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Official Changes at U. S. National Bank Of Portland, Oregon

At the regular March meeting of the Board of Directors of the

Paul S. Dick E. C. Sammons

United States National Bank of Portland, Ore., several important shifts among top-flight officials were announced. Mr. Paul S. Dick, who has been president since 1931, was elevated to the position of chairman of the board. Mr. E. C. Sammons, a prominent Portland manufacturer and member of the bank's board of directors, was elected president. Mr. A. M. Wright, first vice-president, tendered his resignation and Mr. A. L. Mills, Jr., was elected to fill the position vacated by Mr. Wright. All changes were made effective at once.

Index of Regular Features on page 1516.

Inflation or Deflation In France?

By DONALD L. KEMMERER
Assistant Professor of Economics, University of Illinois

Dr. Kemmerer Recounts the Progress of Inflation in France During the German Occupation Caused by Increase in Currency and Decrease in Goods. Maintains That the "Flag Money" Issued to Our Troops Did Little Economic Damage. Explains Soldiers' "Black Market" Operations. Concludes France Was Wise in Not Following the Belgium Plan of Deflation by Calling in and Converting Currency and That the Issuance of the Liberation Loan to Sop Up Money Was, From a Political Standpoint, a Better Policy. Holds That Further Deflation in France Is Unlikely and the Chances of Controlling Inflation Are Improved.

The Questions Summarized

For the past generation the price level in France has been very unstable. Wholesale prices sextupled during and immediately after World War I to 1920, then this high level was halved in the next two years, doubled again in the next four, remained moderately stable for about four years, halved again in the next six years, doubled once more in the next four, and, according to two calculations based on black market prices, increased six to twenty-fold since World War II began.[1] A mere recital of what happened makes the casual reader or onlooker somewhat dizzy; how much more must Jean Francois, the French man-on-the-street have been puzzled by it all. Nor is the present picture less confusing. Now Jean Francois sees official prices far below inflated black market prices, but he knows that most of the goods he wants

Donald L. Kemmerer

(Continued on page 1498)

Essentials of Foreign Policy

By HON. J. W. FULBRIGHT*
United States Senator from Arkansas

Holding That Our Foreign Policy Is Not Entrusted Exclusively to the State Department, but to Congress as Well, Senator Fulbright Holds That the People's Representatives Can Evaluate Better Their True Desires Than the Traditional Diplomat. Urges a Clarification of Our Foreign Policy and a Willingness to Give Up Some of Our Cherished Prejudices to Promote a Lasting Peace. Warns Political Stability Is Not Possible Without Economic Stability, and, in Order to Establish an Effective International Organization We Must Abandon the Old Concept of Independent Sovereignty. Urges Public Be Kept Advised on European Affairs

Myths are one of the greatest obstacles in the formulation of national policy. A myth of some plausibility is being currently revived at the expense of this Senate. The Senate is being held solely responsible for the failure of the United States to join the League of Nations. This myth is a half-truth, and a very dangerous half-truth. At home it is being used to disparage our system of government. Abroad it is being used to explain any hesitation we may show in joining a system of world security. The Senate of the United States, it is said, cannot be relied upon. As I see it, the responsibility for the rejection of the League of Nations does not belong solely to this Senate. The American

J. W. Fulbright

*An address by Senator Fulbright in the Senate, Mar. 28, 1945.

(Continued on page 1508)

Great Britain's Post-War Problems

By ROBERT BOOTHBY, M. P.*

British Statesman Lays Causes of Britain's Difficult Economic Position to (1) Sharp Decline in Her Chief Export Items and (2) Failure to Maintain Her Fair Share of World Trade. Holds Major Post-War Problems are (1) the Importation of Sufficient Food and Raw Materials to Maintain High Production, and (2) the Elimination of the Sterling Blocked Balances. Contends Problems Not Solved by Creating an Export Surplus, but by Britain Changing Her National Economy and Producing High Grade Export Products. Predicts Permanent Economic Controls and Resort to Reciprocal and Bilateral Agreements and Urges U. S. Cooperate, Not by Granting Loans to British, but by Tariff Reduction and by Investment in Nations Serving as Markets for British Goods.

Robert Boothby, M.P.

Before the outbreak of the first World War Great Britain had an annual export surplus, available for overseas investment, of approximately £200 million. Between the two world wars she had an average annual deficit in her balance of payments of between £40 million

*Mr. Boothby was educated at Eton and Magdalen College, Oxford. He was elected to Parliament in 1924 as a member of the Conservative Party for the Eastern Division of Aberdeen and Kincardinshire and served as Parliamentary Private Secretary to Winston Churchill, when the latter was Chancellor of the Exchequer. In 1940-41 he was Parliamentary Secretary to the Ministry of Food. In 1941-43 he served in the RAF and is now in the United States on a lecture tour.

(Continued on page 1512)

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The Bretton Woods Marriage Proposal

By JOHN CLIFFORD FOLGER*
President, Investment Bankers Association

Asserting That a Financial Commitment, Like Marriages, Should Not Be Entered Upon in Haste, Mr. Folger Attacks the "Take It or Leave It" Attitude of the Bretton Woods Proposals. Holds There Is a Middle Ground, and Deplores the Fact That "Technicians" and Not Bankers Formulated the Plan. Says Bankers Are Not Out to Sabotage the Proposals, and That Because of the Global Scope of the Program Congress Should Consider It for the Good of All. Maintains That Automatic Loans Will Benefit Other Countries at Our Expense.

American dollars are going abroad as never before. The fact that we have become and are likely to remain the principal creditor nation of the world makes it important that we give the subject of international finance our most considered and mature thought. The Bretton Woods plan brings this subject to the fore.

John Clifford Folger

Long and somtimes bitter experience has taught business men that the time to look at a financial commitment is before and not after it is made. To act in haste and repent at leisure applies to credit as well as marriage. Flourishing trade and happy marriages are laudable goals desired by all. However, we are admonished not to approach those goals hurriedly or ill-advisedly. Business men should not be attacked for looking at the weak as well as the strong points of the Bretton Woods Conference. It is their duty to examine the proposal critically and to speak candidly.

The "take it or leave it" basis upon which the Bretton Woods plan is being presented to the Congress leaves no room for the consideration which should be given to business arrangements of this kind. The plan is not a treaty where the good faith of this country and its negotiators is involved. Neither is it something too deep for the average citizen to understand.

Debate may gain in heat and

*An address by Mr. Folger before the New England Group, Investment Bankers Association, at Boston, March 27, 1945.

(Continued on page 1497)

Ira Haupt Boston Br. Under Morton & Carr

Ira Haupt & Co., 111 Broadway, New York City, members, New York Stock Exchange, announce the opening of a branch office at 10 Post Office Square, Boston, Mass., under the supervision of Philip H. Morton, resident manager, and John F. Carr, assistant manager.

Mr. Morton was formerly with R. W. Pressprich & Co. and prior thereto conducted his own investment business under the name of Philip H. Morton Co. Mr. Carr was with Hooper-Kimball, Inc., and in the past with G. M.-P. Murphy & Co.

The Reserves of the Federal Reserve Banks

By L. J. PRITCHARD
Professor of Finance, University of Kansas

Economist Analyzes the Problem of Adjusting Reserve Ratios of the Federal Reserve Banks to Meet the Heavy Increase in Federal Reserve Notes and Currency Circulation. Points Out That of the Two Methods Proposed viz: (1) the Reduction of the Reserve Requirements and (2) the Issue of Federal Reserve Bank Notes, Based on Pledged Government Bonds, and Permitting These Bank Notes to be Counted as Bank Assets, the Latter Can More Readily Meet the Problem of Maintaining Cash Reserves in the Face of Expanding Deposits. Sees in It a Wedge for Further Inflation, but Holds It Would Ease the Burden of the National Debt and Permit Further Deficit Financing.

