Peace-Time Prosperity
Desire to Hedge Against Inflation
Seek Time-Tested Investment Advantages
—should find these shares admirably suited to their requirements."

The folder depicts how **Selected American Shares** meets today's requirements by listing the advantages of this type of investment and devoting short descriptive paragraphs to each important factor.

"In summary—For those investors who seek income, profit opportunities and an inflation hedge through stocks Selected American Shares, Inc., affords one of the most sensible, convenient, and generally satisfactory methods available."

Equal Opportunity

"There has until recent years been an important difference between the positions of small and large investors which is not measured by the amount of their respective resources alone. That difference is the degree of management which each as a general class has given to its ownership of securities."

Thus writes **Lord, Abbett** in the current issue of **Abstracts** and goes on to point out that today small investors, through the use of mutual investment companies, can enjoy the same advantages which large investors have always enjoyed.

Portrait of an Opportunity

In a new issue of "Railroad News," **Distributors Group** reprints a chart from the Cleveland Trust Co.'s Business Bulletin showing the long-term trend of railroad stock and bond prices.

The chart shows that the old relationships between railroad stock and bond prices no longer exist. Whereas railroad credit has now been largely reestablished and is reflected in the prices of railroad bonds, railroad stocks are still selling far below their former so-called "normal" levels.

"It is probably true of the railroads in general," comments the Cleveland Trust Co., "that prices of stocks have not yet adequately reflected the improved earning power that will result from the reductions in fixed charges."

Securities vs. Mortgages

In answer to a number of queries, **Vance, Sanders** points out in a recent issue of **Brevits** that the mortgage holdings of leading colleges and foundations represent only a small proportion of their total investment funds. As last reported, 14 leading colleges and foundations had a total of only $14,746,470 invested in mortgages, as compared with $852,865,746 invested in stocks and bonds.

Investors Mutual, Inc.

E. E. Crabb, Chairman of the Board and President of **Investors Mutual, Inc.**, as well as of **Investors Syndicate**, principal underwriter and distributor of the former company, announced that total gross assets of Investors Mutual as of March 17, 1945, were $53,852,010.

3.06% Net After Taxes

In a revised folder on **Institutional Bond Shares, Distributors Group** tells how corporations can realize a net return after taxes of 3.06% from "legal list" bonds.

"Compare this return," writes the sponsor, "with a net of only ½ of 1%, after excessive profits taxes, from medium-grade bonds or a return of less than 2% from tax-exempt municipals."

Investment Results

"What kind of investment results do you want?" asks **Keystone Corp.** in the current issue of **Keynotes.** The 10 **Keystone Custodian Funds** are listed in reference to their investment characteristics and what objectives they are designed to follow.

* * *

Mutual Fund Literature

Selected Investments Co.—Memorandum re **Selected American Shares** for trust investment; current issues of "Selections" and "These Things Seemed Important." . . . **Hugh W. Long & Co.**—Revised prospectus on **Manhattan Bond Fund** dated March 15, 1945. . . . **Calvin Bullock**—Current issue of **Perspective** analyzing "Meat Industry During and After the War." . . . **Hare's Ltd.**—A new folder and a "Current Considerations" memorandum on fire insurance stocks.

* * *

Dividends

Affiliated Fund—A quarterly dividend of 3¢ per share, payable April 20, 1945, to stock of record April 10.

American Foreign Investing Corp.—A dividend of 25¢ a share payable March 29, 1945, to stock of record March 21.

General Investors Trust—A quarterly dividend of 6¢ per share payable April 20, 1945, to shareholders of record March 31.

Investors Mutual, Inc.—A quarterly dividend of 10¢ a share payable April 16, 1945, to shareholders of record March 31.

Massachusetts Investors Trust—A quarterly dividend of 21¢ a share payable April 20, 1945, to shareholders of record March 29.

Federal Reserve and Bretton Woods Proposals

(Continued from page 1370)

breakdowns and that some new system of centralized resources was needed.

The banks in our country before the Federal Reserve Act was enacted were pretty much dependent on their own ability to survive a panic—especially as the panic hit the money centers where reserves from all over the country accumulated through correspondent bank relationships. In a crisis it was each bank for itself. Banks withdrew their funds from one another and, further than that, they began to call loans for payment—adopted a liquidation policy—at the very time when a policy of confidence was needed to weather the economic storm. The Federal Reserve gave such confidence by making credit available to the banks and this power, after the experience of 1929 to 1932, was expanded by the Banking Act of 1935. The Federal Reserve Act is not perfect even now—after many years of experience and many amendments—but that the System is helpful to our economy, no informed person will deny.

Under the gold standard each country was pretty much dependent on its own ability to survive periods of difficulties. Individual countries adopted restrictive and deflationary measures in an attempt to weather their own crises. Such measures reduced other countries' sales abroad and aggravated the difficulties of other countries. The Bretton Woods Agreements aim to give confidence to individual countries by making assistance available to meet difficulties when they occur.

Both the Federal Reserve and the Bretton Woods Agreements marked the culmination of years of preparation. Intensive inquiry followed the panic of 1907. Important milestones on the long road were the Pujo Investigation, the work of the National Monetary Commission, and extensive hearings before the Senate and the House committees on banking and currency—the latter newly organized for the purpose. In addition, there were countless conversations, discussions, conferences, books, pamphlets and articles. Out of all these emerged the original Federal Reserve Act.

Similarly, the idea of the Bretton Woods Agreements is more than three years old. Sufficient preliminary work had been done to permit private circulation of a very rough draft of the Fund proposal about three years ago. In April of 1943, a proposal for an International Stabilization Fund was published by the United States Treasury and a proposal for an International Clearing Union was published by the British. Both documents were offered to the public with the hope that all interested parties would contribute to the solution of the problems with which the proposals were concerned. Criticisms and suggestions were reflected in a revised draft of the Fund published in August, 1943. November of that year saw the first published version of the plan for an international bank. Conferences, including many with foreign experts and representatives, were held. As a result of the wide area of agreement that was found to exist, a joint Statement of Experts of many nations was issued in April, 1944. Discussions culminated in a preliminary meeting in Atlantic City and finally in the three-week conference of representatives of 44 nations at Bretton Woods in July, 1944.

The Federal Reserve System has been intimately associated with the Bretton Woods proposals virtually from the beginning. Experts of the Board's staff have conferred with experts from the Treasury and other Governmental departments and have also participated in discussions with foreign representatives. Technicians of a number of Reserve Banks joined them in the meetings at Atlantic City and Bretton Woods. The Chairman of our Board was a delegate to the Bretton Woods Conference.

The Bretton Woods proposals have repeated the history of the Federal Reserve in another respect. Although there has been all but universal agreement on objectives, there has not been universal agreement on a method of achieving the objectives. Opponents of the Reserve Act in 1913 argued that we should establish a single central banking institution. They also asserted that control should be by bankers, as experienced lenders, rather than by the public, which includes borrowers as well (industry, commerce and agriculture). It was also argued that the proposed system was too complex to be understood or to be operated efficiently. Similar arguments over control and procedure have been leveled against the Bretton Woods Agreements. It is argued that the Fund is complex and that it will be controlled by borrowers (debtor countries) who will dissipate its resources.

It has also been argued that the directives of the Fund Agreement are too broad and vague to be of much significance. For instance, the term, "fundamental disequilibrium;" is not precisely defined in the Agreement. But we have learned from our Federal Reserve experience that it is a mistake to make the basic terms of the law too detailed and restrictive. The history of the Federal Reserve Act has reflected the necessity of broadening its terms. It is only under general directives that effective operations and procedures can be evolved to deal with changing conditions. The place for precise definition is in administrative regulations and rulings, not in the basic law.

We should view the Bretton Woods proposals not as a perfect document but as an honest, intelligent, cooperative effort to deal with certain developments that may arise. We should remember also that even our Constitution required subsequent amendments as a result of experience. The same has been true of the Federal Reserve Act. It will be true of the Bretton Woods Agreements. These agreements should be viewed in the spirit expressed by Woodrow Wilson in his first inaugural address:

"We shall deal with our economic system as it is and as it may be modified, not as it might be if we had a clean sheet of paper to write upon; and step by step, we shall make it what it should be."

The Bretton Woods Agreements are an attempt at international collaboration designed to help achieve monetary stability and extension of productive credit. They provide two international institutions to accomplish these objectives: an International Monetary Fund to promote currency stability and multilateral payments and an International Bank for Reconstruction and Development to facilitate productive international loans.

Since the Bank proposal represents no great deviation from traditional lending principles and practices, it is considered comparatively simple and has received widespread support and approval. The Bank would make or guarantee at reasonable rates specific loans for productive purposes which the private market would be unwilling to make without a guarantee. Since the benefits of such loans for reconstruction and development would be world-wide, the Bank would distribute any losses among its members in proportion to their stock ownership.

The International Monetary Fund would break new ground and this is the very reason why it is considered complicated. A good bit of complexity arises from the desire to prevent abuse of this institution which would operate in a new field. The basic principles of the Fund are not difficult to understand. The Fund establishes "rules of the game" which are designed to promote interchangeability among member currencies at stable rates so that the international flow of goods may be kept at a high level. These rules are designed to achieve stability such as once was provided by the gold standard and yet avoid the rigidities that led to periodic collapse of that standard. Each member would undertake to maintain the parity of its currency so long as underlying conditions made it possible, but when a fundamental disequilibrium developed it would be permitted to make an appropriate change. The Fund Agreement recognizes that the undertaking of members to abide by the "rules of the game" would be difficult unless some means were provided to enable them to meet temporary adverse balances in their accounts with other countries. To meet this need, each member would contribute to the Fund an amount of gold and domestic currency equal to its quota and would receive in return a conditional right of access to the Fund for limited amounts of foreign exchange. Although fear has been expressed in some quarters that the resources of the Fund would be dissipated, adequate controls, both automatic and discretionary, are included in the Agreement to prevent unwise use of the Fund's resources.

The Federal Reserve is necessarily interested in both the technical and the policy aspects of the Bretton Woods Agreements. The technical aspects, though important, need be mentioned only briefly. Both the Fund and the Bank, whose head offices would be in this country, would receive and make payments. They would possess valuable assets such as gold and securities that must be kept safe. There will be a multitude of transactions to be handled and recorded. It is difficult to imagine all the household details connected with the fiscal agency and depositary functions of the Fund and the Bank but they are many and varied and require the special technical skill of trained and experienced executives. In the United States they would be handled by the Federal Reserve Banks under the supervison and drection of our Board of Governors.

But the Federal Reserve has a much more fundamental interest in the operation of the proposed institutions. Broadly stated, the goal of the Federal Reserve is to help maintain through monetary and credit action a high level of production and employment. The monetary and credit structure of this country, however, is continually affected by international transactions. The Fund and the Bank would work toward a high and stable level of world trade and would therefore help attain our goal.

The disruptive practices that attended the reduction of world trade by about one-half between 1929 and 1934 and the periodic flights of "hot money" in the period between the wars contributed greatly to our difficulties and aggravated the montary and credit problems of the Federal Reserve System. Through achieving a better international balance, the Fund will help prevent a recurrence of the great gold inflows of the 1930's with their attendant problems for the Federal Reserve System.

Precisely how the Fund's operations will affect our monetary reserves depends on several factors. One of these is the form of the initial subscription.

The effect of the initial subscription depends on the source of the funds. The total subscription quota of the United States amounts to $2,750 million, one-quarter of which must be paid in gold. The enabling legislation now before Congress proposes that ultimately we should pay $1,800 million of the subscription from our Stabilization Fund and the remaining $900 million by Treasury borrowing in the market. At the outset, however, the Fund Agreement permits members to deposit non-interest-bearing demand notes in place of that portion of their currency which is not needed by the Fund in current operations. The initial payment of our subscription, out of the $1,800 million in our Stabilization Fund and by means of the special Treasury notes will not affect our money market, since funds will be neither withdrawn from nor transferred to the market.

If other members use the funds they own here to pay for the gold portion of their subscription, they might affect our market. There would be no effect, of course, if they simply utilized gold held here under earmark since that has already been removed from our gold stock. Use of any deposits they might have at the Federal Reserve Banks would result in a reduction in the gold reserves of the Reserve Banks, but would have no direct effect on our money market. To the extent that they draw funds from our money market, however — either directly through drafts on deposits at commercial banks, or indirectly, as through sales of United States Government securities they own —their gold subscriptions would have the same effect as an export of gold through commercial channels.

Such operations might call for Federal Reserve action in the open market or elsewhere in order to prevent disturbances in the credit situation.

More interesting are the possible effects of the Fund's activities as a going concern. Over the long run, of course, it is hoped that the Fund's holdings of member currencies would maintain relative stability and there are numerous automatic and discretionary controls in the Fund to achieve this result. But there would certainly be substantial use of the Fund's dollars from time to time.

When other members in their current transactions pay the United States with dollars acquired from the Fund, the effect is to increase our money supply. The Fund may acquire the dollars from our initial currency subscription or sales of gold to us, or, to mention a somewhat remote possibility, by borrowing. To borrow in this country, the Fund will need our Government's consent.

Use of our initial currency subscription, to the extent that it would be provided from the $1.8 billion in our Stabilization Fund, would increase the supply of money in our market. To the extent that it was provided by the Treasury borrowing from the market, no net effect would be produced since the Fund would, through its members, return the money to the market. Similarly, provision of dollars through the Fund's borrowing in our market would have no net effect. Acquisition of dollars through sales of gold would have the same effect on our money market as an import of gold.

The effects of operations of the International Bank in our money market would be less complicated than those of the Fund and would in general leave the money supply and member bank reserves unaffected. They would, however, influence the capital market and the course of the business cycle.

To use American resources the Bank would need to have the consent of this country; and before consent was granted, presumably full consideration would be given by the monetary authorities to the effect of the proposed borrowing on the credit situation in the United States.

This analysis should make clear the great interest of the Federal Reserve in the plans, policies, and operations of the proposed institutions. If the Fund and the Bank achieve their objectives the Federal Reserve authorities will be greatly assisted in their tasks. The Federal Reserve System will not only be deeply concerned with the proper administration and success of the Fund and the Bank but it will be immediately affected in many ways by their technical operations. It must be fully informed with regard to such operations and the Federal Reserve authorities must be in position to present their considered views to the United States Governors and Executive Directors of these two institutions in sufficient time.

From our Board's point of view, the establishment of the Fund and the Bank is highly desirable because they would contribute to world recovery and to the maintenance of economic stability at a high level, which is the main objective of our System's policy.

In another address made by Mr. Szymczak on the same day before the Illinois Manufacturers Association at Chicago, in addition to describing the international conditions which renders need for the Bretton Woods Proposals, he admitted the difficulties that would be encountered in enforcing the provisions for exchange stability imposed on member countries by the International Monetary Fund.