Considerable consternation has been in evidence in recent financial writings over the persistent decline in the ratio of total reserves to deposits and Federal Reserve note liabilities of the Reserve banks. The law requires that every Federal Reserve bank maintain reserves in the form of gold certificates, or lawful money, of not less than 35% against deposits; and reserves in gold certificates of not less than 40% against Federal Reserve notes in actual circulation.

L. J. Pritchard

The average ratio against both notes and deposits for all twelve Reserve banks stood at 49.1% as of Feb. 7, 1945. This compares to a figure of 83.1% as of Oct. 21, 1942, the beginning of the present decline. It is estimated that if present trends continue the reserve ratio will reach a dangerously low level during the third quarter of this year. The lowest point ever reached by the system was on May 14, 1920 when the combined ratio stood at 42.2%. Since it is necessary that the Reserve banks maintain excess reserves at all times if they are to fulfill their central bank functions, this ratio was considered by many to be at or near the "cracking-point" of the system.

This persistent decline in the excess reserves of the Reserve banks is due to: (1) a decline in total legal reserves, and (2) to an increase in the volume of required reserves. The loss of reserves is attributable to the decrease in the volume of gold certificates held by the Reserve banks (or by the Treasury for the banks). Retirement of these gold certificates was made necessary by the decrease in our monetary gold stocks. From a high of ap-

(Continued on page 1496)

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Bretton Woods Marks Time

By HERBERT M. BRATTER

Financial Writer Calls Attention to the Eagerness of the Administration to Push Through Congress the Bretton Woods Agreements, and the Causes Which Have Led to Delays. Points to Diversity of British and American Interpretations of the Provisions in the International Monetary Plan, as Well as to the Conflicting Testimony of Bankers and Administration Spokesmen as Disturbing Factors.


Herbert M. Bratter

Like an unseasonable wind-and-rain storm that in its wake leaves the ground strewn with broken branches, the turmoil over Bretton Woods has swept across Washington and, for the present, disappeared somewhere over the horizon. The events which gave rise to the temporary torrent of news from the capitol, and editorial and commentator voice-raising across the country, centered in the House Banking and Currency Committee hearings on the Spence bill, HR2211, designed to implement the "final act" of the Bretton Woods Conference. So far as is known, the United States is the first country to make this attempt, and all the other governments concerned

(Continued on page 1507)

Discipline By the SEC

By HAROLD AMES

In Kidder, Peabody Case, the Seemingly Light Penalty Can Be Severe if Alleged Offender Has Large Current Commitments. Injustice of It Lies in Commission Releasing Decision to Press Before Informing Counsel in Case. Legislative Action Is Needed to Restrain the Ill-Advised "Ballyhoo" of SEC.

The release of the Securities and Exchange Commission has just come down containing its order and findings in the disciplinary proceedings of Kidder, Peabody & Co.

The proceedings resulted from the following facts. About September, 1942, Kidder, Peabody & Co. purchased $963,000 of 4% bonds of the Jamestown, Franklin & Clearfield Railroad, a subsidiary of the New York Central, which bonds were then selling at 49¾. The purchase was made from a life insurance company at 49 and the bonds were then reoffered to the public.

After an audit, investigation and hearings extending over many months, the Commission finally found that the employees of Kidder, Peabody & Co. rigged the market in wilful violation of the Securities and Exchange Act in connection with the secondary distribution of the above bonds.

The Commission ordered the firm suspended from the National Association of Securities Dealers for a period of ten days and further ordered the suspension of one of its members for ten days from the New York Stock Exchange.

In commenting upon the action of the Commission, the firm said it involved a highly technical interpretation of the stabilizing provisions of the Securities and Exchange Act of 1934, on which there might well be a difference of opinion, but with respect to which the firm believed that it had acted correctly and in absolute good faith.

Kidder, Peabody & Co. claims that the Commission had heretofore never issued detailed regulations on this type of offering; that it purchased the bonds at 49 and reoffered them to the public at a fixed price of 50¼ less 1 point to dealers. The bonds are now selling at 94.

According to the release each suspension begins on April 17, and runs for ten days.

This penalty which on the face may seem light, can in fact, be a rather severe one if the alleged offender has current commitments of any size.

If such commitments exist, the immediate operation of the penalty would cause substantial financial loss, and we would not be surprised to see an application made to be relieved of the penalty, reduce it, or have it commence running at a more propitious time.

Not having read the evidence, we venture no opinion on the Commission's finding that there was a violation of the Securities Act.

However, we do wish to comment on the timing of the Commission's release. We are reliably informed that Kidder, Peabody & Co. first learned of the decision through the public press. This, we believe to be an injustice. We are of the opinion that the decision in any case tried by the Commission, should first be given to counsel before there is any public press release.

This is not the first time that the Commission's timing is bad, for it has taken similar action in connection with other hearings that have been held before it.

Many a man, ultimately found innocent, has been irreparably damaged by adverse publicity issued by an administrative body during the course of proceedings which were initiated against him.

For such damaging releases there seems to be no redress. It is, therefore, important that in the first instance these be curbed.

Some legislative action is sorely needed to restrain this ill-advised ballyhoo, which should be completely avoided.

Where there is a finding of guilt an opportunity should always be afforded to present the accused's side to the public at the same time that the release of the administrative board is made available.

Counsel for the accused should get the decision in the first instance.

Coming Adjustments In Our Foreign Trade

By HON. JAMES A. FARLEY*

Chairman of the Board, The Coca-Cola Export Corporation

Mr. Farley, After Pointing Out the Need for New York's Port Improvement, Stresses the Importance of Expanding Both Our Exports and Imports. Says This Makes It Necessary to Reconsider Our Tariff Policy, and to Make Possible, by Larger Imports, Payment Both for Our Exports and for Our Loans Made Abroad. Cautions Against Granting Unsound Credits as Occurred After World War I, and Recommends That Tariff Readjustments Be Made Gradually. Says a Prosperous America Can Only Be Assured by a Prosperous World, and Greatest Benefits Can Come from Aiding Countries That Are Our Natural Competitors.

It is highly fitting that this discussion of foreign trade and shipping is being held in the City of New York. Occasionally the great role of the Port of New York is obscured by more glamorous aspects of the city as a center of finance, of art and of entertainment. And yet, this great mountain, made by the hands of man, rests essentially upon its trade, its foreign and coast-wise shipping and all the attendant services and industries which are dependent on trade.


James A. Farley

Half the volume of our national exports and imports moves to and from the world through the gateway of the Port of New York. Back in the peacetime year of 1937 it was estimated that nearly 2,500 ocean-going departures or arrivals on the Manhattan side of the river alone carried more than $1,300,000,000 worth of merchandise in a single year. In coastwise trade in that year there were 5,300 departures or arrivals, carrying more than 4,000,000 tons valued in excess of $1,000,000,000. It will be upon the margin

*An address by Mr. Farley before the Foreign Commerce Club at their Annual Port of New York Night Banquet, Hotel Astor, New York City, March 20, 1945.

(Continued on page 1494)

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Bowles Makes Recommendations For Price Controls

Senate Banking Committee Turns Against His Proposal to Extend Price Controls to Trade Rents, Amusements, and Barber and Beauty Shops. Takes No Action on Curbs on Real Estate Prices. Emergency Court of Appeals Rules Against Ceilings on Slaughterers of Fresh Beef, but Upholds Processing Packers' Ceilings.

Ignoring the recommendations made by Chester Bowles, Price Administrator, in his statement submitted to the Senate Banking and Currency Committee on March 21, the Committee, in drafting a bill for the extension of price controls refused to insert in the scope of the measure trade rents, amusement industries, and barber and beauty shops. The Committee agreed to extend the Price Control Law practically without change for a period of a year beginning June 30.


Chester Bowles

In view of the controversy over meat price ceilings and meat-packer profits, in which Mr. Bowles, in his statement, strongly contended that under existing price regulations this industry has had a phenomenal earning record, it should be noted that the Emergency Court of Appeals in Washington on March 29 rendered a decision invalidating the price ceilings fixed for slaughterers of fresh beef on the ground that the wholesalers in this product cannot make a profit under the price restrictions. The court, however, upheld the price ceilings fixed for processing packers.

In his statement outlining the policies and proposals of the Office of Price Administration, Mr. Bowles maintained that "the record is clear that the OPA has carried out the Congressional mandate in letter and spirit." He answered a number of criticisms which had been made by witnesses before the Committee, particularly the claim that pricing standards should be fixed with reference to profit margins on an individual transaction basis rather than an industrywide basis as at present applied. Suggestions for changes in the OPA formulas along these lines came from Philip Murray of the CIO and S. Clay Williams of the Reynolds Tobacco Company.

To these suggestions, Mr. Bowles replied in his statement by saying:

"It cannot be too often repeated, however, that the surest formula for inflation would be a requirement of industrywide price increases to assure, on an industrywide basis, a profit on each individual product. Mr. Williams' formula of individual-firm adjustments to provide peacetime profits for each of the 3,000,000 business firms in the country actually would be less inflationary, although even more obviously impossible to administer.

"Both suggestions would result in a price structure having no re-

(Continued on page 1505)

Fletcher Gill Heads War Finance Division

Fletcher L. Gill, vice-president of the Bank of the Manhattan Co., 40 Wall Street, has been named director of the Banking and Investment Division of the New York County War Finance Committee. A native of Boston and a graduate of Williams College, Mr. Gill was a lieutenant in the Coast Artillery in World War I. He opened the New York office of the First Boston Corp. and in 1921 was one of the organizers of the International Acceptance Bank becoming a Vice-President in 1932. Upon the merger of this bank with the Bank of the Manhattan Company in 1932, he was made a Vice-President of the latter institution.


Fletcher L. Gill

The Banking and Investment Division of the WFC has its headquarters at 33 Liberty St., New York City.

Frederick W. Gehle is State Chairman.

Ohio Water Service Common Stock Offered

Otis & Co., Inc. and associates on April 3 offered 80,880 shares of common stock of Ohio Water Service Co. at $15.25 per share. This stock constitutes approximately two-thirds of the amount outstanding and is being purchased from Federal Water & Gas Corp., which had been directed by the Securities and Exchange Commission to divest itself of its investment in Ohio Water Service Co.

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Brown Company 5, 1959
Can. Northern Power 5, 1953
Foreign Pow. Securities 6, 1949
Gt. Brit. & Can. Inv. 4½, 1959
Intl. Hydro Elec. 6, 1944
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San Francisco Stock Exchange Gives Luncheon to Civic Leaders

Leland M. Kaiser, Chairman of the Public Relations Committee, Stresses the Need of Better Relations With the Community and Informing the Public of Part Exchange Plays in City's Economy. G. Willard Miller, the Chairman of the Board, and Ronald E. Kaehler, President of the San Francisco Stock Exchange, Also Speak.

On Wednesday, March 21, the Board of Governors of the San Francisco Stock Exchange, under the auspices of its Public Relations Committee, of which Leland M. Kaiser, of Kaiser & Co., is Chairman, gave a luncheon at the Bohemian Club of San Francisco to a group of about 50 of the local community leaders. The object of the gathering was to promote a public relations program of the Exchange. As remarked by Mr. Kaiser who introduced both Mr. Miller and Mr. Kaehler (the latter, the first paid president of the San Francisco Stock Exchange), the luncheon "is a departure from anything the San Francisco Stock Exchange has done in the past" and he added the major sin of omission that the Exchange has been guilty of was "failure to develop a public relations program which would result in mutual understanding between the public and the Exchange."

G. Willard Miller, the Chairman of the Board, in describing the work of the regional Exchanges pointed out that "based upon the value of sales executed in 1944, San Francisco does about one-sixth of the total business of all regional exchanges. Our sales last year of $104,000,000 were outranked only by Chicago's $189,000,000 and Boston's $126,000,000. Philadelphia followed us with $72,000,000 and Los Angeles came next with $64,000,000. Other regional exchanges of some importance are located in Detroit, Pittsburgh, and Cleveland.

"It is to these regional exchanges," he continued, "that we must look for the establishment of a market for the stocks of local companies. As our Pacific Coast businesses expand and require public financing, their securities are usually listed on the San Francisco Stock Exchange. Investors thereby obtain greater liquidity, a collateral value for their securities, and are able easily to appraise the value of their holdings. The company obtains advertising for its securities and for itself, and as a result is enabled to raise new capital in the future more readily. This process of 'seasoning' gradually draws the attention of investors in other parts of the nation to the company, and the flow of venture capital to the Coast, so necessary to our continued industrial expansion, is augmented."

Regarding the new policy with reference to the San Francisco Exchange, Mr. Miller added that "we are all concerned in our business lives with the continuation of the growth of California's economic base. One of the reasons for the existence of the Stock Exchange is to facilitate this growth.

"All of us hope to see San Francisco maintain and improve her position as Queen City of the West, the logical and natural financial center of the Pacific Coast. To this end the Exchange is working diligently to improve the scope and mechanism of its operation.

"It became apparent to our members that a streamlining of the method of operation should be effected to strengthen our position and permit us to render the maximum of service to the public. Several months ago, after thorough investigation, we decided to engage a full-time paid president to coordinate the internal and external operations of the Exchange. The man chosen for this position was Ronald Kaehler.

"Ronald has been identified with the 'Street' for quite some time. He was a member of this Stock Exchange for seven years and has served as a member of its Governing Board, as well as on its various committees. Prior to his election as President he was actively identified with the administration of the Exchange as executive vice-president."

Mr. Kaehler, in a short address, spoke of the policy to increase

(Continued on page 1503)

NSTA Notes

STANY FORUM

The Security Traders Association of New York will hold a forum in the Governors Room of the New York Curb Exchange at 4:30 p.m. today.

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.

Calendar of Coming Events

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.

Hall & Wyle, NYSE Firm to Be Formed

Paul V. Hall, member of the New York Stock Exchange, and John J. Wyle will form the Exchange firm of Hall & Wyle, with offices at 61 Broadway, New York City, as of April 16th. Mr. Hall was for many years a partner in Sutro Bros. & Co. Mr. Wyle has recently been active as an individual floor broker, but his membership in the Stock Exchange is being transferred to Arthur E. La Branche.

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Dealer-Broker Investment Recommendations and Literature

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

April and the Rails—Calendar of Rail Events During April—**Vilas & Hickey,** 49 Wall Street, New York 5, N. Y.

Common Stocks for the Coming Era of Reconstruction—Circular—**Auerbach, Pollak & Richardson,** 30 Broad Street, New York City.

Methods to Determine Price From Yield—A four-page copyrighted folder for determining "price from yield" on bonds payable at par, and also for ascertaining "yield from price" on bonds callable at premiums and bonds carrying odd coupon rates—**Chase National Bank of New York,** Pine Street corner Nassau, New York 15, N. Y.