"Under the Fund agreement," he stated, "members undertake to abandon such bilateral clearing arrangements and discriminatory currency practices as give exporters special premiums if they ship goods to countries the currencies of which are particularly desired. This commitment applies to the abandonment of restrictions on foreign exchange transactions on current account, that is, those arising out of shipments of goods, tourists' expenditures, immigrant remittances, and the rendering of services. Members are permitted to control capital transactions such as money sent for deposit in foreign banks or for use in stock market operations. Real investment can be encouraged and the speculative movement of funds limited; this will contribute substantially to international monetary stability.

"It is not expected, of course, that the whole body of regulations over foreign exchange transactions shall be done away with at once. Only confusion would result. The patient is very sick, and recovery, at best, can be only gradual. On the other hand, unless a concerted effort is made as soon as possible to eliminate such practices, there is grave danger that many countries will fall back on them to balance their international transactions after this war. They must have an alternative which will make such action unnecessary.

"However earnestly the member countries may desire to live up to their agreements as far as exchange rates and exchange restrictions are concerned, it will not be easy for them to do so. To help them, a Fund of almost $9 billion is to be established, made up of gold and the currencies of all the countries which are members. This Fund will be used to assist member countries faced with temporary balance of payment difficulties such as might follow a bad crop or a loss of a market for a short period. Should the deficit prove to be more than temporary, the Fund will continue to give the member assistance only if it takes adequate steps to correct the situation."

And he remarked also that "the discretionary controls are even more important than the automatic controls. The Fund can postpone the beginning of its exchange operations until it is satisfied that most members are in sufficiently stable condition to warrant use of the Fund's resources. Furthermore, once it has commenced general exchange operations it can postpone transactions with any individual country which is not in a position to make appropriate use of the Fund's assistance.

"Once the Fund has begun operations with any member, however, that member can proceed with the assurance that it can come to the Fund and receive help in meeting payments due for foreign goods and services without delay. This feature of the Fund proposal lies at the very core of the whole agreement. It assures availability of exchange. Since members can confidently expect assistance from the Fund, they will be able to undertake to maintain stable exchange rates and to eliminate restrictions on foreign exchange transactions. In many cases the fact that assistance is forthcoming without delay will prevent temporary disturbances from having serious repercussions on the international position of other countries. If a drop in any single country's exports leads to defensive deflationary measures and restrictions on imports, that country's exchange difficulties will spread to other countries and a vicious circle of restrictions on trade and deflation will ensue.

"Should the difficulties of a member country prove to be more than temporary, the Fund has a very important discretionary power to ensure that the country does take advantage of the time during which it is drawing on the Fund to put its house in order and correct its position. The Fund can stop a member from drawing on the Fund if it is not using its resources in accordance with the purposes of the Fund. The purposes as stated in the agreement make it quite clear that the Fund is to be used to help countries meet temporary deficits and to give them time to correct more deep-seated maladjustments.

"It is evident to me that the period during which the Fund and the Bank are needed most in the immediate post-war period before individual countries begin to impose new and additional restrictions on foreign exchange and foreign trade. Prompt establishment of the Fund and the Bank would also give member countries confidence which they must have to place their economic houses in order with the least possible delay."

Municipal News & Notes

Outmoded laws in many of the States may prove a handicap to post-war construction of public works projects, Major General Philip B. Fleming, Administrator of the Federal Works Agency, warned in an address yesterday in New York City before a meeting of the Municipal Forum, an organization of New York investment bankers. (Luncheon meeting at Oscar's Old Delmonico Restaurant, William and Beaver Streets.)

Drawing upon his experiences as the first Executive Officer, and later Deputy Administrator of the Public Works Administration, General Fleming said it had been necessary to obtain special legislation in many of the States before needed public works projects could be built. Many of the progressive public works laws enacted at that time have since expired by their own limitations, he added, so that to a certain extent "we are now back in the dark ages of public works law."

Counties in many of the States lack legal authority even to build such essential projects as general hospitals, General Fleming said. Almost every project requires a special enabling act with the result that public works law today represents "an encrustation of patch-work statutes, most of which were enacted to meet emergency situations rather than to provide for general and continuing needs."

"Whether our public works laws in general are good or bad is not for me to say," General Fleming continued. "Perhaps they are both good and bad, depending upon the point of view. From the standpoint of the taxpayer who would rather get his water from the backyard pump than to be assessed for the cost of a municipal water system, they are excellent. They give him some assurance that his officials will not waste his substance in any off-hand, ill-considered enterprise. From the standpoint of the public official who is trying to meet a community need, and from the standpoint of the engineer, the architect, the contractor, and the investor in municipal securities they often raise up formidable barriers."

Texarkana, Texas, Bond Exchange Offer Withdrawn

Announcement has been made of the withdrawal of the exchange offer proferred to holders of $1,441,000 3½%, 3¾% and 4% bonds dated May 1, 1940, and callable May 1, 1945. The offer to exchange the bonds for certain other refunding obligations of the city was made in the city's behalf, in November, 1944, by a group composed of Stifel, Nicolaus & Co., Inc., E. Kelly Brown Investment Co., Russ & Co., Rittenoure Investment Co. and McRoberts, Graham & Co.

All of the above-mentioned $1,441,000 bonds have been called for redemption on May 1, 1945, and may be presented for payment at either the Chase National Bank of New York, or at the American National Bank, Austin.

$3,335,000 High Point, N. C., Refundings on Market

A syndicate headed by Campbell, Phelps & Co., New York, yesterday made public offering of a new issue of $3,335,000 High Point, N. C., various coupon refunding bonds, maturing on April 1 from 1946 to 1966 inclusive.

The bonds are priced to yield from 0.50% to 1.50% for the 1946 to 1956 maturities and at a dollar price of 99.50 to 97.50 for the 1957 to 1966 maturities. Bonds due after 1950 are callable April 1, 1950, or thereafter, in whole or in part, in inverse numerical order, at prices running from 103 down to par.

The underwriting group purchased the issue via competitive bidding on March 27 and, in addition to Campbell, Phelps & Co., the group includes Commerce Union Bank, Allen & Co., Fox, Reusch & Co., Scott, Horner & Mason, Inc., Tripp & Co. Inc., Crouse, Bennett, Smith & Co., J. M. Dain & Co., First Securities Corp., Kalman & Co. Inc., Lyons & Shafto, Inc., McDougal & Condon, Inc., Harvey Fisk & Sons, Inc., Peoples National Bank of Charlottesville, Pohl & Co., Inc., Ryan, Sutherland & Co., McDonald-Moore & Co., Vance Securities Corp., and Bioren & Co.

Local Finance Picture Excellent in 1944

The municipal finance picture for the last year shows continued reduction of debt, excellent tax collections, capital improvements at a standstill, steady accumulation of reserves to finance public improvement programs after the war.

Despite these favorable trends, municipalities generally during the year devoted considerable thought to new sources of revenue to ease the strain on the local property tax, the Municipal Finance Officers Association reports.

In this connection, the association pointed out that collection of taxes delinquent since 1929 still is an important issue and the chief problem in hundreds of municipalities, and that the many communities supplementing current tax levies with back taxes for the last six or seven years now face the necessity of living on current taxes only.

Some of the cities received revenues from new sources during the year, however. California and Washington communities, for example, received substantial amounts of new revenue from admission taxes, while Missouri localities report success with occupational licenses based on gross income instead of flat sum. Alabama and Virginia cities received shares of profits from the state liquor store monopoly.

Cost of municipal borrowing reached a new low in 1944, with the Bond Buyer's Index for Aug. 1 and Sept. 1, standing at 1.59%, compared with 1.77% on Jan. 1. Previously, the lowest yield recorded by this index, which is based on 20 bonds, was on Nov. 1, 1943, when it stood at 1.69.

The association noted more debt-free cities in the country "than most people realize." Milwaukee has a fund sufficient to offset bonded indebtedness; Lansing and Kalamazoo are debt-free, as are hundreds of smaller communities, including more than 80 towns of the 312 in Massachusetts. Minnesota added to its list of debt-free communities during 1944 the cities of Ada, Red Lake Falls, Pelican Rapids, Red Wing, St. Charles, International Falls and Lewisville.

Municipalities continued to establish financial reserves for use when men and materials are again available, the association said. The Bureau of the Census survey for the Federal Works Agency, however, disclosed a comparatively small volume of work for which plans are completed and funds on hand or arranged for.

According to this survey 600 governmental units have completed plans for 6,559 projects at total cost of $969,858,000, though funds on hand or arranged for total only $304,680,000. In addition, around $1,000,000 was on hand or arranged for projects where plans have not been completed.

Upward adjustments of salaries and wages continued, the association said, adding that 1945 probably will see further increases in public salaries because they tend to lag and because they can be adjusted only at a slow pace because state and local legislative changes are frequently needed.

Frankfort, Ky., Utility Bonds to Be Redeemed in July

The Frankfort, Ky., Electric and Water Plant Board recently ordered acquisition of $40,000 in short-term Federal securities as a means of utilizing utility funds accumulating in the bond retirement fund. The Federals will mature shortly before the next optional date of the utility bonds in July and a total of $75,000 will be available in the retirement fund at that time, according to Leslie W. Morris, Chairman of the board.

The city, according to report, has been unsuccessful in attempts to purchase bonds in the open market.

Triborough Bridge Calls Original Debt Issues

Triborough Bridge Authority has called for redemption on April 27, 1945, all of its 2¾% serial revenue bonds, due Feb. 1, 1946, through 1952; all of its 3% serial revenue bonds, due Feb. 1, 1953, through 1975, and all of its 3¼% sinking fund revenue bonds, due Feb. 1, 1980, at 104½ and accrued interest.

Immediate payment will be made on the serial revenue bonds at the principal office of Central Hanover Bank and Trust Company, paying agent, and on the sinking fund revenue bonds at the principal office of the Maine-Midland Trust Company of New York.

$12,000,000 Port Authority Issue Quickly Distributed

The phrase, "now you see it, now you don't," aptly describes the rapidity that characterized the movement into investment portfolios of the new issue of $12,000,000 Port of New York Authority refunding bonds awarded yesterday to a syndicate headed by Blyth & Co., Inc., on a bid of 99.15 for 1½s. The group immediately reoffered the bonds, which mature April 1, 1985, at a price of par.

Because of the great investment demand that developed for the bonds, the matter of distribution was simply one of allotment, with the result that the entire issue had been disposed of within a brief period after the terms of offering had been announced.

The extent of investment interest in the offering was previously indicated by the caliber of the competition that prevailed among bidding groups for the issue. Thus while the winning bid of Blyth & Co. and associates figured a net interest cost to the Port Authority of 1.534%, the runner-up offer by the Mellon Securities Corp. account, which was 99.079 for 1½s, was based on a net cost of 1.536%.

While extremely close bidding is not uncommon in the case of municipal offerings, it is not likely that the experience in the Port Authority instance has ever been duplicated. Certainly this would seem to be definitely true as regards any offering of such size as $12,000,000.

New Jersey Tax Structure Revision Urged

The New Jersey State Comission on Taxation of Intangible Personal Property, appointed a year ago by Governor Walter E. Edge to study and report upon the erratic and uncertain taxation of intangible personal property, popularly known as "tax lightning," today (Tuesday) released its Report to the Governor and the State Legislature.

If acted upon favorably by the Legislature, the Commission's recommendations will result in the first state-wide tax adjustment affecting New Jersey business generally since the enactment of the state capital stock tax in 1884. Serving on the Commission are Dr. John F. Sly of Princeton University, chairman; Jacob S. Glickenhaus, Essex County Freeholder; Norman F. S. Russell, Burlington County industrialist; W. Paul Stillman, Newark banker; and Senator David Van Alstyne, Jr., of Bergen County.

In its 125-page report submitted to Governor Edge and the State Legislature, the Commission points out that no industrial state has done so little in the past fifty years to bring its tax structure into line with its social, economic and political development as has New Jersey.

The Commission recommends extensive adjustments in the State's tax structure, including abandonment of the present method of taxing intangible personal property, and the adoption of a corporation franchise tax measured by net worth. This franchise tax would replace the present intangible personal property tax and the present capital stock taxes payable by domestic and foreign corporations. It would not apply to partnerships or to any other form of unincorporated business.

Called a "corporation business tax," the proposed tax would be levied at the rate of 8/10 of a mill upon that part of each corporation's net worth up to $100,000,000 which is allocable to New Jersey under either of two formulas proposed by the Commission. Amounts of allocated net worth in excess of $100,000,000, under the Commission's proposal, would be taxed at 4/10 of a mill on the second $100,000,000, 3/10 of a mill on the third $100,000,000, and 2/10 of a mill on all amounts of allocated net worth in excess of $300,000,000. A bill embodying this plan will be introduced in the Assembly.

The Commission's proposals would result in the exemption from local taxation of all intangible personal property, such as stocks, bonds, notes and accounts receivable, held by individual residents as well as by corporations, partnerships and other forms of business enterprise. The Commission estimates that not over $3,000,000 is raised annually by the various municipalities in New Jersey from taxation of the intangible personal property which would be exempted under its proposal. The capital stock taxes, which would be repealed under the Commission's plan, now yield revenues payable to the State amounting to $1,600,000 annually.

The Commission's program would yield state revenues estimated at $6,000,000 to $7,000,000 annually. The Commission proposes that $4,000,000 of this estimated yield be used to reduce the amount of the State School Tax now levied each year upon local property. In effect, this proposal would reduce the present tax burden on New Jersey homeowners and other holders of real estate and tangible personal property by approximately eight points in the local tax rate, on the basis of 1944 rates.

Earle L. Seeger With W. J. Dunn & Company

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—Earle L. Seeger has become associated with W. J. Dunn & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Seeger in the past was with Conrad. Bruce & Co., Paul J. Marache & Co., and was manager of the trading department of J. E. Edgerton & Co., Ltd.

Cost of Living

Babson Forecasts Higher Post-War Living Costs

BABSON PARK, MASS.—It may cost you 20% more to live after the war than it did before Hitler blew the lid off in 1939. In other words, your 1939 dollar may then probably be only 80 cents. Since your pay envelope will probably be thinner than it is now, this is something to worry about!

Roger W. Babson

What Are Living Costs?

Here is what the bespectacled professor means when he warns you that the cost of living is going to zoom: He means that your grocery bill will be bigger than before the war, even though you buy the same amount of food. He means that you will pay $37.50 for an overcoat when you used to pay $30. Your fuel, laundry and ice bills are going to edge higher. That 5¢ candy bar will shrink in size or swell in price to 6¢ or 7¢. The landlord, the furniture dealer, the ticket seller—they will all "put the bite" on your weekly pay envelope for a bigger chew than before Hitler.

After World War I the cost of living reached a peak which was more than 15% above our present abnormally high levels. That established the all-time record for this country. Since there were then none of the controls which the present Government has imposed, cost of the average market basket increased about 130% to its 1920 top. Housewives who were buying food at that time (butter at $1.00 a pound, sugar at 25¢) are not so afraid of post-war prospects as our younger people who have become used to depression prices.

Learning to Economize

As a matter of fact, living costs are at present averaging close to those of 1925-1926, and are only 2% or 3% above 1929. This is high enough to give you consumers plenty of headaches. Today is none too soon to start the wise practice of getting the most for your money. After the war, when prices are still high and total take-home pay is considerably lower, you will benefit from this experience. Selective shopping may then be the only way to maintain living standards for the average family.

For a long time I have preached the doctrine of "bargain" shopping. When the Japs are knocked out this is going to be more important than ever. Right now there isn't much choice of brands on grocers' shelves, but after the war it will be a different story. You should be able to keep your living costs down to a remarkable extent by buying the less widely advertised grades of canned goods, the less popular cuts of meat, day-old bread and cake, etc. They are just as nourishing and palatable as the more expensive foods.

Gauging the Future

Here is my forecast of the pattern of living costs over the years ahead: There is not likely to be any great change until the European conflict is ended. Not long after that happy event, the outlook is for some deflationary pressures on the cost of living. Unemployment and the shifting of full war focus to the Pacific area is bound temporarily to curtail public demand for goods.

Reconversion will begin to take hold shortly thereafter. Combined with the still high Jap war production, civilian output will begin to take up the slack in employment and ease the buying reluctance of the public. By the time the Nipponese yell "Uncle" (or their equivalent for it), the cost of living should be moving gradually upward again.

Danger of Inflation Panic

From then on, the picture depends partly upon whether or not price curbs are maintained. If the controls are thrown out by a Congress weary of wartime restraints, get ready for a real "inflation panic." If curbs are approved, there will still be pressure on the upside, but it will be reasonable. From my studies, both political and economic, I have come to the conclusion that the living-cost runaway of 1920 will not be repeated after this war.

Rather, some system of price controls may go on for several years. I have spoken out in favor of this procedure before. I repeat at this time, that without the OPA or some such agency, we would now be a lot worse off. And we are, in my humble judgment, going to see a continued centralized control of prices from the nation's capital. However, such will not succeed in preventing inflation but will only postpone and soften its evil effects. We will adopt the method of "cutting the dog's tail off an inch at a time."

With Pacific Co. of Calif.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Lloyd H. Diffenderfer** is now connected with **Pacific Company of California**, 623 South Hope Street.

The Right to Be Politically Free

(Continued from page 1371)

why I no longer conduct it.

There are many distinguished guests in this room today—union members, civic and industrial leaders. I hope they and the listeners on the air hear me—not as a jury but as the fathers and mothers and brothers and sisters of American children—and American men and women fighting on the battlefronts of the world—and listen to me just as the good Americans you are.

But because my case involves a disagreement with a union, or at least with union authority, it is important for you to know that I hold in the highest regard the American Labor Unions. They have done a fine job for the American laborer. And the magnificent and superhuman job that the American working man has done during this war (regardless of exceptions) makes one of the greatest sagas of unified endeavor the world has ever witnessed.

Mr. Jeffers is a union man. He has carried a union card for 55 years. As a union man, he rose to be president of the great Union Pacific Railroad.

He was not of the landed gentry. His father pounded earth behind the track-layers—as this pioneer railroad crawled westward. And Bill Jeffers got a job as a telegrapher, joined the telegraphers union—from choice—and rose to be president of the Road—not by force or coercion or political maneuvers—but because he was the best man.

That is free America. That is the land of opportunity—when the son of an Irish immigrant becomes president of the Railroad on which his father shovelled dirt and drove spikes.

My host is a good union man. Many of these guests are good union men. And I believe that I am a good union man. But I would not consider myself a good union man if I did not object when I believe my union is making a mistake—nor would I consider myself a good union man if I obeyed my union boss' orders to pay money to support or oppose a proposition at an election when I hold a different political belief, any more than I would consider myself a good American citizen if I voted the way a POLITICAL boss told me to vote if I did not think he was right.

Nor would I support any person or measure that I thought was against the best interests of the nation—no matter who told me to do so. Would you?

My case is simple. It is the case of very American workman. It is THE RIGHT TO BE POLITICALLY FREE.

Political freedom is the backbone of the Republic. Destroy it and you have broken the back of the United States.

I am a union man and I believe I am speaking for an overwhelming majority of union men—leaders and members both—when I say the American workman must be free from coercion and intimidation—with the right to make up his own mind at an election what candidates and measures he shall approve or disapprove—to which candidates and measures he shall give his money and support, and to which he shall refuse his money and his suport.

Reasons for Joining a Union

For nearly ten years I have conduced a Radio Theatre of the air. After I had been conducting it for a year or so, a union was formed under the title of the American Federation of Radio Artists. I was asked to join and did so, and paid my $100 a year dues without question.

But when I signed for membership, I did not mean it to be a proxy, giving the union leaders the use of my free rights as a voter.

In joining the union, I did not suspect that I was required to give up my rights as an American citizen—or that I would ever be asked to place unionism above Americanism—or that I would not be free to support what party, people or propositions I desired to support—or that I would actually be removed from my job because I would not concede the right of others to think for me politically.

Freedom has made America great, and there can be no freedom for the nation if its people are not individually free.

About Aug. 16, 1944, I received a letter from AFRA (that's the abbreviated name for my union), the first paragraph of which reads as follows:

"By action of the Board of Directors of AFRA, each member has been assessed $1 to finance the campaign in opposition to No. 12 or the mis-titled 'Right of Employment Amendment' to be submitted on the State Ballot in November."

The last paragraph of the letter says in part:

"Immediate payment of assessment is required.

"It must be paid on or before Sept. 1, 1944.

"Failure to pay will result in suspension."

Suspension, of course, automatically costs you your job.

You will note the Board of Directors made the assessment for a political purpose without calling the members to meeting. Without any authority they made up the minds of 2,300 members that those members were opposed to Proposition 12. They did not ask a contribution of $1 — they demanded one dollar on threat of suspension—and suspension denies the right to work.

In the by-laws of the Los Angeles AFRA Local, there is no mention of the right to assess for any purpose.

And upon my refusal to pay, on the grounds that my political beliefs were my own, I was told that I could not work. In other words, my right to earn a living depended upon my supporting somebody else's political opinion contrary to my own.

Not a Question of Unionism

You see, this is not a question of unionism or non-unionism. It is just a question of whether my rights at an election belong to me or whether they belong to a union.

And on that simple question rests the fate and future of this nation—whether we are to be a totalitarian country or a Democracy. And we are **not** a Democracy by just calling ourselves a Democracy. Democracy means freedom of choice.

Do we have to sell that freedom of choice for the right to earn a living?

I do not believe that is the purpose for which labor unions were formed. I do not believe that is the desire of the true American labor leaders. I know it was not the desire of Samuel Gompers—for it is un-American. And it is one hundred per cent wrong.

But AFRA was defending its power and I was defending my right—so we went to court.

A judge of the Superior Court of Los Angeles County found in favor of the union—on the ground, and mark this well—on the ground that Proposition 12 was **not** a political issue.

Here was a proposition on the ballot to change the Constitution of the State of California—a proposition that had over one million votes cast for it, and over one million votes cast against it—a measure which the absent soldier vote supported two-to-one. But the Court holds that it is not political—because it opposed the closed shop.

And the union, so said the Court, was fighting for its existence. So the issue was not political.

Here in Omaha—where you have the Railroad Brotherhoods which are among the greatest and best unions in the world, operating as an **open shop** under the Railway Labor Act of the Congress of the United States—it must seem strange to you that the Los Angeles judge said that the American Federation of Radio Artists was fighting for its existence because it was **threatened** with what you already have and under which you have grown into such a great, wise and powerful union—with the open shop.

The Los Angeles County judge apparently agrees with me that a political assessment is wrong—but not if a union needs the money to fight a proposition affecting it to be voted on by three million people.

So we have, at least in Los Angeles County, one law for the union and another for the lonely citizen who still has illusive hopes that we are living under a Constitutional Government with one law for all.

Well, we are living under a Constitutional Government and I'm trying to find out whether it's the Constitution of the United States—or the constitution of a union.

In the first court decision, I found out.

But there is a famous case in which another Court held:

—"It is not enough to say that a man's vote has not been influenced. It is also necessary for his freedom that he shall not have been coerced into supporting, by money or otherwise, the candidate or measure which he wishes to oppose."

Are we a totalitarian State or are we a Democracy—and does Democracy mean freedom of the individual or only freedom for the union and the ruling powers?

The Devil wears many faces, and the American people want to see what face is really behind this new mask of False Democracy. Who is it that controls the God-given right to earn a living? Who is this power that can condemn a man and his family to starvation if they don't comply with its desires?

Is this unseen power guided and inspired by the spirits of Washington, Adams, Jefferson, Madison, Lincoln? Is it inspired by the love of America and her tradition of freedom? Or is it inspired by a selfish desire for its own political advantage and power? What do you think?

From where did such ominous power arise in this land of the free? It comes from forced election contributions and control of a heavy voting power placed in a few hands—which gives a relatively few people coercive power over Legislatures and Congress, and even may affect our courts.

This is no issue of unionism. It is an issue between all liberty-loving citizens and a few unscrupulous men who are trying to gather into their own hands, for their own use, the Power of the People—just as it was gathered in Germany and in Italy and in other totalitarian countries.

And if it is not quickly stopped, all individual rights and freedom will be gone—and only the right to obey left to us.

Thomas Jefferson said, "Resistance to tyrants is obedience to God."

Unions in Politics

The great majority of union membership and officers are fine, right-thinking American men and women. And yet we find a nation indignant and outraged against many unions—an army opposed to and threatening them ... many courts and Legislatures in terror of them. Why?

Because certain leaders have forsaken the high purpose for which the union was created, and have gone into politics to control and bend the nation to their will.

As the war moves on, country after country sees the spectre of oppression and **government by small cliques** loom larger and darker over the world. The United States is no exception to this trend.

It is a pity that the Monroe Doctrine does not apply to foreign ideology as well as to foreign guns.

President Madison said, "It is proper to take alarm at the first experiment on our liberties."

And Abraham Lincoln wrote, "At what point is the approach of danger to be expected? If it ever reach us, it must **spring from amongst us** . . . if destruction be our lot we must ourselves be its author and finisher."

What does Lincoln say? That we cannot be defeated by an enemy from without—that if we ever go down to destruction, it will be from an enemy within.

To avoid this, I ask that political freedom be restored to the American working man. As long as a union remains the servant of the worker and not his master, both are safe.

I have great faith in the American people. If they retain their freedom, America retains her freedom. If the people sell their freedom—or it is taken from them by regimentation—no matter under what patriotic name it masquerades—if the right of Free Choice is taken from us, to be administered by our bosses, America is through. Its purpose is dead.

This nation was conceived in Liberty. For the sake of all mankind, don't let it die in bondage.

I am not speaking here for or against a closed shop. But a closed shop constitutes a monopoly of labor—and where any monopoly exists, it should be controlled and regulated for the welfare of the community. It should be governed by the same kind of laws and restrictions that apply to a water company which controls all the water, or an electric company which controls all the light and power.

Such companies cannot refuse service to a man because he will not contribute a dollar to their political campaign fund.

Where there is an uncontrolled monopoly of anything, including labor, as in my case, there is tyranny. Power corrupts, but **absolute** power corrupts absolutely.

The American people do not favor, and I believe they will not endure Tyranny. But there has been built up in this country an unelected government which is superseding in power and authority the elected government. And a dissenting voice raised against this unelected but all-encompassing power is condemned to obliteration, branded with the standard name of labor hater, labor baiter, fascist, and other venomous terms; whereas, in reality, he is only pleading for Constitutional Government for all—the same law for the rich and the poor, the educated and the uneducated, the majority and the minority, union and non-union—he is speaking out against the injustice of one imposing its will upon the other.

There must be 80 or 90 million citizens of the United States who still believe in Constitutional Government and freedom of the individual.

Dangers of High Pressure Groups

These 80 or 90 millions must forget that they are Democrats or Republicans, or Protestants or Catholics, union or non-union—and unite to save their individual liberty and their rights as free Americans—unite to prevent our government, our Congress, our legislatures, and our courts from being high-pressured into submission by any minority groups of individuals operating for private purpose and gain—groups that have taken to themselves the divine right to control human destiny—even the right of life and death by control of the right to work.

Unfortunately, un-American elements seem to have captured many sources of public information and dissemination of news, with the result that millions of unorganized, plain common sense Americans find themselves without outlets for the expression of their views. But 80 million or more still exist.

In many instances, those who

E. Harold Schoonmaker Analyses Post-War Interest Rate Factors

(Continued from page 1372)

ish their purchases of government securities unless a higher rate of interest is offered? I have heard several people say recently that they now hold all the war bonds they care to own.