Movie Stocks Accumulate Risks—A study of the current situation and longer-term post-war prospects—**Smith, Barney & Co.,** 14 Wall Street, New York 5, N. Y.

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.

Ampco Metal, Inc.—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.**

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.

Bulldozer—One of the most effective machines of war, which constitutes essential equipment for post-war recovery—A study of **La Plant-Choate Mfg. Co.** outlook—**Scherck, Richter Co.,** Landreth Building, St. Louis 2, Mo.

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

Central Iron & Steel—Bulletin on recent developments—**Lerner & 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., Great American Industries, Hartman Tobacco** 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.

Derby Gas & Electric Corporation—Discussion of future earnings prospects—**G. A. Saxton & Co., Inc.,** 70 Pine Street, New York City.

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.

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

General Electric and Westinghouse Electric—Comparison—

(Continued on page 1488)

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Uncertainties Develop Regarding International Conference

President Drops Plan to Ask 3 Votes for U. S. in the International Assembly. Secretary Stettinius Denies Rumored Delay in San Francisco Meeting and Issues Prepared Statement on Questions Submitted by Press Correspondents.

It was revealed by the State Department on April 3, that President Roosevelt had reversed his position on the "secret" agreement

President Roosevelt E. R. Stettinius, Jr.

made at Yalta, whereby Russia and the United States were each to obtain three votes in the General Assembly of the United Nations to counterbalance the six votes which would be comprised in the British Commonwealth of Nations. According to an announcement by Secretary of State Edward R. Stettinius, Jr., the United States would not request a multiple voting quota but would not oppose Russia's claim for three votes as agreed upon in the Yalta Conference.

The full text of Secretary Stettinius' statement issued at the press conference on April 3, as reported by the Associated Press on the next day is as follows:

At a press conference on Friday, March 30, correspondents submitted to the Department of State for consideration a number of questions relating to representation in the General Assembly of the proposed United Nations organization, a matter that was discussed at the Crimea Conference.

The inquiries submitted related to various aspects of several principal questions: whether unpublished agreements had been made at Yalta; why the American representatives at Yalta agreed to support the Soviet proposals for initial membership of two Soviet republics in the proposed international organization; whether it agreed that the two Soviet republics would have separate representatives at the San Francisco Conference; why the agreements with reference to the proposal for initial membership of two Soviet republics had not been announced, and whether the agreements on the subject of representation in the General Assembly affected the principle of sovereign equality of peace-loving nations expressed in the Dumbarton Oaks proposal.

Answers Questions

I wish to make the following statement in response to these questions:

Both military and political questions were covered at the Crimea Conference. The military plans agreed to at Yalta and re-

(Continued on page 1493)

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Status Of France's Foreign Debt

By JEAN PAUL SIMON

Former Member of the French Office of Wheat Distribution

French Economist Presents Data Regarding the Foreign Debt of France, in Which He Contends That the French Government's Credit Always Has Been Good, and the French Government Was, Until the Vichy Regime, Scrupulous in Meeting Its Obligations. He Maintains That the Resumption of Payments on all French Foreign Loans in the U. S., Canada and Great Britain Should Not Present the French Provisional Government With Any Great Difficulties and That France Has Not Exhausted Her Borrowing Possibilities.

The French Government's credit has always been one of the best in the world. Disregarding the question of inter-allied debts, it is a fact that France has always scrupulously lived up to her financial obligations, until the day she was occupied by the Germans.

Jean Paul Simon

In September, 1939, the face value of the French foreign debt was 18 billion French francs, including railroad, shipping companies, municipalities and "Department" bonds; the banknote circulation was Fr. 142 billions, and the total Public Debt, Fr. 445 billions.

In September, 1944, the nominal amount of the outstanding foreign debt had not changed, not counting certain loans of the British Government to the Free French and Lend Lease operations. However, the note circulation and the Public Debt had soared to Fr. 600 billions and Fr. 1,650 billions, respectively.*

The total of the French foreign debt in dollars, pounds sterling, Dutch guilders, Swiss francs, etc., represents about $500 millions. However, the majority of the underlying securities had been repatriated to France before the war: therefore, the French Government requires only a small amount of foreign currencies to insure payments on its foreign debt, since it can effect settlements in French francs in the territories within French jurisdiction.

I. Loans Issued in the United States

With the exception of the French Republic 7½% 1941 issue and the 7% 1949 issue, all French dollar loans floated in the United States were redeemed shortly before the war.

At the end of 1940, Vichy reached an agreement with the U. S. Treasury Dept., in accordance with which a sufficient amount of French Government funds blocked in the United States were released for regular payments on the two aforementioned loans.

On the due date, in June 1941, the 7½% 1941 issue was redeemed.

Interest and amortization on the 7% 1949 continued to be met regularly. It is estimated that $1½ million nominal of the 7% 1949 are in circulation in the United States, whereas the total outstanding is in excess of $23½ millions. In fact, the 7% 1949 issue is the only existing American dollar loan of the French Government.

The French National Mail Co. 6% Canadian Gold Dollars 1952 issue, guaranteed by the French Government, was floated in 1927 in the Netherlands and the United States. Interest and principal are payable in Canadian gold dollars of the standard weight and fineness of the Canadian gold dollar of 1927. The loan became redeemable at any time at 100%, on three months' notice, as of May 1, 1937. It is estimated that $1 million of this loan is in circulation in the United States and Canada, the total outstanding being $8 millions.

The history of this loan merits special attention, in view of the controversies which arose about the interpretation of the contract clauses and particularly of the validity of the gold clause relating to international payments.

In April 1933, the U. S. dollar ceased to be convertible into gold. Immediately, there was a drop in the rate of exchange of U. S. and Canadian dollars against French francs. Although the contract covering the French National Mail Co. bonds did not contain any clause relating to payments in French francs, the French Treasury took steps to effect payments on the loan in francs at the rate of Fr. 25.52 per Canadian dollar, or in Canadian dollars with the equivalent premium of exchange. Therefore, from May 1, 1933 to May 1, 1937, the service of this loan was assured in accordance with this favorable arrangement of the French Government. Until Sept. 28, 1936, when the French franc itself was devaluated, bondholders were in fact receiving payment at the exact equivalent of the Canadian gold dollar of 1927.

In 1937, the U. S. Supreme Court upheld a ruling abolishing the gold clause. Therefore, it became illegal to demand settlement of gold dollar contracts either in gold dollars or in gold, be it inside or outside of the United States. The paper dollar became the only legal tender. (Let us recall that in France, the Franc Devaluation Law of Poincare expressly exempted from its terms all Foreign Loans issued in France which were payable in Germinal Gold Francs). Taking into account the U. S. Supreme Court's ruling, the French Government made it known that it would henceforth assure the service of the French Republic 7½% and 7% bonds in paper dollars; both loans had been issued payable in U. S. gold dollars. This measure was thereafter extended to all French Foreign Loans of any national organization payable in U. S. or Canadian gold dollars.

From November 1, 1937 to May 1, 1940, payments on the French National Mail bonds were made in Canadian paper dollars.

Bondholders wishing to obtain payment in gold instituted many lawsuits in the Netherlands. The Dutch Courts ruled that the French National Mail Co. and the French Government were compelled to effect payments on the loan in Canadian paper dollars at the equivalent of the Canadian gold dollar of 1927, or in Canadian gold dollars of 1927. All the judgments were based on the fact that

(Continued on page 1513)

*From September, 1939, to February, 1945, the United States gold reserve rose from $18 billions to $20½ billions; the note circulation from $8 billions to $25½ billions, and the Public Debt from $41 billions to $241 billions. The first six War Loans yielded $113 billions, i.e., 1, December, 1942, $12 billions; 2, April-May, 1943, $20 billions; 3, September-October, 1943, $21 billions; 4, January-February, 1944, $18 billions; 5, June-July, 1944, $22 billions; 6, November-December, 1944, $20 billions.