6. Will prices continue to advance?

7. When will the government decide that a rise in interest rates is preferable to a further rise in prices?"

THE TRENDS IN CERTAIN GOLD RATIOS DURING SIX PERIODS OF RECENT AMERICAN HISTORY

Date—	Federal Reserve Ratio	Monetary Gold Stock	Federal Reserve Credit	Currency Circulation	A Ratio of Gold to Federal Reserve Credit	B Ratio of Gold in Credit and Circulation
		(In millions of dollars)				
Period 1						
Dec. 31, 1916	81.4%	$2,556	$222	$3,679	1,151.4%	65.5%
Dec. 31, 1917	59.1	2,868	1,171	4,086	244.9	54.6
Dec. 31, 1918	48.0	2,873	2,498	4,951	115.0	38.6
Dec. 31, 1919	39.6	2,707	3,292	5,091	82.2	32.3
Dec. 31, 1920	43.3	2,639	3,355	5,325	78.7	29.7
Dec. 31, 1921	70.2	3,373	1,563	4,403	215.8	56.5
Period 2						
Dec. 31, 1927	66.4	4,092	1,655	4,716	247.3	64.2
Dec. 31, 1928	63.3	3,854	1,809	4,686	213.0	59.3
Dec. 31, 1929	69.6	3,997	1,583	4,578	252.5	64.9
Period 3						
June 30, 1931	84.6	4,669	943	4,535	495.1	85.2
Dec. 31, 1931	66.5	4,173	1,853	5,360	225.2	57.9
June 30, 1932	57.6	3,632	2,310	5,408	157.2	47.0
Dec. 31, 1932	62.9	4,226	2,145	5,388	197.0	56.1
Period 4						
Dec. 31, 1933	63.8	4,036	2,688	5,519	150.1	49.2
June 30, 1934	69.4	7,856	2,472	5,373	317.8	100.1
June 30, 1935	74.2	9,116	2,480	5,568	367.6	113.2
June 30, 1936	79.0	10,608	2,473	6,241	429.0	121.8
June 30, 1937	79.7	12,318	2,562	6,447	480.8	136.7
June 30, 1938	82.4	12,963	2,596	6,461	499.3	143.1
June 30, 1939	85.6	16,110	2,579	7,047	624.7	167.3
Period 5						
Dec. 31, 1939	86.7	17,644	2,593	7,598	680.4	173.1
June 30, 1940	88.8	19,963	2,531	7,848	788.7	192.3
Dec. 31, 1940	90.8	21,995	2,274	8,733	967.2	199.8
June 25, 1941	91.2	22,620	2,249	9,490	1,005.8	192.7
Period 6						
Dec. 31, 1941	90.8	22,736	2,361	11,161	963.0	168.2
July 1, 1942	88.9	22,739	2,873	12,416	791.5	148.7
Dec. 30, 1942	77.1	22,726	6,428	15,407	353.5	104.1
June 30, 1943	73.8	22,387	7,576	17,420	295.5	89.5
Dec. 29, 1943	62.3	22,004	12,430	20,428	177.0	67.0
June 28, 1944	56.1	21,193	15,423	22,421	137.4	56.0
[illegible]	[illegible]	[illegible]	19,821	25,335	104.1	45.7
Mar. 3, 1945	**48.4**	**20,506**	**20,158**	**25,750**	**101.7**	**44.7**

would speak out are frightened by the "smear" technique which the un-American elements have adopted toward all who oppose them. However, somewhere, somehow, these millions of plain common sense people are going to find leadership and outlets for the expression of their will.

Then, like Gulliver—the sleeping giant of the great American people—bound down by the strings of the Boss Lilliputians—will rise up and walk.

We must find a voice for the great mass of Americans who want to cry out against the rape of American Freedom.

We have fought five wars to a successful conclusion under our Constitution. I can see no reason for scrapping it in this one.

We have won the Battle of the Atlantic, The Battle of the Pacific, the Battle of France, and the Battle of the Philippines are won. And we are nearing victory, thank God, in the Battle of Germany. And all during these gallant and heavy-priced victories we have been losing the Battle of America on the home front—losing the very purpose for which these other battles were fought.

If our men, whom we sent out to fight for Freedom and the American way of life, return and find that we have changed from government by law to government by men—

That many our courts no longer strive for justice but are ruled by political expediency—

That government of the people is no longer by the people but by high-pressure minority groups—

That the one safeguard that remained to us, the people—our free rights at an election—has been taken from many of us and delivered to a union Board of Directors—

That people in this country have been denied the right to work—forced from a trade or profession to which they have given their lives—condemned to idleness and the dole because they will not contribute to the political beliefs of others—

What will they say—these men who have been fighting on every battlefront in the world? What will they say when they find that we at home have surrendered America—that we have been guilty of treason to our fighting forces by letting an enemy come in behind them and cut away their individual freedom while their blood was being shed for it abroad?

Have we as a nation become so afraid to assert ourselves that we will sell our children into slavery?

If we throw away now the gifts of Washington, Jefferson and Lincoln—if we undo now the work of the countless thousands who have given their lives for Liberty, we shall be guilty of a crime against God and man that it will take centuries to expiate.

This country is the hope of mankind, and it was built upon the rock of individual liberty.

My voice is the voice of one crying in the Wilderness—make straight your paths for freedom, God's greatest gift to man.

It will be a hollow victory to you mothers whose sons are fighting abroad if they must return to serfdom here at home. They did not pay for the right to fight. Must they pay for the right to work?

You can stop this abuse of power—and you can stop government from sanctioning such abuse of power—if you organize for just one thing—the right of the worker to be politically free.

And hang onto Constitutional Government as you would to a life-raft in a boiling sea. The Constitution of the United States and the governing power of Congress are being replaced by administrative bodies with the power of making regulations which have the force of law.

American Labor Group on Int'l Affairs Approves Bretton Woods

(Continued from page 1376)

employment, they will help to raise real income. But as I shall attempt to show, the agreements will also increase real income in other ways."

Commenting on the alternative "Key Currency" Stabilization idea proposed by a group of bankers and economists, Mr. Halasi has this to say:

"Monetary cooperation, under the leadership of the key-currency countries, the United States and England, would be desirable for the purpose of bridging over temporary deficits in countries of the dollar and sterling area by means of dollar or sterling credits or by approved devaluations so that they would not be forced to resort to measures 'destructive of national or international prosperity.'

"The United States would then have the responsibility for monetary cooperation in the dollar area; England for cooperation in the sterling area—on the assumption that England will be helped by a large gift or loan from the United States to exercise monetary leadership after the war.

"The dollar-sterling area solution would leave out of the picture all those countries which remain outside the dollar or sterling areas, leaving them, on the other hand, complete freedom for devaluing their currencies without international supervision. It would constitute no really international solution.

"But what procedure would be followed within the dollar and the sterling areas? Decisions would have to be made continuously in respect to credits to particular countries in the dollar or sterling area, for the purpose of bridging over temporary deficits. Changes in the exchange rates would have also to be supervised by public authorities. The question is then whether these recurrent decisions would be made on the basis of definite agreements, establishing rules which would be followed whenever decisions are made or whether the United States and England as leaders would proceed through consultation but without being bound by rules.

Mr. Halasi, in expressing views on the working of the operation of the Fund and the Bank in promoting and "harmonizing" high levels of employment in member countries, holds that "the Bretton Woods Conference thus rightly recommends that efforts to promote high levels of employment and raise living standards in member countries should be "harmonized." The Philadelphia Conference of the International Labor Organization (I. L. O.) in 1944 devoted much attention to this problem when, at the initiative of Australian and Canadian delegates, it discussed the problem of simultaneous (pari-pasu) anti-inflation and anti-deflation measures by all the members of the United Nations who found themselves in the same phase of the business cycle. Those delegates suggested that the United Nations should commit themselves by an international agreement to "harmonize" their domestic employment policies. It was decided in Philadelphia that the governments of the United Nations should call a special conference of governmental delegates for the purpose of deliberating on this problem. An international conference which has been recently announced for the discussion of the problem of trade barriers will in all probability also discuss the question of an international agreement for simultaneous employment policies in all member countries. (This would be only natural, since member countries can hardly be expected to remove trade barriers as long as they have to fear great depressions in important member countries.)"

"The Bretton Woods agreements themselves," he continues, "are based on the principle of good neighbor economic policies. The Fund's management would refuse approval of devaluations which aim at gaining competitive advantages and forbid avoidable exchange controls (except on 'capital account transactions') and discriminatory monetary practices after the transition period. But many members will hesitate to acquiesce in the restriction of their freedom in monetary policies unless full employment is maintained in the other member countries, particularly those which constitute important markets for their exports."

Mr. Halasi appears firm in his conviction that tariff reductions and lending abroad are desirable to permit the successful working of the Bretton Woods Agreements.

"A final objection to the extension of U. S. exports," he says, "stems from the fear that economic disturbances will arise in this country when debtor countries repay their debts or pay interest and dividends. Unless they are prepared to restrict their imports, debtor countries can make such payments only if they can increase their exports. This they cannot attain unless the United States increases its imports. But, the argument runs, the United States can increase its imports only if it is prepared to reduce tariffs. This argument has been used both by advocates of a substantial reduction of the present high tariffs, and those who want to keep them. The former contend it is no use to promote foreign lending until American tariffs are reduced, and the latter, wishing to avoid tariff reduction, contend that extension of foreign lending may prove prejudicial to legitimate American interests.

"In this paper, the conviction has been repeatedly expressed that the reduction of American tariffs would be highly desirable in many respects: it would increase the real income of the country, and by increasing American exports above the level secured by actual capital exports, it would facilitate the service of old debts. This would also protect the resources of the Fund and the Bank.

"But a program for encouraging exports by means of substantial foreign lending can be developed even without tariff reform. The solution to the problem is to be found in full employment on the one hand and a steady flow of foreign lending on the other.

"If we have full employment in this country with the high national income that this implies and with this high national income increasing still further year by year because of progress in productivity and increase in population, our imports will automatically increase sufficiently to take care of interest, dividend, and amortization payments by the debtor countries. This will be so even without any change in our tariff structure.

"A steady flow of foreign lending will meanwhile permit those debtor countries which would otherwise need an export surplus for servicing their foreign debts to continue buying in the United States. No difficulties would then arise from the necessity of servicing debts for at least a generation during which foreign countries will be in need of capital imports."

Stop Dictatorship

This is dictatorship. You can stop this only through organization.

Too many Americans—big and little—have run to cover in the hope they can hide out through the storm—afraid of the propaganda machine that has been turned against them to shoot maledictions, as a machine gun shoots bullets.

Don't think we are only **threatened** with totalitarianism. To a great extent we **have** totalitarianism today, because too many business men and laboring men alike have been Neros who fiddle while the Liberty of their country burns.

I do not think that all who follow this course toward totalitarian ism are bad Americans. Many of them are blind Americans who cannot see the net of regimentation into which they are swimming like a school of fish.

And the bait that draws so many eager fish is the alluring sound of Free from Worry, Free from Fear, Free from Want, free from everything—including **Freedom!**

This is really no Utopian dream for the working man. It's the harnessing and enslaving of American might for private and poltical use.

Remember that all through history every free Democracy has lasted but a few centuries and then passed into a dictatorship.

Don't be regimented. Don't be forced into obeying the political orders of your boss—union or industrial.

William Penn said, "Obedience without liberty is slavery."

Many of you are still free men and women. It is for you to rescue those of us who have felt the hand of Tyranny upon us, before you yourselves are regimented and your right to work is taken from you as mine has been from me.

Edmund Burke, a good Irish man, warned, "When bad men combine, the good must unite—else they will fall one by one, an unpitied sacrifice in an unequal struggle."

The unions were formed for better conditions and opportunity and freedom. The union man is in danger of losing for himself and his children and his grandchildren the very freedom and opportunity for which his union was created. All freedom depends on a truly free election.

In closing, may I say that I miss, more than I can tell you, my visit in 10 million homes every Monday night. The friendship of those unseen millions warmed my heart as nothing in life has ever done—but I would rather never visit them again than visit them as a betrayer of the principles that made those homes possible.

There is one union that I place above all others—the Union of the United States of America.

The Securities Salesman's Corner

"Yesterday's Markets Today"

By JOHN DUTTON

For the past several years there have been all sorts of arguments, both pro and con, regarding the quotation on over-the-counter securities in the daily papers. More time and energy has been wasted trying to devise a fair and proper method of handling this matter than almost any other phase of the retail end of the securities business. At the present time the N. A. S. D. is attempting to put a new system of newspaper quotes into effect. Numerous complaints have come to hand indicating that the spreads in the quotations on some securities under the new system, where inaugurated, are such as to make it impossible for retailers to sell them and make a profit. This is another effort to solve the problem of giving the public a better indication of markets, and also provide a spread that is sufficiently wide enough to cover a dealer's requirements.

This problem has never been solved to the satisfaction of any one. Neither the S. E. C., the N. A. S. D., the wholesale firms making primary markets, the retail dealer, or the retail salesman, has been satisfied with any quotation system used in the past. It is our opinion that **no one will ever be satisfied with any system.** The reason we believe this to be so, is that the whole thing is nonsensical from the beginning. You can't solve the unsolvable.

First of all, no quotations given to the papers by any dealer, or by any committee, as to what they BELIEVE a retail dealer would have bought or sold a specific security, the DAY BEFORE THIS QUOTE APPEARED IN **TODAY'S** PAPER, can mean anything definite, or positive, to anyone. When an investor buys or sells a security, HE BUYS OR SELLS IT TODAY—NOT YESTERDAY. What good are yesterday's quotes? What does it matter if some dealer says that another dealer should buy or sell a security at a certain price—DOES THAT CONSTITUTE A MARKET?

In many cases, markets have moved up or down beyond that printed in today's paper (referring of course to yesterday's market) and where it has been almost impossible to convince the investor, that he should pay more than the newspaper quote if he were a buyer, or receive less if a seller. Sometimes newspaper quotes have been given to the press, where the inside offered price has been above that quoted in the papers. Yet the customer, like most people who read the papers, believes that if something is in the paper it must be so.

The answer to the problem, as we see it, is CUT OUT ALL NEWSPAPER QUOTATIONS OF ALL OVER-THE-COUNTER SECURITIES if the retail securities business is going to be adversely affected by the N. A. S. D.'s new system. Then educate the public to understand that if they want quotes or markets, all they have to do is pick up the telephone and call their security dealer or broker. In this way they'll get real markets and quotes. They will be today's markets too—not yesterday's ideas, guesses, or suppositions. After all the newspaper don't **buy** or **sell** securities—it's about time the N. A. S. D., the S. E. C., and the public found this out. However, most retail securities dealers, and their salesmen, HAVE KNOWN THIS FOR YEARS.

From Yalta to San Francisco

(Continued from page 1374)

his message to Congress of January 6 he explained that the practice of cooperation had been inhibited by the idealism of the American people. "Perfectionism," he said, "may obstruct the paths to international peace."

The reply came back quickly. One place where that reply was voiced was the Cleveland Church Conference held 10 days later. There, delegates from all over the United States unanimously adopted this resolution:

"We believe our Government should not merely talk about its ideals. It must get down into the arena and fearlessly and skilfully battle for them."

The sentiment thus voiced was representative of the overwhelming sentiment of the American people. So, when President Roosevelt embarked for the Crimea, he carried with him a clear mandate to make cooperation a reality.

That mandate the President carried out. He accepted, for the American people, a responsibility for European political decisions. The Soviet Union on its side accepted the participation of the United States and of Great Britain in decisions which vitally affected it, notably the decision of what would be the Soviet's western boundary. Thereby a new era was opened. The United States abandoned a form of aloofness which it had been practicing. The Soviet Union accepted joint action on matters that it had the physical power to settle for itself. Those are two momentous precedents. They show that cooperation can be made a living reality. Without that Dumbarton Oaks would have been a hollow sham.

The Yalta Conference

Many do not like the sample of reality which Yalta produced. Certainly some of the decisions there taken were very imperfect. But that is because the collaborators are themselves imperfect. Their defects will not be removed by breaking up the collaboration. On the contrary, that would intensify the defects. Then each of the great powers would be actuated by fear. Fear brings out the worst in men. No one can contemplate with satisfaction the fate of the small nations if the great powers start girding themselves for possible war against each other. As it is, we have a collaboration which, with all of its defects, can develop into a constructive and remedial force. Concededly also, it can develop into a destructive force, as did the Holy Alliance. But if collaboration is not kept going, there will not be the constructive alternative. Destruction will be assured.