However, it would certainly be misleading to compare these figures with the French balance sheet. The economic situation of the two countries is entirely different. In the United States, inflation has been controlled, wealth has been created and industry has made tremendous strides. In France, inflation has not only gone unchecked, but it has even been "artificially" created; at the same time the French people were more and more impoverished, the country itself was systematically emptied of its substance. These were the direct results of the application of the German economic plans for occupied countries.

John J. O'Brien Admits Spalding as Partner

CHICAGO, ILL. — John J. O'Brien & Co., members New York and Chicago Stock Exchanges, announce that Evans Spalding has been admitted to the firm as a general partner. Mr. Spalding left Mitchell, Hutchins & Co., in 1941 to enter the service and was a major in the Marine Corps in command of two aviation schools. A veteran of the first World War, he holds decorations as a line officer.

A Harvard graduate, his experience in the brokerage field began in 1928. He is a past president of Stock Brokers Associates of Chicago.

His admission to partnership in John J. O'Brien & Co. was previously reported in the "Chronicle" of March 22.

W. B. Pierce with Blyth Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — William B. Pierce has become associated with Blyth & Co., Inc., 135 South La Salle Street. Mr. Pierce has recently been with the Procurement Division of the U. S. Signal Corps. Prior thereto for many years he was with Bacon, Whipple & Co.

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Real Estate Securities

Hearst Brisbane Properties Reorganization Completed

Earnings of New Company, Midtown Enterprises, Inc. Provide 5% Interest Coverage and Sizable Sinking Fund

On March 8, 1945, it was announced that the new securities authorized under the plan of reorganization of Hearst Brisbane properties were ready for exchange. The basis of exchange provides for the issuance of a new $600 non-cumulative Income Bond of Midtown Enterprises, Inc., and 20 shares of Common Stock for each old $850 bond of the old company. The stock so issued with the new bonds represents 100% of the equity and is retained by the holders in the event bonds are in the future offered to the sinking fund. Bonds issued pursuant to the plan total $2,404,470. The assessed valuation of the properties securing the new bonds is $3,526,000.

Properties Owned by New Company

The bonds are secured by a first mortgage on the land (with the exception of 22 East 57th Street which is a leasehold) and buildings together with all furniture, furnishings and equipment therein, as described below:

(1) **Hotel Warwick**, a 35-story hotel completed in 1927, containing 508 rooms, stores, etc., at the northeast corner of 54th Street and Sixth Avenue (2 blocks north of Radio City, N. Y. C.), on a plot 120x100 feet.

(2) **9 East 57th Street**, a 5-story building (near Fifth Avenue) containing store on ground floor, and eight apartments, 1-2 room, 1-4 room and 6-3 room on a plot 28x100 feet.

(3) **14 East 58th Street**, a 5-story building (near Fifth Avenue) containing one store and eight apartments, two on each floor, and one and two rooms on a plot of 20x100 feet. The rear lot line of this property and (2) above meet.

(4) **20 East 57th Street**, an 18-story fireproof construction office building (near Fifth Avenue).

(4A) **22 East 57th Street**, a 6-story business building. These building are on a plot 54x100 feet. Land and building at No. 20 are owned in fee, No. 22 is a leasehold, ground rent being $17,000 per annum.

Properties 1 through 4 are known as New Company properties. 4A is known as Subsidiary Company Property as title is held by a 100% owned Subsidiary of Midtown Enterprises, Inc.

Sale of Properties Except Warwick Hotel and Distribution of Funds

It is possible that all properties with the exception of the Hotel Warwick may be sold as they contribute only a small net income to the Corporation and from a practical standpoint a reduction of funded debt in the amount of $250,000, which it is believed could be obtained, seems to be the logical prodecure. A pro rata distribution would be about 10 points per $100 bond outstanding and would reduce interest charges of the Corporation about $12,500 annually.

"Available Net Income" of the new company is distributable as follows:

Eighty per cent applicable to interest in multiples of ¼% to 5% per annum, and balance subject to certain indenture provisions as a sinking fund. The new company actually started operation of the properties Oct. 1, 1944. With the exception of the Hotel Warwick, no operating statements are available, although we understand that the other properties show a small profit after expenses and real estate taxes, however, the statement of operations for the Warwick for the four months' period ended Jan. 31, 1945, indicate that this property alone can earn sufficient to provide for 5% interest and provide a sinking fund.

Gross operating profit of the Warwick is shown as $130,698.59 for the four months. The first fiscal period of the new company will be a seven months' period and will end April 30, 1945. Available net income will be distributable July 1, 1945, and on the basis of the Warwick earnings alone, the estimated amount distributable will provide for full 5% interest and about $117,000 available for sinking fund.

The statement of the Warwick as of Jan. 31, 1945, shows current operating asssets of about $195,000 in contrast to current liabilities of only $31,000.

Hillman Made V.-P. of Lawyers Mtg. Corp.

Russell Marston, President of the Lawyers Mortgage Corp., announced the appointment of Willard C. Hillman as Assistant Vice-President. Mr. Hillman has been with the organization since 1908 and specializes in mortgage servicing for institutions.

Life Ins. Realty Holdings

Real estate holdings of the life insurance companies at year-end were $1,073,000,000, the lowest point in relation to assets since 1930, it was recently reported by the Institute of Life Insurance.

The aggregate is made up of $250,000,000, representing company head office buildings and buildings used for business purposes; $206,000,000 real estate under contract of sale; and $617,000,000 of properties held outright, in large part foreclosed units taken over under distress conditions. Of the latter, $202,000,000 are farm properties and $415,000,000 urban properties.

Sales of real estate have continued in large volume since the first of the year. January sales of $15,000,000 reduced holdings at the month's end, exclusive of home offices and properties under contract of sale, to $610,000,000.

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)

CINCINNATI, OHIO—**George E. Youtsey** has become associated with **Lucien B. Layne & Co.**, Union Trust Building. Mr. Youtsey was previously with W. D. Gradison & Co. and Hill & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Edwin W. Gass** is with **Paul H. Davis & Co.**, 10 South La Salle Street, Chicago, Ill.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Edward C. Smith** has been added to the staff of **Carr, Chapin & Co.**, Penobscot Building. Mr. Smith was previously with W. E. Moss & Co.

(Special to The Financial Chronicle)

SHREVEPORT, LA.—**Mrs. Mary S. Posey** is with **Merrill Lynch, Pierce, Fenner & Beane**, 608 Edwards Street.

Dealer-Broker Recommendations

(Continued from page 1486)

Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

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.

Also available are statistical reports on **York Corrugating** and **Reed Drug**.

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

Landers, Frary & Clark—Discussion of attractive possibilities for post-war appreciation—**Amott, Baker & Co., Inc.**, 150 Broadway, New York 7, 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.

Long Bell Lumber Company—Memo discussing enviable postwar 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.

Merchants Distilling Corporation—Statistical memorandum—**Bennett, Spanier & Co., Inc.**, 105 South La Salle Street, Chicago 3, Ill.

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.

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

Stromberg-Carlson — Descriptive circular—**J. F. Reilly & Co.**, 111 Broadway, New York 6, N. Y. Also available are circulars on **Bowser, Inc.**, and **Foundation Co.**

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.

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April 2, 1945

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market gave some ground last week in the restricted issues, the 2½s due 1967/72 and the partially exempt obligations. . . . A better tone was in evidence in the entire list on Monday, particularly in the taxable 2% group, due in part to the belief that the maturity dates on the drive issues would be available in the very near future. . . . The opinion of the market on the closeness of the announcement on the maturities of the Seventh War Loan securities was right since the Treasury made this information public on Tuesday, April 3. . . . The maturities as given out by the Government were in line with expectations and are as follows:

⅞% certificates of indebtedness due June 1, 1946
1½% bonds due Dec. 15, 1950
2¼% bonds due June 15, 1956/59
2½% bonds due June 15, 1967/72

Interest will accrue on the four marketable obligations from June 1, 1945. . . .

MARKET ADJUSTMENT

Some further adjustments were in evidence in the market on Tuesday with considerable interest being manifested in the taxable 2s with some of these issues going to new high levels. . . . The taps and the 2½s due 1967/72 were under some pressure. . . . It is believed that it is somewhat early yet to indicate what the trend will be in the outstanding issues until portfolio managers have had more time to fully study their positions in relation to the new financing. . . .

However, with the loss of interest in price now determinable, holders of the outstanding obligations are in a position to decide what normal portfolio adjustments should be made, if any. . . .

The results of these decisions will no doubt have an important bearing on the trend of the Government bond market from now until the end of the drive. . . .

BUYERS AND SELLERS

During the month of December, 1944, a move took place in the partially exempt obligations which carried many of these issues, particularly the longer maturities, to new highs for the year. . . . While some indications as to the buyers and sellers of these obligations were available during that month, it was only recently that the Treasury published the data that made it possible to show what took place in these issues from Nov. 30 to Dec. 30, 1944. . . .

This showed that the largest buyers of the partially exempts during this period were the commercial banks, with only minor purchases being made by the fire insurance and casualty companies. . . .

The savings banks were the principal sellers, followed by the life insurance companies, with other investors close behind. . . . The commercial banks took their largest position in the 2⅞% due 3/15/55/60, with the next important commitments being made in the 2¾% due 6/15/51/54, the 3% due 9/15/51/55, the 2½% due 9/15/50/52 and the 4¼% due 10/15/47/52. . . .

These institutions did their heaviest selling in the 2½% due 12/15/45, with the only long-term issue disposed of being the 2¾% due 9/15/56/59. . . .

FIRE AND CASUALTY COMPANIES

The fire and casualty companies were only small buyers on balance with their largest purchases being made in the 2% due 6/15/53/55, the 2⅞% due 3/15/55/60, the 3% due 9/15/51/55, the 2¾% due 6/15/51/54, the 2½% due 9/15/50/52 and the 3% due 6/15/46/48. . . . The largest sales by these companies were in the 4¼% due 10/15/47/52. . . . The mutual savings banks were the largest sellers of the partially exempts, with the 2¾% due 9/15/56/59 being the most heavily sold obligation, while the 2½% due 9/15/50/52, the 2½% due 12/15/49/53, the 3⅛% due 12/15/49/52, the 2% due 12/15/48/50 and the 2¾% due 3/15/48/51, followed in order of that order. . . . The only obligation bought by this group was the 3% due 9/15/51/55. . . .

(Continued on page 1516)

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Says U. S. Obligations Exceed Assets Abroad

National City Bank Analyses Shifts in War Time Balance of Payments. Holds Credit Balance Built Up After World War I Has Given Way to a Debit Balance, but This, in All Likelihood, Will Prove Only Transitory.

The United States, says the April issue of the Monthly Letter of the National City Bank of New York, is, temporarily, a debtor nation, instead, as just before the war, it was the "world's greatest creditor nation." This reversal, the Letter points out is entirely due to wartime conditions involving military expenditures abroad, and, in all likelihood will change to the pre-war trend when peace and normal trade operations are restored. Commenting on the situation, the National City Letter states:

"On trade and service account, Lend-Lease excluded, the balance has run heavily against us. We have lost gold, and foreigners have accumulated bank deposits and other short-term funds in such amounts that our total obligations to foreigners now exceed our assets abroad. In short, we have ceased to be a creditor nation, at least temporarily, and have become an international debtor.

"To measure these changes, there is now available the first official summary of our wartime balance of payments, published by the Bureau of Foreign and Domestic Commerce in "Foreign Commerce Weekly" of March 10. The figures, which in part are only estimates, cover the period 1940-44. They bring out forcefully the shift in our international transactions. In tabulating them we have condensed the figures, added data for the year 1939, and grouped the totals into three pre-Pearl Harbor and three post-Pearl Harbor years.

"As will be seen," the letter points out, "the most significant change took place in goods and service transactions. These include, in addition to our sales and purchases of merchandise and such services as shipping, also the amounts sent abroad by our tourists, immigrants, and charitable organizations. Whereas in the three years before Pearl Harbor we sold foreigners $2.3 billion more goods and services than we bought from them; in 1942-44 we bought from abroad almost $5 billion more than we sold. At the same time we were providing some $35 billion of Lend-Lease goods and services (less $4 billion received in "Reverse Lend-Lease"), but these huge transactions involved no cash and hence are properly excluded from the statement."

"Two developments accounted for this reversal of the balance. One was a shift in trade. Cash exports of goods, which averaged about $3.9 billion in the 1939-41 period, dropped to about $3 billion in the three years 1942-44. At the same time our imports after Pearl Harbor averaged over $800 million a year more than in the 1939-41 period, reflecting largely the increased need of raw materials for our war industries.

"The other main cause of our heavy debit balance was a sharp rise in the outlay of dollars for services performed for us by foreigners. From $¼ billion in 1940 the annual average of these net payments rose to over $1 million, mainly because of the great expansion in our military expenditures overseas. To quote the Department of Commerce, next to merchandise imports, military expenditures have become, for the time being, the most important factor supplying dollars to foreign counties. The Department did not report these expenditures separately, but it did say that because of incomplete reports the total is understated in the overall estimate. Among other things, no adjustment was made for a still undertermined additional amount of dollars due to such countries as France or Italy for advances of francs and lire to our armed forces.

U. S. BALANCE OF INTERNATIONAL PAYMENTS, 1939-1944
(In Millions of Dollars)

	1939-41 Inc.	1942-44 Inc.
Goods and Services:		
Excess of merchandise exports	+3,407	----
Excess of merchandise imports	----	—1,747
Net services *bought* (incl. military exp.	—1,076	—3,151
Net goods and service transactions	+2,331	—4,898
Financial Transactions, Capital Movements:		
Debt service and dividends (net)	+1,101	+ 945
Long-term capital outflow (—), inflow (+)		
American (net)	— 156	+ 143
Foreign (net)	— 525	+ 57
Short-term capital outflow (—), inflow (+)		
American (net)	+ 325	+ 53
Foreign (net)	+1,681	+ 253
Net financial and capital transactions	+2,426	+1,451
Balance of all above transactions	+4,757	—3,447
Balancing Items:		
Loss (+) or gain (—) of gold	—7,685	+2,155
Increase (+) or decrease (—) in foreign official dollar funds	+. 886	+1,615
Residual item, inflow (+), outflow (—)	+2,042	— 323
	—4,757	+3,447

Source: "Foreign Commerce Weekly," March 10, 1945, except the figures for 1939, for which the data from "The United States in the World Economy" were used; the 1939 figures are not precisely comparable with those of 1940-44.

Due predominantly to these changes, our calculated balance of payments (before allowing for gold shipments) ran $3.5 billion against us in the three post-Pearl Harbor years, as compared with a balance of $4.8 billion in our favor in the 1939-1941 period. This unfavorable balance was met in part by shipment of $2.2 billion of gold and the remainder added to foreign funds held here."