Our responsibility is not to guarantee what posterity might do. Our responsibility is to give posterity a chance. That requires us to arrange that the end of the war shall not end the actuality of collaboration between the United Nations. To arrange that is, above all, a practical task. All proposals for amending Dumbarton Oaks, however sound in theory, must be subjected to this test: Can they be adopted without killing the hardly won and fragile reality of present cooperation?

We must not, however, be content merely because we can give posterity *a* chance. We must make that chance as good as possible. To provide one chance in five is better than doing nothing. But to provide two chances in five is much better. The Dumbarton Oaks Proposals provide a fair chance. But it ought to be possible to improve that chance without destroying the going collaboration of the principal Allies.

There is, of course, a severe practical limitation on changes that can be made consistently with holding fast to the good that we have. Anyone who has had experience with international conferences knows that a conference of some 40 nations must depend largely on the preparatory work of a few. The San Francisco Conference must depend on Dumbarton Oaks, otherwise there will be chaos.

Two Changes Suggested

However, some changes can be, and will be, made. I here suggest two which could readily be fitted into the framework of Dumbarton Oaks and which would greatly improve the chance we will give to posterity.

My first proposal is that the organization should be infused with an ethical spirit, the spirit of justice. I realize full well that "justice" is not readily defined. It means different things to different men. But it means something, and something very vital, to all men. The charter should require the new organization, as its first order of business, to undertake the difficult but essential task of developing conceptions of justice by which it will be guided. Only thus will it survive. For survival is awarded only those who seek moral goals acceptable to the mass of mankind. As Alexander Hamilton said: Government "ought to contain an active principle."

The British Government has long contained an active principle. The Magna Charta dedicated it to promote individual freedom and justice. "To none will we sell, to none will we deny, or delay, right or justice." It was because Britain had over the centuries been activated by that principle that free men everywhere rallied to her side.

The American Constitution contains an active principle. It was designed to "establish justice" and to secure for the founders and their posterity "the blessings of liberty." The Great American Experiment caught the imagination of men everywhere and did much to assure us safety and opportunity during our formative years.

The Soviet Constitution contains an active principle. It was designed to abolish "the exploitation of man by man." That active principle enabled the Soviet Union not merely to survive but to wax strong in a world which for 24 years was actively hostile.

And now Great Britain, the United States and the Soviet Union survive as the three great powers of the world.

Of the organs of the League of Nations, there are two outstanding survivals. One is the World Court, designed to establish justice in the world. The other is the International Labor Office designed to uplift the condition of human labor. Many thought that the heart of the League was Article 10, designed, through the Council, to perpetuate the territorial integrity of the members of the League. Article 10 was not a heart—it was a clot in the blood stream of a living world. Today we are fighting to alter territorial arrangements which Article 10 sought to perpetuate for all time. Many of those arrangements, notably the Japanese Empire, we now see as quite unjust. Scarcely one of the European or Asiatic members of the League will, after this war, have the boundaries which Article 10 sought to consecrate.

The Dumbarton Oaks Proposals do, to some extent, reflect an active principle. There is to be an Economic and Social Council. Probably there will be a Colonial Council. The General Assembly, too, may recommend the change of situations likely to impair the general welfare. But the Assembly is subordinated to the Security Council. Once the Security Council assumes jurisdiction, the General Assembly must be mute. The Security Council itself is confined to a mechanistic role. It can act only after there is already a dispute likely to threaten the peace. Then it can call for sanctions, but only "to maintain or restore." It has no mandate to seek to remedy conditions which unnecessarily repress human aspirations or to seek the revision of treaties or prior international decisions which will seem unjust.

That is seriously wrong. The Security Council is the dominant organ of the new world organization. It is given "primary responsibility" for the maintenance of peace. It is designed to "function continuously." It is compact enough to be effective. Its membership will permit the great nations there to exercise a responsibility comparable to their power. That Council ought to be endued with an active principle. It should judge the merits of situations which may give rise to friction and neither it nor member states should be required to use force to sustain a condition found to be unjust. That is what I mean when I talk about giving the organization a soul. We do not want the new Security Council to perish, as the old League Council perished, under the blight of a mechanistic conception.

My second suggestion is that the procedure for amending the Organization's charter be liberalized. Now, a perpetual right of veto would be given to each of the "Big Five" states. That would prevent growth. We have spoken of giving the Organization a soul. We must not confine that soul in a strait-jacket.

President Roosevelt in his March 1st report to the Congress said:

"No plan is perfect. Whatever is adopted at San Francisco will doubtless have to be amended time and again over the years, . . ."

That was a wise utterance. However, to paraphrase the parable, it will be easier for a camel to go through the eye of a needle than for an amendment to go through the Dumbarton Oaks formula. That requires not merely a two-thirds vote of the General Assembly and ratification by a majority of the members, but also the assent of each of the five "permanent" members. The five permanent members can never be changed. So the result is to give each of five states, in perpetuity, the power to veto any amendment of the charter of the organization.

That is the same formula that was used in the Covenant of the League. That provided also for a Council which had five permanent members. They, too, were given, in perpetuity, the right to veto any amendments of the League Covenant. The difference between the League Covenant and the Dumbarton Oaks formula is a difference in the composition of the Big Five. Under the League Covenant the Big Five were the five leaders of the then Grand Alliance. That included Japan and Italy. Now it is the five leaders of the present Grand Alliance. After 1920, it took only a decade to see that the framers of the League had guessed wrong. Perhaps this time we shall prove better guessers. But the future ought not to rest on a gamble that each of five nations will forever possess the qualities which now entitle them to leadership. Starting, as we do, with a document that we know will have to be changed, we ought not to give any single nation a perpetual right to veto such change.

The League Pattern Reappears

Why does the League pattern of rigidity reappear? The reason is simple and fundamental. In both cases the peace structure is being framed by nations who are the principal victors in a great war, who have rearranged the world to suit themselves. Their principal concern is that it should never become disarranged. So they plan a structure of peace which can never be altered without the consent of each of them. No one of them trusts the others sufficiently to permit of decisions in which it does not concur. Perhaps, also, some lack self-confidence. They may not feel sure of their own ability to go on deserving top rank in the world. Therefore, they seek artificially to perpetuate that position. They think through such rigidities to find safety. Actually these rigidities imperil the whole structure of peace.

It is the great tragedy of victory that the victors seek a riskless peace. Peace cannot be had on those terms. Peace, like war, requires that peoples go on taking risks. The kind of risk is different. Peace requires each victor to trust others to the extent of permitting change without the unanimous consent of any named group. That means taking a risk on the fairness and decency of the group as a whole. That is a reasonable risk to take. The Big Five are going to require all the other nations to take that risk. Unless they take it themselves, they will not have built a workable structure.

Peace will not be won except by those who dare. That applies before victory. Equally it applies after victory. Let us hope that at San Francisco the great powers will dare to give posterity a good chance.

In another address before the United Nations Forum in Washington on March 26, Mr. Dulles analysed further the Dumbarton Oaks Proposals, pointing out that the "military contingent" provision was "ineffective because there is no law to which they can be harnessed." In amplifying this statement, Mr. Dulles said:

"That is a defect and one which ought to be remedied. The defect is not, however, as inexcusable as it might seem, because there is no quick or ready way to create an adequate body of international law.

"Within a community we can get law in two ways. One way is the 'common law' way. That requires common moral judgments and like habits and customs. The second way is the statutory way. There is a legislative body or council which issues laws. It puts down in black and white what it thinks the community needs in the way of law. But even statutory law is ineffective without a foundation of common moral judgments.

"Within the society of nations neither of those ways is presently available. There are not enough common moral judgments or similarities of habit to develop an adequate body of common law. There is no legislating body to produce statute law."

Continuing, Mr. Dulles remarked: "It might naturally be asked why the Dumbarton Oaks Proposals did not include a proposal for an international legislature, so as to create the body of law needed to enable its international court and policeman to be effective.

"Such a project would not at the present time be practical. There is not sufficient trust and confidence and sense of community among the nations to permit of delegating to a legislative body the power to enact laws which would bind the nations. That is illustrated by the provision of the Dumbarton Oaks Proposals with reference to amending the Charter of the World Organization. Each of the Big Five proposes to keep, in perpetuity, a right to veto amendments voted by two-thirds of the Assembly. I hope that that particular provision can be changed. But there will be no delegation of power to an international parliament.

"Are we then at a dead end? Certainly not. We are, however, at a stage where we must begin at the beginning. That means something very elemental."

"That should not discourage us," he continued. "We have had a good result from that kind of a start. The States which founded our present union were, from their beginning, quite homogeneous. The peoples spoke the same language, worshipped the same God, had much the same habits and had a large body of common law. But the first step that they took to prevent war among themselves was, by Articles of Confederation, to make what they called a 'League of Friendship.' That did not set up any organ with the power to legislate for the confederation as a whole. The distrust was so great that each State reserved its own sovereignty in that respect. That League was a failure in the sense that it did not, from the beginning, contain all of the elements needed to solve all the problems of international finance and monetary stability, dealt with at Bretton Woods. There are colonial situations, where international supervision can promote autonomy and can prevent exploitation. There is the matter of limiting the economic burden of armament, which can be dealt with only on an over-all basis. There is the matter of promoting the revision of treaties and prior international decisions which may turn out to be unjust and unnecessarily repressive of human aspirations. There is the task of seeking for men everywhere religious freedom and education and cultural opportunities.

"Along these lines the World Organization could do more than Dumbarton Oaks proposes. Those Proposals would give the new Organization much of a mechanistic quality. Too much it seems designed to preserve the *status quo*. We need an organization which is dynamic, inspired by a purpose to advance the general welfare. That is needed not merely because of the intrinsic good that can be done. It is needed even more because only out of such an approach can there come the by-products upon which we depend for further progress. One such by-product is a realization by men everywhere that cooperation is not a yoke which they must grudgingly carry. Rather, it is an opportunity to advance their own welfare as part of the general welfare. Another such by-product is the good will and mutual confidence which comes when men in fellowship do creative tasks. Those by-products are essential if the nations are to be held together and go on to the building of a rounded world structure."

Mr. Dulles concluded by saying that, "We can expect from San Francisco that kind of success. We cannot expect more. There will emerge no modern, stream-lined instrumentalities to guarantee a peaceful settlement of international disputes. Those may come later. Until they do come, conflicts of national interests will continue to be settled primarily by power. That places a heavy responsibility upon Great Britain, the U. S. S. R. and the U. S. A., which in fact posses preponderant power in the world. If the three use their power justly, and in unity, they can provide a climate in which can grow the institutions required for organized peace. That opportunity, at best, will be short. For, any order which depends on individuals rather than institutions is a precarious order. Therefore, we must push on, looking to San Francisco, not as a stopping point, but as a starting point."

Slayton Co. Adds Two

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—Axel W. Lindgren and John J. Mastin have become associated with Slayton & Co., Inc., 111 North Fourth Street, St. Louis, Mo. Mr. Lindgren was previously with H. R. Kirk Investment Co. Mr. Mastin was with Barrett Herrick & Co.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 1374)

& Co., 10 Post Office Square, Boston 9, Mass.

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Cross Co. Common Stock—Analysis of reasons for considering this an attractive low-priced situation—**F. H. Koller & Co., Inc.**, 111 Broadway, New York 6, N. Y.

Also available are memoranda on **Liquidometer Corp.** and **New Bedford Rayon.**

Crowell Collier Pub.—Special research study—**Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

A. De Pinna Company—Descriptive circular—**Herrick, Waddell & Co., Inc.**, 55 Liberty Street, New York 5, N. Y.

Detroit Harvester Co.—Review of the situation—**Reynolds & Co.**, 120 Broadway, New York 5, N. Y.

Eastern Corporation Common—Circular—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Electronic Co. Common—Report discussing this stock as an attractive low-priced dividend payer—**Hughes & Treat**, 40 Wall Street, New York 5, N. Y.

Fashion Park, Inc. — Post-war outlook—**Simons, Linburn & Co.**, 25 Broad Street, New York 4, N. Y.

Foundation Company—Discussion of attractive outlook for this heavy construction company in the post-war era of European reconstruction, domestic reconversion, and public works development—**Riter & Co.**, 40 Wall Street, New York 5, N. Y.

Foundation Company—Circular—**Seligman Lubetkin & Co., Inc.**, 41 Broad Street, New York City.

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

Albert Frank-Guenther Law, Inc., preferred stock—Circular—**George R. Cooley & Co., Inc.**, 52 William Street, New York 5, N. Y.

Gruen Watch common—Memorandum—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Indiana Gas & Chemical—Late memorandum—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Interstate Aircraft & Engine Co.—Circular—**Hirsch & Co.**, 25 Broad Street, New York 4, N. Y.

Lehigh Valley RR.—Circular on the general consol. 4s-4½s-5s, 2003 — **McLaughlin, Baird & Reuss**, One Wall Street, New York 5, N. Y.

Lincoln Park, Mich.—Memorandum on refunding bonds—**Ballman & Main**, 105 West Adams Street, Chicago 3, Ill.

Long Bell Lumber Company—Memo discussing enviable post-war outlook and earnings possibilities—**Comstock & Co.**, 231 South La Salle Street, Chicago 4, Ill.

Macfadden Pub. Inc.—Descriptive circular—**C. E. de Willers & Co.**, 120 Broadway, New York 5, N. Y.

Magnavox Company—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co.**, 25 Broad Street, New York 4, N. Y.

Merritt, Chapman & Scott—Analysis of company's post-war prospects and reasons for considering outlook of interest—**Hirsch & Co.**, 25 Broad Street, New York 4, N. Y.

Mohawk Rubber Co. — Discussion of attractive prospects for return and appreciation—**Ward & Co.**, 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Du Mont Laboratories "A"; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scovill Mfg.; Bird & Sons; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hartford-Empire; Maine Central Pfd.; Purolator; Moxie; Southeastern Corp.; United Piece Dye Works; S. F. Bowser; Detroit Harvester; Boston & Maine; Buda Co.; Deep Rock Oil; Federal Machine & Welding; Gleaner Harvester; Liberty Aircraft Products; Lamson - Sessions; Berkshire Fine Spinning, Bowser, Inc.; New Jersey Worsted, and P. R. Mallory.

National Monthly Stock and Bond Quotation Service — Free trial offer being made by **National Quotation Bureau, Inc.**, 46 Front Street, New York 4, N. Y.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

New York, Chicago & St. Louis RR. Co.—Memo on post-war outlook offering attractive possibilities—**H. Hentz & Co.**, 60 Beaver Street, New York 4, N. Y.