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number eighty-two of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

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About a generation ago there was a rather popular paraphrasing of an old saying, "If business interferes with your pleasure—*quit* your business." Our people here at Schenley don't have to quit business to get the pleasure they find in doing many worthwhile things after business hours.

Today it is this recorder's privilege to say something about one group of Schenley folk which goes along quietly and unobtrusively doing an extra job with a wartime flavor. We have reference to the members of Schenley Post No. 1190, American Legion. We really had to dig out with a spade, figuratively speaking, some of the good things they have done. Through several benefit entertainments they have raised money, first, for the purchase of a rolling kitchen which was donated for the use of civilians in bombed areas in England; then came nine "iron lungs"; next we find three thousand books for the boys in service; then, cash contributions to wartime drives. And last but not least they have organized a rehabilitation committee to assist discharged servicemen to literally get back on their feet.

Of course, Schenley people aren't alone in doing things like these. Men and women in many other American business enterprises are doing the same.

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Prentice Killed in Action

Lt. Commdr. Sheldon Ellsworth Prentice, USNR, a partner on leave of Dominick & Dominick, 14 Wall Street, New York City, has been killed in action in the Pacific, the Navy has informed his family.

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Philadelphia's Wage Tax

By RUSSELL M. ERGOOD Jr.

In the past few years the financial condition of the City of Philadelphia has shown an outstanding improvement. Astute financial management has definitely improved the financial structure.

For many years the city was forced to operate under an unbalanced budget. Certain drastic economic measures were taken which corrected this condition and enabled the city to operate on a balanced budget, which is the case today. The most outstanding of these economic measures were the voluntary refunding plans of 1941 and 1942, which greatly reduced future debt service requirements; the assignment of the rentals of the city's gas works to a trust, against which $41,000,000 gas revenue trust certificates were issued, and last, but not least, the gross income tax, otherwise known as the wage tax.

Russell M. Ergood

The wage tax became effective Jan. 1, 1940, as a 1½% tax on wages, salaries, commissions, and on profits of unincorporated businesses and professions. The levy is specifically on earned income, exempting income from investment. Under the provisions of the measure, the tax is imposed on every person, without exception, whose income is earned within the city limits. The tax also applies to every resident of Philadelphia who works for a living, practices a profession or operates an unincorporated business, whether it is in the city or not. The tax is collectible at the source, and employers are required to make payments monthly.

In the three years through 1942 in which the tax carried the same 1½% rate, it was increasingly productive because of the rising level of income. It was increased also by court determination in 1941 and 1942 of the city's right to tax income of State and Federal employees. In October, 1943, the United States Supreme Court refused to consider a tax appeal which sought to have set aside a previous decision that non-resident Federal employees must pay the tax. In December, 1942, City Council realized that it was not necessary to have a 1½% rate, and so the rate was reduced one-third to 1%, effective Jan. 1, 1943. The productivity of the tax and its relation to total city income is indicated herewith:

Wage Tax Collections

Year	Rate	Amount
1940	1½%	$16,283,820
1941	1½%	18,377,901
1942	1½%	24,762,041
1943	1%	20,761,883
1944	1%	22,315,000

Percentage of Total Current Receipts

	Wage Tax	Real Property Tax
1940	20.2	54.6
1941	21.8	52.1
1942	27.8	48.6
1943	24.2	51.1
1944	26.1	48.9

On March 3, 1945, Receiver of Taxes W. Frank Marshall announced that city tax collections for the first two months of this year show an increase of more than $523,000 over the same period of 1944. School taxes increased $118,083, general real estate taxes increased $187,459; wage taxes increased $291,746.

The officials of the City of Philadelphia recently received a shocking blow when the Pennsylvania State House of Representatives, on March 19, 1945, passed two bills, namely, the Finnerty-Haggard bill and the James bill, which vitally affect the Philadelphia wage tax.

The Finnerty-Haggard bill is a repealer of Philadelphia's 1% wage tax, as well as repealing the Sterling Act of 1932, which permits the city to levy taxes on subjects not taxed by the Commonwealth of Pennsylvania. The vote on this bill was 106 to 97.

The James bill exempts non-residents of the city from payment of the 1% wage tax. This bill was voted 159 to 32.

Philadelphia's Mayor Samuel said "repeal of the Sterling Act would cost the city about $24,000,000 annually. Besides the wage tax, the city would lose the right to impose amusement taxes and numerous other levies, such as those on parking lots, bowling alleys and pin-ball machines." Enactment of the James measure, he said, would do to the municipality half as much financial harm as would the total repealer.

If these bills were enacted into law it would require rearrangement of the city's finances, and doubtless would lead to a large increase in the real estate tax—perhaps accompanied by a sales tax. Even the adoption of the James bill probably would result in a substantial increase in the real estate tax, or in the imposition of a sales tax.

The Finnerty-Haggard bill has a storm-swept sea to sail before its benefits are felt by persons employed or living in Philadelphia, the only city in the Commonwealth now imposing the levy.

It must be passed by the decidedly Republican controlled Senate, where many members, even Democrats, predict that it will die in committee. If, however, the upper chamber concurs, Governor Martin's signature also is needed, and leaders indicate that he would back up the Philadelphia administration by vetoing the proposal.

The James bill, which is somewhat of a compromise measure, seems to have more of a chance of passage. However, the question of the Governor's signature is again somewhat doubtful.

Senator Geltz, Chairman of the Finance Committee of the State Senate, indicated that public hearings are scheduled to be held shortly by the Senate Finance Committee on these two measures. To all parties interested in the City of Philadelphia's finances these hearings should prove of great importance.

Pennsylvania Brevities

Consolidated Traction Co. of Pittsburgh

Traction facilities in the Pittsburgh metropolitan area are provided by three principal sub-systems, namely, Pittsburgh Railways Co., United Traction Co. and lessors, and Consolidated Traction Co. and lessors. Until the present time, operational statistics for the three systems have not been made publicly available since their unification, for operational purposes, in 1902.

In a report filed with the United States District Court for Western Pennsylvania, Special Master Watson B. Adair, quotes segregated revenues which are extremely enlightening to interested security holders.

For the year 1942, gross operating revenues of the entire system were $16,098,010. Net revenues attributable to each sub-system, after all expenses includng depreciation but before fixed charges were:

Consolidated	$1,908,745
United	481,187
Pittsburgh	36,681

Since May 11, 1938, the entire system has been operated by trustees. As of Dec. 31, 1942, funds on hand, after allowances for all construction work on the properties of the underliers by the trustees but without allowance for depreciation, amounted to $6,301,049, which had been contributed as follows:

Consolidated	$6,418,825
United	1,369,698
	$7,788,523
Pittsburgh (deficit)	1,487,474
	$6,301,049

Cash or equivalent in the hands of the trustees at the present time is reported to be approximately $17,500,000, presumably derived from the three sub-systems in about the same ratios as indicated above. The obvious ability of the Consolidated system to produce the greater part of the entire system's revenues, leads naturally to a thumbnail sketch of its properties and operations.

In addition to important track-

(Continued on page 1491)

Byrnes Resigns as War Mobilization Director

President Names Fred M. Vinson as Successor, Whose Confirmation by Senate is Regarded as Certain.

James M. Byrnes, on March 24 sent his letter of resignation as Director of War Mobilization and Reconversion to the President, which was accepted "with regret," and the President immediately appointed to the post, Fred M. Vinson, at present head of the government lending agencies and previously the Director of Economic Stabilization. Mr. Byrnes gave the early approach of V-E Day as his principal reason for resigning stating that he desired to retire before reconversion problems came under active consideration.