Oxford Paper preferred & common — Analytical study — **Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

Panama Coca-Cola—Discussion of this situation—**Hoit, Rose & Troster**, 74 Trinity Place, New York 6, N. Y.

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

Public National Bank & Trust Company—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

St. Louis-San Francisco Railway Co. and **Chicago, Milwaukee, St. Paul & Pacific RR. Co.**—Arbitrage letters—**Vilas & Hickey**, 49 Wall Street, New York 5, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation**, 350 Fifth Avenue, New York 1, N. Y.

Seaboard All-Florida — Recent developments in the case, with the imminence of the appeal scheduled to appear before the Fifth Circuit Court on May 15 in New York—**L. H. Rothchild & Co.**, 52 Wall Street, New York 5, N. Y.

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Stromberg-Carlson — Descriptive circular—**J. F. Reilly & Co.**, 111 Broadway, New York 6, N. Y.

Struthers - Wells Corporation—Circular on interesting post-war possibilities—**Sills, Minton & Co., Inc.**, 209 South La Salle Street, Chicago 4, Ill.

Also available are current bulletins on **Chicago South Shore and South Bend Railroad, New Orleans, Texas & Mexico** issues, **St. Louis and San Francisco, Maryland Casualty** common, **Puget Sound Power and Light** common, **Chicago Railway Equipment Company, Leece Neville,** and **Soss Manufacturing Company.**

United Corporation — Current developments and discussion of further probable attractive exchange offers for preference—**Eisele & King, Libaire, Stout & Co.**, 50 Broadway, New York 4, New York.

Western Light & Telephone—Descriptive circular — **Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Wilmington Chemical Corporation—Descriptive circular—**Hill, Thompson & Co., Inc.**, 120 Broadway, New York 5, N. Y.

Yuba Consolidated Gold Fields—Analytical discussion of possibilities for price enhancement—**Cartwright & Parmelee**, 70 Pine Street, New York 5, N. Y.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1376)

When a certain stock gets under or above a predetermined level I see various things. I'll venture to say that I won't get anybody to agree on what these things are or what they mean. But that is what makes stock markets.

A few weeks ago when the various statements of a change in margin rules hit the market you saw a decline. At that time I said that these feelers would draw blood. But the chances are that when, as and if, new Reserve requirements are put into effect the market will do comparatively little. Theory is that markets do not discount the same news twice.

Same thing isn't true of the war. There are too many ramifications of a sudden peace for the market to consider at one and the same time. There is Dumbarton Oaks, Bretton Woods, Yalta and now San Francisco to think about. If there was any unanimity about any of these the market would reflect it. But there isn't. So one day, or one week, prices act fine; the next they act the opposite.

Yet stops apparently take care of most of the ups and downs. They won't get you in at the bottom or get you out at the top. But they'll keep you from losing too much money and may even give you some to spend on something else than commissions.

* * *

Last week you were stopped out of a number of stocks. American Steel Foundries was bought at 28. You were stopped out at 29½. Gross profit was 1½ points. Baldwin Locomotive came in at 26. Stop at 28 was taken last week. Result: Gross profit 2 points. Crucible was acquired at 38. It was stopped at 42. Gross profit was 4 points.

Against these you bought Goodrich at 57½ with a stop of 56. Stop was taken, so you had a loss of 1½ points.

* * *

You still hold the following, most of which came in on Monday's break. Hudson Motors at 18, stop 16. Jones & Laughlin 29; stop 27. Phelps Dodge 27; stop 25, and U. S. Rubber 56 with a stop at 53.

Before the end of this week is over you may get stopped out of all of them with losses. But if you want profits you have to take your chances with losses. You can't have one without the other.

* * *

More next Thursday.

—Walter Whyte

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

Edgar O'Leary Joins C. A. Alberts Staff

Edgar J. O'Leary has become associated with C. A. Alberts & Co., 70 Wall Street, New York City, in their trading department. Mr. O'Leary was formerly a member of the New York Curb Exchange.

John W. Bronson Is Now Associated With John Dane

NEW ORLEANS, LA.—John W. Bronson has become connected with John Dane, Canal Bank Building, members of the New Orleans Stock Exchange. In the past Mr. Bronson was head of Bronson & Scranton, Inc., in New Orleans.

Wilson Now With Herrick Waddell

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—James O. Wilson has become affiliated with Herrick, Waddell & Co., Inc., 1012 Baltimore Avenue. Mr. Wilson was formerly with John J. Seerley & Co., and in the past conducted his own investment business in Des Moines, Iowa.

Calendar Of New Security Flotations

NEW FILINGS

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

THURSDAY, MARCH 29

OHIO EDISON CO. on March 10 filed a registration statement for $26,089,000 first mortgage bonds due April 1, 1975. Interest rate will be filed by amendment.

Details—See issue of March 15.

Offering—The offering price will be filed by amendment.

Underwriters—Bonds will be offered for sale under the Commission's competitive bidding rule.

NEWCOR MINING & REFINING, LTD., on March 10 filed a registration statement for 500,000 shares of common stock without par value.

Details—See issue of March 15.

Offering—Price to the public is $1 per share.

Underwriters — Tellier & Co. is named principal underwriter.

FLINTKOTE CO. on March 10 filed a registration statement for 75,000 shares of $4 cumulative preferred stock (no par).

Details—See issue of March 15.

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

Underwriters — Lehman Brothers heads an underwriting group of 28 members.

SATURDAY, MARCH 31

CONTINENTAL GIN CO. on March 12 filed a registration statement for 37,303 shares 4½% cumulative preferred stock (par $100).

Details—See issue of March 15.

Offering—Company is offering to holders of its 6% preferred stock the opportunity to exchange their shares for new shares, on a share for share basis. The offering will expire April 20, 1945. Company is offering to the holders of common stock the right to purchase at $105 per share any of the shares not required to be issued in connection with the exchange offer, the offering rights to expire May 25. Any unexchanged or unsubscribed shares will be sold by the underwriters to the public at $106 per share.

Underwriters—Clement A. Evans & Co., Inc.; Courts & Co.; Robinson-Humphrey Co.; Wyatt, Neal & Waggoner and Johnson, Lane, Space & Co., Inc., all of Atlanta, and Sterne, Agee & Leach and Garber, Cook & Hulsey, Inc., of Birmingham.

SECURITIES ACCEPTANCE CORP. on March 12 filed a registration statement for 50,000 shares of 5% cumulative preferred stock, Series A, $25 par.

Details—See issue of March 15.

Offering—The offering price to the public is $25.75 per share.

Underwriters — Cruttenden & Co., Chicago, and First Trust Co. of Lincoln, Neb., 25,000 shares each.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12,500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11,822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

UNIVIS LENS CO. on March 12 filed a registration statement for 42,702 common shares, (par 50 cents). Of the total 12,000 shares are being sold by the company and 30,702 shares are issued and being sold by stockholders.

Details—See issue of March 22.

Offering—The price to the public is $6.50 per share.

Underwriters — Allen & Co. is named principal underwriter.

TUESDAY, APRIL 3

THE HUB, HENRY C. LYTTON & CO. on March 15 filed a registration statement for 130,000 shares of common stock (par $1). Of the total 30,000 shares are being offered by certain stockholders.

Details—See issue of March 22.

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

Underwriters—The principal underwriter is Allen & Co., with names of others to be filed by amendment.

GENERAL TIRE & RUBBER CO. on March 15 filed a registration statement for 75,000 shares 4¼% cumulative preferred stock, par $100 and 87,857 shares of common, par $5.

Details—See issue of March 22.

Offering—A total of 65,000 shares of preferred are being offered in exchange, share for share, for 4½% cumulative preferred stock; the remaining 10,000 shares and any unexchanged shares will be purchased by underwriters and offered to public at a price to be filed by amendment. Of the 87,857 common shares registered, 22,000 shares are being offered to certain officers and employees at $10 per share. The remaining 65,857 shares are being offered for subscription, at the rate of one share for eight shares held, to holders of outstanding common stock at a price to be filed by amendment. Unsubscribed shares will be purchased by the underwriters and sold to the public.

Underwriters—Among the underwriters are Kidder, Peabody & Co., Goldman, Sachs & Co., Lehman Brothers, The First Boston Corp., Ball, Burge & Kraus and the First Cleveland Corp. Lehman Brothers, First Boston Corp. and First Cleveland Corp. are named underwriters of preferred stock only.

WEDNESDAY, APRIL 4

CAROLINA POWER & LIGHT CO. on March 16 filed a registration statement for 156,158 shares of $5 preferred stock (no par).

Details—See issue of March 22.

Offering — The 156,158 shares of $5 preferred stock are to be offered, share for share in exchange for not more than 90% of the 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to date of redemption. Company proposes to make a cash adjustment which, together with dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange privilege a dividend at rate of $7 per share per annum or $6 per share per annum, respectively, up to redemption date of these stocks.

Underwriters—None named.

HYTRON RADIO & ELECTRONICS CORP. on March 16 filed a registration statement for 225,000 shares of common stock, par $1. Of total, 25,000 shares are issued and outstanding and being sold for certain stockholders.

Details—See issue of March 22.

Offering—Price to the public $5 per share.

Underwriters—Herrick, Waddell & Co., with names of others to be filed by amendment.

THURSDAY, APRIL 5

NEW YORK POWER & LIGHT CO. on March 17 filed a registration statement for $50,000,000 first mortgage bonds due March 1, 1975. Interest rate will be filed by amendment.

Details—See issue of March 22.

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

Underwriters—The issue will be offered for sale under the Commission's competitive bidding rule and the names of the underwriters will be filed by amendment.

FOOD MACHINERY CORPORATION has filed a registration statement for 107,010 shares of common stock (par $10).

Address—San Jose, Cal.

Business—Manufacturer of food cleaning and packing machinery.

Offering—The new common stock will be offered to common stockholders of record April 6 in the ratio of one share for each four shares held. Subscription warrants expire on April 18. The price of the offering will be filed by amendment. Unsubscribed shares will be sold to underwriters for offering to the public at a price to be filed by amendment. Following the offering the company proposes to declare a stock dividend of 25% in common stock to common stock holders which will bring total stock then outstanding to 668,810 shares.

Proceeds—From proceeds of the offering the company plans to retire $3,700,000 of 3% sinking fund debentures, due December, 1945 to 1956 and for working capital.

Underwriters—Kidder, Peabody & Co. and Mitchum Tully & Co.

Registration Statement No. 2-5637. Form A-2 (3-17-45). Originally filed in San Francisco.

SATURDAY, APRIL 7

OAK MANUFACTURING CO. on March 19 filed a registration statement for $1,000,000 ten year 5% sinking fund debentures due April 1, 1955, and 350,000 shares common stock, par $1. Of the stock, 300,000 shares are issued and outstanding and being sold by certain stockholders.

Details—See issue of March 22.

Offering—The offering price of the debentures to the public is 100 and of the common stock $10 per share.

Underwriters—Paul H. Davis & Co., is named principal underwriter, with names of others to be filed by amendment.

KANSAS - NEBRASKA NATURAL GAS CO., INC., on March 19 filed a registration statement for $4,484,000 first mortgage sinking fund bonds, 3⅝% series due April 1, 1965.

Details—See issue of March 22.

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

Underwriters—The underwriters are Central Republic Co., Inc.; Coffin & Burr, Inc.; A. C. Allyn & Co., Inc.; Kebbon, McCormick & Co.; Harold E. Wood & Co.; First Trust Co. of Lincoln, Neb.; Beecroft, Cole & Co., and Rauscher, Pierce & Co., Inc.

UNIVERSAL CAMERA CORP. has filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Address—28 West 23rd Street, New York, N. Y.

Business—Manufacture of popular-priced still and motion picture cameras, etc.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for the account of the company, 20,000 are to be offered to employees at a price of $4.25 per share. Share not subscribed for by employees will be sold to the public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Proceeds—The company will apply proceeds for general corporate purposes.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Registration Statement No. 2-5640. Form S-2. (3-19-45).

SUNDAY, APRIL 8

CENTRAL ILLINOIS ELECTRIC & GAS CO. has filed a registration statement for $14,000,000 first mortgage bonds due Feb. 1, 1975, and 30,000 shares of preferred stock, Series A (par $100).

Address—303 North Main Street, Rockford, Ill.

Business—Public utility.

Underwriters—The bonds and preferred stock will be offered for sale at competitive bidding and the names will be filed by amendment. The successful bidders will name the interest rate on the bonds and the dividend rate on the preferred stock.

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

Proceeds — Of the proceeds $15,413,750 will be utilized to redeem $14,750,000 first mortgage 3¾% bonds at 104½ and $1,296,887 to the redemption of 3½% and 4% debentures. The company will also use $1,000,000 to create a construction fund.

Registration Statement No. 2-5641. Form S-1. (3-20-45).

MONDAY, APRIL 9

MAY DEPARTMENT STORES CO. has filed a registration statement for 150,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Address—St. Louis, Mo.

Business—Operation of seven department stores located in St. Louis, Cleveland, downtown Los Angeles, Akron, Baltimore, Denver and outlying shopping district of Los Angeles.

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

Proceeds—The proceeds will be used for general corporate purposes. In due course, the company intends to effect the retirement, without premium, of indebtedness of the company and subsidiaries aggregating $4,060,600.

Underwriters—Goldman, Sachs & Co., and Lehman Brothers are principal underwriters, with others to be named by amendment.

Registration Statement No. 2-5642. Form A-2. (3-21-45).

TUESDAY, APRIL 10

CORNING GLASS WORKS has filed a registration statement for 50,000 shares of cumulative preferred stock (par $100), and an indeterminate number of common shares (par $5). The dividend rate on the preferred stock will be filed by amendment. The common shares are to be sold for the account of certain stockholders.

Address—Corning, N. Y.

Business—Manufacture of glass products.

Offering—The offering price of the preferred and common will be filed by amendment. A special meeting of stockholders will be held April 3 to vote on a proposed change in the capital structure. The program provides for the authorization of 100,000 shares of preferred stock ($100 par) and 3,000,000 shares of common (par $5). The preferred to be authorized includes the 50,000 shares registered. The present common stock, of which 658,877 shares ($10 par), are outstanding, will be split on a four-for-one basis so that 2,635,508 of the $5 par will be outstanding.

Proceeds—The net proceeds will be available for expenditures in connection with a program of modernizing and expanding manufacturing facilities and plants or for other corporate purposes.

Underwriters—The underwriting group is headed by Harriman Ripley & Co., Inc. and Lazard Freres & Co., with names of others to be filed by amendment.

Registration Statement No. 2-5643. Form A-2. (3-22-45).

WEDNESDAY, APRIL 11

REEVES-ELY LABORATORIES, INC., (formerly Reeves Sound Laboratories, Inc.) has filed a registration statement for 550,000 shares of 30-cent cumulative convertible preference stock ($4 par).

Address—62 West 47th Street, New York City.

Business—Company and its manufacturing subsidiaries are presently engaged in war production with combined sales of over $25,000,000 in 1944, with a larger volume of sales anticipated for 1945. Peacetime production consists of electronic devices, high frequency radio and communications equipment, transformers and electrical household appliances.

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

Proceeds—The company intends to add approximately three-fifths of the net proceeds received from sale of stock to its own working capital and to advance the balance as working capital to its subsidiary, Hudson American Corp. The effect of the financing will be to give the company and its subsidiaries consolidated net working capital of over $1,400,000 and to eliminate the present deficiency in the company's working capital position, its current liabilities having exceeded its current assets by over $1,000,000 at Dec. 31, 1944, and a similar deficiency of Hudson American Corp. which amounted to nearly $500,000 at Dec. 31, 1944. The proposed advance to Hudson American according to the company's prospectus is for the purpose of giving that subsidiary a net working capital of $500,000, thus permitting it to pay dividends up to 50% of its net earnings in any fiscal year, on its stock held by Reeves-Ely and of freeing the latter from the prohibition against payment of dividends on its own stock.

Underwriters—H. M. Byllesby & Co., heads the underwriting group, with names of others to be supplied by amendment.

Registration Statement No. 2-5644. Form S-1. (3-23-45).

ANDERSON, CLAYTON & CO. has filed a registration statement for 250,000 shares of common stock (par $21.80). The shares are issued and outstanding and do not represent new financing.

Address — Cotton Exchange Building, Houston, Texas.

Business — Engaged primarily in merchandising, servicing and processing cotton and cottonseed.

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

Proceeds—The shares are being offered by the M. D. Anderson Foundation, a charitable trust created by the late M. D. Anderson, which will receive the proceeds of the sale.

Underwriters — Morgan Stanley & Co.; Harriman Ripley & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Blyth & Co., Inc.; Clark, Dodge & Co.; First Boston Corp.; Goldman, Sachs & Co.; Hornblower & Weeks; Kidder, Peabody & Co.; Lehman Brothers; Drexel & Co.; Hemphill, Noyes & Co.; W. E. Hutton & Co.; Paine, Webber, Jackson & Curtis; Stone & Webster and Blodget, Inc.; Dean Witter & Co.; Dominick & Dominick; Equitable Securities Corp.; Alex. Brown & Sons; Stern Brothers & Co.; Wisconsin Co.; Lovett Abercrombie & Co.; Auchincloss, Parker & Redpath; Bacon, Whipple & Co.; Oscar Burnett & Co.; Courts & Co.; Dewar, Robertson & Pancoast; R. S. Dickson & So., Inc.; Francis I du Pont & Co.; Clement A. Evans & Co., Inc.; R. N. Eddleman & Co.; Folger, Nolan, Inc.; J. J. B. Hilliard & Son; Johnson, Lane, Space & Co., Inc.; McClung & Knickerbocker, Inc.; Mosle and Moreland, Inc.; Nashville Securities Co.; Neuhaus & Co.; Newhard, Cook & Co.; E. M. Newton & Co.; Rauscher, Pierce & Co.; Robinson-Humphrey Co.; George V. Rotan Co.; Starkweather & Co.; G. H. Walker & Co.; Chas. B. White & Co.; White, Hattier & Sanford and Whiting, Weeks & Stubbs.

Registration Statement No. 2-5645. Form A-2. (3-23-45).

ATLANTIC CO. has filed a registration statement for $10,600,000 5% sinking fund debentures, due April 1, 1980, and 275,000 shares of common stock (no par).

Address—106 Washington Street, Atlanta, Ga.

Business—Manufacture and sale of ice in communities located in the States of Georgia, Virginia, North Carolina, Tennessee, Florida, South Carolina and Alabama.

Offering—Under reorganization and recapitalization plan company is offering to the holders of outstanding 6% and 7½% cumulative preferred stocks the privilege of exchanging their shares on the basis of $100 par value of stock for $100 par value of 5% debentures and one share of common stock, and to holders of outstanding 6% Class A preference stock the privilege of exchanging their shares on the basis of $50 par value of stock for $50 par value of 5% debentures and two shares of common stock. The holders of the 6% preferred and 6% Class A stock offering their stock for exchange shall receive dividends on April 1, 1945, at the same rate of dividends paid on the stock on Jan. 1, 1945, but shall receive no dividends thereafter, the debentures bearing interest from such date. Any debentures not issued in exchange for stock shall then be offered to holders of presently outstanding first mortgage 5% sinking fund bonds on the basis of $100 par of debentures plus an amount to be determined by the company not exceeding $3 in cash for each $100 par value of bonds exchanged. The 5% sinking fund bonds are callable at 103. All of the outstanding 5% sinking fund bonds not exchanged for debentures and all of the first mortgage 3% serial bonds shall be called for redemption. The company contemplated that about June 1, 1945, it will issue not exceeding $3,400,000 3% notes and use the proceeds either for the purpose of calling all 3% serial bonds and the outstanding unexchanged 5% sinking fund bonds or to reimburse the company for funds previously used for that purpose. Any debentures not taken in exchange for stocks or bonds may be sold by the company at not less than par plus accrued interest. In the opinion of the management no such sale will be made, as it is believed substantially all of the debentures will be exchanged either for the company's stocks or bonds.

Purpose—To effect an exchange of debentures and common stock for outstanding preferred and Class A stock. Any preferred or Class A stock not exchanged for debentures under plan shall be called for redemption.

Underwriters—Courts & Co., Atlanta, is names as underwriter.

Registration Statement No. 2-5646. Form A-2. (3-23-45).

VIRGINIA ELECTRIC & POWER CO. has filed a registration statement for $33,000,000 first and refunding mortgage bonds Series E due March 1, 1975.

Amount of Offering Increased—In an amendment filed March 26 company increased amount to be offered to $59,000,000. The interest rate will be filed by amendment.

Address—7th & Franklin Streets, Richmond, Va.

Business—Public utility.

Underwriters—The bonds will be sold at competitive sale and the names of the underwriters filed by amendment.

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

Proceeds—The proceeds, together with other funds of the company, will be used to redeem $37,500,000 first and refunding mortgage bonds, Series B, 3½s, due Sept. 1, 1968; $3,000,000 of Series C 3⅛s due 1971 and $23,000,000 series D 3s, due 1974.

Registration Statement No. 2-5647. Form S-1. (3-23-45).

SATURDAY, APRIL 14

KENDALL CO. has filed a registration statement for 40,000 shares of $4.50 cumulative preferred stock, Series A (no par).

Address—Walpole, Mass.

Business—Manufacturer of textiles and surgical dressings.

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

Proceeds—The company expects to apply the net proceeds from the sale of preferred stock to the redemption on June 1, 1945, at $110 per share of the outstanding cumulative and participating preferred stock, Series A, requiring $3,227,730 exclusive of accrued dividends, and with other funds expected to be obtained, to the redemption of $4,500,000 of outstanding 3½% sinking fund debentures, due Sept. 1, 1957, and $1,000,000 of 2¾% serial notes due 1945-47. The company has entered into contracts for the private sale on or about June 1, 1945, of $3,600,000 of 3% sinking fund debentures due June 1, 1960, and $1,400,000 of 2½% serial notes due 1945-1952.

Underwriters — First Boston Corp. is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5648. Form A-2. (3-26-45).

DODGE & COX FUND has filed a registration statement for 25,000 beneficial shares.

Address—1708 Mills Tower, San Francisco, Calif.

Business—Investment company.

Underwriters—Dodge & Cox are named as trust managers.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5649. Form S-5. (3-26-45).

GRAYBAR ELECTRIC CO., INC., has filed a registration statement for 57,937 shares of capital stock (par $20).

Address—420 Lexington Avenue, New York City.

Business—Distribution of electrical apparatus and supplies.

Offering—The company is 100% employe owned. The 57,937 shares are to be offered to employes under a stock purchase plan dated May 1, 1945, at $20 per share. The last previous offering of shares to employes was under a plan dated April 1, 1940. The present plan is designed to permit employes and officers who have joined the company since Jan. 1, 1940, to become stockholders, and to permit those who are eligible to exercise additional subscription rights.

Proceeds—Proceeds will be added to general funds of the company, and part of the proceeds may be used for the acquisition of property.

Underwriters—None named.

Registration Statement No. 2-5650. Form S-2. (3-26-45).

GRAYBAR ELECTRIC CO., INC.—W. J. Drury, A. H. Nicoll, E. W. Shepard, G. F. Hessler and G. T. Marchmont as trustees under a voting trust agreement dated as of July 15, 1938, have filed a registration statement for voting trust certificates for 57,937 shares of common stock (par $20) of Graybar Electric Co., Inc.

Address—Address of company, 420 Lexington Avenue, New York City.

Business—See above.

Offering—See above.

Purpose—The registration of additional voting trust certificates was filed in connection with the proposed offering by the company of 57,937 shares of additional stock to employes at $20 per share under a stock purchase plan dated May 1, 1945.

Underwriters—None named.

Registration Statement No. 2-5651. Form F-1. (3-26-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN ENGINEERING CO. on Feb. 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share.

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group, with the names of others to be supplied by amendment.

A. P. W. PRODUCTS CO., INC. on Jan. 27 filed a registration statement for $2,000,000 20-year 5% first mortgage sinking fund bonds and 40,000 shares of capital stock (par $5).

Details—See issue of Feb. 1, 1945.

Offering—Holders of outstanding $2,000,000 20-year 6% first mortgage sinking fund bonds due 1948 are given the privilege of tendering their bonds for redemption as of April 1, 1945 at 102½ and interest, or, in the alternative, to assent to an extension of the maturity date to April 1, 1965 and the reduction of interest to 5% per annum and to receive in consideration for such extension $25, the amount equivalent to the 2½% redemption premium, and in addition 20 shares of the company's ($5 par) common stock. The extension offer will expire at noon Feb. 26, 1945. Bonds not tendered for extension will be redeemed at 102½ and accrued interest to April 1, 1945. After the expiration of the extension offer, an amount equal to the unextended 6% bonds are to be offered to the public by the underwriters at the initial offering price of $1,000 "per unit" consisting of $1,000 20-year 5% first mortgage sinking fund bond and 20 shares of common stock.

Underwriters—Allen & Co., Bond & Goodwin, Inc., E. W. Clucas & Co., R. H. Johnson & Co., Schoellkopf, Hutton & Pomeroy, Inc., Buckley Brothers, George R. Cooley & Co., Inc., Brailsford & Co., and Ferris, Exnicios & Co.. Inc.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

AUTOMOBILE DEALERS INSURORS, INC. on Feb. 19 filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock.

Details—See issue of Feb. 22.

Offering—Preferred and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for $101 per unit.

Underwriters—None named.

BENDIX HELICOPTER, INC. on Feb. 2 filed a registration statement for 1,400,000 shares of capital stock, par value 50 cents.

Details—See issue of Feb. 8, 1945.

Offering—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised, and 200,000 additional shares are reserved to be issued when, as and if certain stock option warrants to be issued by the corporation to the underwriters are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

Underwriters—Kobbe, Gearhart & Co., Inc., and Bond & Goodwin, Inc., are named principal underwriters.

BLUEFIELD SUPPLY CO on Feb. 16 filed a registration statement for 4,990 shares of common stock, par $100.

Details—See issue of Feb. 22.

Offering—The offering price $100 per share. New common is being offered to present stockholders on a pro rata basis of their holdings as of March 15, 1945.

Underwriters—None named.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CENTRAL VERMONT PUBLIC SERVICE CORP. on March 7 filed a registration statement for $6,967,000 first mortgage bonds, series D, due Feb. 1, 1975, and 40,000 shares of common stock. Interest rate will be filed by amendment.

Details—See issue of March 15.

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

Underwriters—Bonds will be offered for sale at competitive bidding and the names of underwriters filed by amendment. Common stock will be sold to underwriters the names of whom will be filed by amendment.

DALLAS POWER & LIGHT Co. on March 7 filed a registration statement for 78,731 shares of preferred stock ($100 par). Dividend rate as filed by amendment 4½%.

Details—See issue of March 15.

Offering—Company proposes to offer one share of new preferred stock for each of the 78,731 outstanding preferred shares, of which 35,000 shares are 7% ($100 par) and 43,731 shares $6 preferred stock, with adjustment of dividends. Any shares not exchanged will be called for redemption. Funds for the redemption will be obtained by offering pro rata to holders of common stock additional shares of common at $60 per share in a sufficient amount to provide funds for the redemption of the unexchanged preferred. Electric Power & Light Corp., parent of Dallas, presently owns 238,875 out of a total of 262,500 shares of outstanding common stock and proposes to underwrite the sale of a sufficient number of common shares to provide funds for the redemption of the unexchanged preferred.

Underwriters—Kidder, Peabody & Co., dealer managers.

DIANA STORES CORP. on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants.

Details—See issue of Feb. 15, 1945.

Offering—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants and the payment of $7 per share.

Underwriters—Not named.

HALLICRAFTERS CO. on March 6 filed a registration statement for 225,000 shares of common stock, par $1. Of the total 75,000 are being sold by the company and 150,000 by certain stockholders.

Details—See issue of March 15.

Offering—Offering price to public is $8 per share.

Underwriters—Doyle, O'Connor & Co., Inc.; C. L. Schmidt & Co., Inc.; A. G. Edwards & Sons; Courts & Co.; Kalman & Co., Inc.; Dempsey & Co.; Sills, Minton & Co., Inc.; Cruttenden & Co., and Mason Brothers.

HAVERHILL ELECTRIC CO. on March 1 filed a registration statement for 26,000 shares of capital stock, par $25 per share.

Ernest Blum Visits N. Y.

Ernest E. Blum, vice-president of Brush, Slocumb & Co., 1 Montgomery Street, San Francisco, California, has been visiting in New York. Mr. Blum who is returning to the Coast shortly has been staying at the Hotel Biltmore.

Details—See issue of March 8.

Offering—The company is offering the 26,000 shares of new capital stock to present stockholders pro rata at $25 per share.

Underwriters—None named.

NORTHWESTERN LEATHER CO. on March 9 filed a registration statement for 17,000 $2.50 convertible preferred shares and 100,000 common shares, the latter including 61,338 common shares to be issued to existing shareholders in exchange for certain outstanding shares pursuant to plan of recapitalization.

Details—See issue of March 15.

Underwriters—First Boston Corp. is named principal underwriter.

OHIO WATER SERVICE CO. on Dec. 7 filed a registration statement for 80,880 shares of common stock, par $10. The shares are now outstanding and are being sold by Federal Water & Gas Corp.

Details—See issue of Dec. 14, 1944.

Underwriters—Otis & Co. are principal underwriters.

OLD STAR DISTILLING CORP. on Aug. 14, 1944 filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share.

Details—See issue of Aug. 24, 1944.

Underwriters—No underwriter named.

RATH PACKING CO. on March 9 filed a registration statement for 200,000 shares of common stock, par $10.

Details—See issue of March 15.

Offering—Company offers to common stockholders the right to subscribe to the 200,000 shares of common at rate of one share of such common for each 3½ shares held. The subscription price will be filed by amendment. Shares not subscribed by stockholders will be offered to public by underwriters at a price to be filed by amendment.

Underwriters—Kidder, Peabody & Co. head the underwriting group.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

E. H. SCOTT RADIO LABORATORIES, INC. on Feb. 28 filed a registration statement for 225,000 shares of common stock (par $1). Of total company will sell 148,150 shares and certain stockholders will sell 76,850 shares.

Offering—Stock will be offered at $3.125 per share.

Underwriters—Brailsford & Co. named principal underwriter.

SIMPLICITY PATTERN CO., INC., on March 7 filed a registration statement for 60,542 shares of 5½% cumulative, convertible preferred stock (par $10). Shares are issued and outstanding and are being offered by certain stockholders.

Details—See issue of March 15.

Offering—Offering price to the public is $10 per share.

Underwriters—First Colony Corp. 50,542 shares and Straus & Blosser 10,000 shares.

TEXAS ELECTRIC SERVICE CO. on March 2 filed a registration statement for $18,000,000 first mortgage bonds series due 1975 and 68,875 shares of preferred stock, par $100. The interest rate on bonds and dividend rate on preferred stock will be filed by amendment.

Details—See issue of March 8.

Offering—The company is offering to exchange the new preferred stock for outstanding $6 preferred stock on a share for share basis plus an amount in cash equal to the difference between $110 and the public offering price of the new preferred stock. The bonds and unexchanged shares will be sold at competitive bidding, with the price to the public to be filed by amendment.

Underwriters—The names will be filed by amendment.

WEST VIRGINIA WATER SERVICE CO. on March 5 filed a registration statement for 14,000 shares of $4.50 cumulative preferred stock and 100,000 shares of common. The preferred stock only represents a new issue.

Details—See issue of March 15.

Offering—Company will sell preferred stock to the underwriters who will offer same to holders of present $6 cumulative preferred at $104 per share. Any stock not subscribed by the stockholders will be offered to the public at $104 a share.

Offering price of common stock to the public will be $13.50 per share.

Underwriting—Allen & Co. and Shea & Co.

Edw. E. Brown Answers Criticisms Of International Monetary Fund

(Continued from first page)

business men find it pretty difficult to accept the idea that a borrower should have a right to borrow money.

"The traditional point of view of the banker, which is the one I am free to say I share, is that if money is to be loaned, that the person lending it should have the right to say whether it should be loaned at all, and if it is loaned, on what terms and conditions it should be loaned.

"If I could draw a fund agreement, a currency stabilization agreement, and provide that it was entirely within the discretion of the management of the fund to determine whether the money should be loaned and if I could get the other nations of the world to come in to such an agreement to put up resources in gold and their own currency, so that money could be loaned by the Fund, I would be in favor of doing it, but anybody who went over the record of the discussions with the various countries on the bilateral basis prior to Bretton Woods, and prior to the Atlantic City Conference, anybody who was present and heard at Atlantic City first and at Bretton Woods later, the various nations, the 44 of them represented there, expound their viewpoints, would be convinced, I think, as I was convinced, that it is hopeless to expect any considerable number of the nations of the world to go into such a mutual fund unless it is definitely understood that subject to various conditions and limitations, they have a right to use the resources of the Fund.

Automatic Loans Provision a Compromise

"Therefore, it being believed by the United States and by the other countries that a stabilization fund was desirable and more than desirable, that it was necessary, an agreement was worked out designed to compromise the difference between the point of view of an absolute right of a member of the Fund to borrow up to his quota and giving the Fund absolute discretion to refuse or grant credit. . . .

"The result is this long and rather complicated Agreement which provides that a country which permits certain conditions shall have the right to borrow up to its quota; that it can not borrow more than 25% in any one year; that it can not borrow except for the purpose of the Fund, and if the management of the Fund thinks that it is using its access to the Fund for purposes contrary to the Agreement, the Fund has a right to refuse further credit and cut off the access of the country to the resources of the Fund.

"The Agreement represented by the Fund Agreement, as I say, is a compromise agreement, and a compromise agreement which many of the countries thought was too restrictive to their rights of access to the Fund, and in my opinion, any proposition that a fund should be set up or that a bank should be set up with authority to make stabilization loans on which the entire discretion as to making or granting the loans would be left with the management of the Bank or the Fund, would have no chance of acceptance by many countries, including very large ones, such as Russia. I believe the United Kingdom and a good many smaller countries would probably come into such an agreement, but the agreement then would be ineffective because it would not embrace a sufficient number of countries of the world."

The Plan Not Premature

Turning to the criticism that the Fund is not practical until economic reconstruction is accomplished, Mr. Brown remarked that "the second objection generally urged by the more serious critics of the Fund, the more informed ones, is that no stabilization agreement can work until the world has settled down after the war, until we know where we stand as regards arrangements to prevent future war, until the economies of the Governments of the various countries have become politically stable, until the countries have reconstructed to a point where they can be expected to export a sufficient amount of goods to balance their current imports.

"Therefore, the argument is made that while it is all right to set up the Bank now, that any proposition intended to stabilize currency should be put off, probably for some years. . . .

"Well, again, as I said before, I happened to be in Central Europe at the time currencies were going to pieces after the last war; I happened to be in Mexico in the later stages of the revolution when money was worth a hundred thousand or two hundred thousand to one, and where various rebel generals would shoot you if you didn't accept it, but in spite of that, people would not accept it and a country which is in a situation where its people have not sufficient confidence in its currency to use it as a medium of exchange, where they have not any gold or silver which can be so used, where they are unwilling to make contracts running a few weeks or a few months in terms of that currency, it is impossible to get either political stability or any economic development at all.

"I think everybody agrees that a country which is engaged in war in its home area, which is engaged in civil war or in which any large percentage of the population is starving, can not be expected to stabilize its currency or use money borrowed from any agency except for the purpose of carrying on the war in its home area and relieving starvation, and putting down civil war.

"That was argued and spelled out at great length at Bretton Woods. . . . Everybody there accepted the proposition and there is a provision in the Agreement that the Fund shall not transact initial exchange transactions with any country whose condition in the opinion of the Fund is such that it can not use the money for the purpose of the Fund without endangering the interests of the other members.

"That language may be the language of diplomacy, but it was designed to take care of a situation of warfare in the home area, civil war and starvation.

"Unless some means is set up, either by an international agreement or by very lavish expenditures and at the risk of the United States alone, you are going to find very large areas of the world which cannot get started up, which cannot have a currency with any relative degree of stability, and that means one thing, either that such countries will fall into hopeless chaos or else they will adopt some form of totalitarianism, maybe Communism, maybe some form of state socialism akin to Nazism or Fascism, which we are fighting to destroy.

"To say that it is setting up an arrangement for stabilization of currencies and stabilization of currencies must await balanced currency and settled governments and exports equal to imports is to postpone all possibility of achieving any of those results, in my opinion, over most of the continent of Europe and other large portions of the world for a generation or more." . . .

Some Other Criticisms Answered

Mr. Brown next turned to other criticisms of the Fund. "There are criticisms," he said, "that the Fund does not tie all currencies to an absolute stability, which is an objection which is rarely advanced by informed people who feel that the very conditions of the world will make future changes in the par value of different currencies expressed in gold not only inevitable but necessary and desirable.

"And again, with the possible exception of the United States and South Africa, I doubt if there are any countries in the world who were willing to finally tie themselves up at this time to the gold standard, and I am not so sure that the United States would."

And he added further:

"The provisions respecting stability of the gold value represent compromises. They provide for orderly changes. The fact that they are being attacked in England and elsewhere, as to the Fund being too much of a gold standard and attacked here on the ground that it is too little makes me believe that it is probably as fair a compromise on that question as is possible."

His position on "scarce currency" was stated as follows: "The objection is frequently raised that under the Fund the dollar will become scarce currency, and then other countries can put up discriminations against the dollar.

"That objection is again one that is rarely urged by people who have studied and are experts on the question, because it is obvious that unless something is done with the dollar it will become scarce currency in very short order, and most if not all of the nations of the world will enforce discrimination against our currency.

"Again, complaints were made that provisos are not made for removing exchange controls quickly enough, and again the answer is that the condition of the world is such that exchange controls, just as a good many of our price and rationing controls, will have to last during the transition period after the end of the war, until the world economy can be restored to something like normal."

Francis J. Ryan Now With Stifel Nicolaus & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, MO.—Francis J. Ryan has become associated with Stifel, Nicolaus & Co., Inc., North Broadway, members of the St. Louis Stock Exchange. Mr. Ryan has recently been with the U. S. Army Air Corps. In the past he was with George F. Ryan & Co., and Taussig, Day & Co., Inc.

Singer Deane Scribner to Admit Chas. Patton

PITTSBURGH, PA.—Charles H. Patton will become a partner in Singer, Deane & Scribner, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, as of April 5. Mr. Patton for many years has been local manager for J. S. Bache & Co.

Karboski Heads Dept. at Syle & Company

John W. Karboski is now in charge of the Research Department of Syle and Company, 19 Rector Street, New York City. Mr. Karboski was formerly in the Research Department of H. Hentz & Co.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

Earlier this month the Treasury announced the restrictions as to buyers and the securities that would be offered in the coming War Loan, but decided that the maturities of these obligations would not be made public until the market had an opportunity to "settle a little." . . . Last Thursday Secretary of the Treasury Morgenthau disclosed plans to withhold maturities until the "last minute," and indicated that the new technique would set a precedent for future drives. . . .

Adoption of the new policy, Mr. Morgenthau stated, will insure a minimum of "switching" and speculation in Government securities which has resulted in large acquisitions by commercial banks and driven up bond prices. . . .

THE MARKET'S REACTION

A comparison of prices on March 3 and March 24 of the taxable bonds most likely to be affected by the new financing shows what has taken place in the Government bond market since it was decided to withhold the maturities of the issues to be sold in the next War Loan. . . . The table follows:

Security—	Closing Bid Price March 3	Closing Bid Price March 24	Change in 32nds
†2% due 6-15-1949-51	102.20	102.19	—1
†2 due 9-15-1949-51	102.17	102.18	+1
†2 due 12-15-1949-51	102.16	102.18	+2
†2 due 3-15-1950-52	102.17	102.18	+1
†2 due 9-15-1950-52	102.14	102.18	+4
†2 due 9-15-1951-53	102.5	102.10	+5
†2 due 12-15-1951-55	102.4	102.11	+7
†2½ due 3-15-1952-54	105.6	105.15	+9
†2 due 6-15-1952-54	101.30	102.8	+10
†2¼ due 6-15-1952-55	103.9	103.23	+19
†2 due 12-15-1952-54	101.28	102.8	+12
2½ due 3-15-1956-58	105.4	105.19	+15
*2¼ due 9-15-1956-59	102.1	102.9	+8
*2½ due 6-15-1962-67	102.6	102.8	+2
*2½ due 12-15-1963-68	101.15	101.18	+3
*2½ due 6-15-1964-69	101.10	101.13	+3
*2½ due 12-15-1964-69	101.9	101.12	+3
*2½ due 3-15-1965-70	101.8	101.12	+4
*2½ due 3-15-1966-71	101.8	101.12	+4
2½ due 9-15-1967-72	101.28	102.16	+20

*Commercial bank ownership limited. †New all time highs, made between March 3 and March 24, 1945.

This compilation indicates that prices have moved up since the restrictions and the securities to be available in the drive were announced, and it is believed that the market has pretty well adjusted its position to the new financing without having the exact maturity dates. . . . The opinion is held in some quarters that a withholding of restrictions as to buyers in the coming drive would have been more effective than the withholding of maturities. . . .

INTERMEDIATES AND CERTIFICATES FAVORED

The statement of Secretary Morgenthau and the request of Allan Sproul, President of the Federal Reserve Bank of New York, last week, that the banks and non-bank investors heed closely the admonitions of the Treasury against speculative buying of securities, etc., resulted in higher prices for practically all of the taxable issues, with the intermediate-term 2s selling at new all-time highs and the 2½s of 1967/72 in demand. . . .

The Government recommendation that between drives investors properly make use of short-term securities such as Treasury bills and certificates of indebtedness as a temporary means of employment of cash balances pending reinvestment of such funds in War Loan obligations created a substantial demand for the certificates, which moved up the latter part of the week. . . .

CANADA AND UNITED STATES

Finance Minister Ilsley announced on March 22 that Canada's Eighth Victory Loan would get under way on April 23, and that a minimum goal of $1,350,000,000 had been set. The long-term issue will have a maturity of 18 years and five months, with the shorter security due in 4 years and 6 months. . . . A comparison of the rates and the issues to be offered in the War Loan Drives in the United States and Canada is as follows:

UNITED STATES SEVENTH WAR LOAN

	Indicated Price	Yield
*Short term, 1½% bond	100	1.50%
*Long term, 2¼% and 2½%	100	2.25% to 2.50%

*Maturities not yet announced by Treasury.

CANADA—EIGHTH WAR LOAN

	Indicated Price	Yield
Short term, 1¾% due Nov. 1, 1949	100	1.75%
Long term, 3% due Oct. 1, 1959-63	100	3.00%

INSURANCE COMPANIES ANTICIPATING DRIVE

It was learned that the insurance companies are still letting out some of their municipal bonds at current fancy prices. . . . Also, it was reported, that these institutions are allowing some of the corporate issues that are being refunded to be paid off, or are replacing them with smaller amounts than they previously held. . . . The monies realized from these transactions will be invested in the issues that will be offered in the Seventh War Loan. . . .

The funds obtained from the partially exempt bonds that have been sold by some of the insurance companies, at present high levels, have been reinvested in the restricted 2¼s and 2½s. . . .

SAVINGS BANKS' CASH MOUNTING

The substantial increase that took place in 1944, and has continued so far this year in savings deposits, means that savings banks will have more new funds available for the purchase of securities in the Seventh War Loan than in previous drives. . . . In order that those funds be kept out of the market until the drive issues are available, the Savings Bank Trust Co. is paying savings banks in New York State 2% on new deposits (1% on old deposits) left with them until the pay date of the War Loan Securities. . . .

This fine work beng done by the Savings Bank Trust Co. is an example of the cooperation the Treasury and the Federal Authorities have been receiving and will continue to receive from the banks. . . .

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