According to a correspondent of the New York "Sun" the sudden and mystifying resignation of "Assistant President" James F. Byrnes served to focus attention upon the serious difficulties in which the Roosevelt administration has found itself ever since the fourth term began.

While the military leadership of the Army and Navy has achieved spectacular success, the diplomatic and domestic problems appear to remain as far from a satisfactory solution as ever.

The administration's number one problem in the diplomatic field was, of course, to establish a workable international organization for the preservation of world peace, but it now appears that the Yalta conference—once hailed as the greatest achievement of the President's career as an international negotiator—was badly bungled and may wreck all the labor that has gone into the building of a lasting agreement among the United Nations.

The primary legislative task which the administration set for itself was enactment of a manpower bill to insure the most efficient utilization of labor to provide the maximum flow of munitions and civilian necessities while the war lasted.

Partly to Mr. Byrnes' resignation has been ascribed the rejection by the Senate on April 2, by a vote of 46 to 29, of the manpower control bill, as already passed by the House of Representatives. Although the Senate agreed to re-sumbit the measure to a new conference with the House, it is generally regarded that the "measure is permanently killed."

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Municipal News & Notes

The refunding offer recently made to creditors of the Province of Alberta by Premier E. C. Manning seems destined to failure in view of the opposition to the plan that has developed. Particularly significant is the attitude taken by the Dominion of Canada's Minister of Finance, J. L. Ilsley, who has expressed severe criticism of the failure of the plan to recognize the contractual coupon rate on the Province's defaulted bonds.

He is reported to feel that the terms of the Manning proposal which call for payment of only a relatively small part of the approximately $25,000,000 owed by the province in the form of interest arrears is thoroughly unfair to creditors.

The offer as announced by the Provincial Premier provides for the payment of about one-third of the unpaid interest that accumulated as a result of the government's unilateral decision in the 30's to pay bond interest at only 50% of the contractual rate. Under the terms of the Manning proposal the province would issue new 3½% obligations, maturing in 33 years, for all outstanding debt principal, matured or unmatured, and make a cash adjustment in payment of interest arrears, in amount of $9 per $100 in the case of holders of 6% debentures and $6 per $100 to holders of 4% securities.

This would involve an expenditure by the province of about $8,400,000, which is equal to approximately one-third of the amount saved by the government since it decided to pare interest payments beginning June 1, 1935.

Prime Minister Ilsley, in an effort to correct the long-standing default by Alberta and in a manner equitable to creditors, agreed to provide financial assistance to the province. His offer, however, was contingent on recognition by the Manning government of the entire amount of interest arrears and the contract rate of interest specified in the outstanding debt. The proposal, according to report, has been rejected by Premier Manning.

As a result of this action, both the Investment Dealers' Association of Canada and the Alberta Bondholders' Committee have announced their intention to actively oppose acceptance of the refunding offer by bondholders.

The association, which represents 195 investment houses in Canada, made known its position in a recent telegram sent to Mr. Manning and signed by Secretary J. A. Kingsmill. This message stated in part as follows:

"It is the opinion of the association that the offer made by the Federal Government would have enabled the Province of Alberta to solve, in a fair and equitable manner, the proper re-adjustment of its obligations to its bondholders without increasing the burden of the citizens of Alberta beyond that which your government was prepared itself to go."

"We are amazed that your government has rejected this offer of the Dominion Government, and in fairness we feel we should advise you that we do not consider that the plan of adjustment that you are advocating . . . is fair and equitable.

"We must actively oppose acceptance of the arbitrary policy and plan of re-adjustment set forth by your government."

It is also disclosed that the Bondholders' Protective Committee has suggested a plan of refunding which it believes would treat creditors equitably and fully restore the credit of the province. This proposal calls for full payment of arrears of bond interest to June 1, 1945, with the additional outlay above that offered in the Manning plan to be provided out of the larger amount payable to the province under the terms of Finance Minister Ilsley's proposed amendment to the Dominion-Provincial Tax agreement.

The association also proposes that holders of matured bonds of the province exchange them for new obligations, dated June 1, 1945 and maturing serially from 1946 to 1964 inclusive. The new bonds would bear interest ranging from 2% to 3½%. Holders of unmatured bonds would accept new instruments, maturing 1964 to 1983, and bearing interest at present contract rates to maturity of the old bonds and 3½% thereafter.

This program, the Committee advised Premier Manning, "because of its fairness would gain the approval of practically all bondholders." Excerpts from the committee's communication follow:

"The plan meets all the main features which you have stated should be met to make it acceptable to the province. It requires no more immediate cash from the province than the $8,400,000 offered in your proposal. The interest rate of the new bonds is kept at not more than 3½% except in so far as the future interest on unmatured bonds exceeds that rate. However, it gives a lower basic rate of interest than 3½% on new bonds maturing up to 12 years. Because of this feature, it requires no more expenditure per annum than your plan.

"The only point in which it requires anything exceeding your suggestion, is that it takes between 37 and 38 years instead of 33 years to complete the arrangement, and this only if the refunding is not taken advantage of in the meantime under the call feature which we propose for the bonds. We believe moreover that because of its fairness, it would gain the approval of practically all bondholders."

Chase Bank Issues Bond Price and Yield Study

A four-page copyrighted pamphlet being distributed by the Chase National Bank of New York makes it possible to readily determine "price from yield" on bonds payable at par, also "yield from price" on callable bonds and those bearing odd coupon rates.

The tables and statistical material contained in this handy guide to dealers and investors were compiled by George Holzman, assistant cashier in the Chase Bank bond department.

$6,200,000 Springfield, Mo., Revenue Bonds Marketed

A syndicate headed by Harriman Ripley & Co., Inc., and Phelps, Fenn & Co., offered on Tuesday a new issue of $6,200,000 Springfield, Mo., 2%, 2¼% and 2½% series public utility revenue bonds. The bonds, dated Nov. 1, 1944, and due 1946 to 1966, were offered at prices to yield 0.40% to about 1.86% to maturity. Bonds due from 1946 to 1960 inclusive are not callable; remaining maturities are subject to prior redemption under certain conditions.

The issues resulted from acquisition by the City of Springfield of the electric, gas and bus transportation systems of Springfield Gas & Electric Co. The bonds are payable solely from utility revenues and maximum charges for principal and interest occur in 1954 in amount of $453,000.

Operations of the company for 1944, on a pro forma basis with adjustments to reflect municipal operations, show an amount of $1,040,578 available after debt service. This figure is 2.30 times the amount of maximum principal and interest charges.

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Pennsylvania Brevities

(Continued from page 1490)

age in the downtown district known as the Triangle, Consolidated's lines run into the East End, out Penn, Liberty, Center and Fifth Avenue and Forbes Street, as well as on both sides of the Monongahala River. Total mileage is 195, compared with 504 miles for the entire system.

Of the total of 28 car routes treated as Consolidated's, mileage is so located that more than 90% utilizes track in respect to which companies in the Consolidated group have franchises or over which they have rights pursuant to existing written agreements. Of the 1,053 cars in use in 1942, 517, or 49.1%, were assigned to Consolidated routes. Included were 221 of the new PCC type cars out of a total of 401 of this type then in service.

In respect to the possibility of a future re-segregation of the three sub-systems, Consolidated is the only one which can "loop" its incoming lines in the downtown district without using the tracks of or transgressing the franchises of the others.

Ownership of the securities of the 15 companies comprising the Consolidated system is represented in the following table:

STOCKS OF THE SYSTEM

Owned by Philadelphia Co. and lessors	60.25%
Owned by the public	22.00
Owned by Consolidated and lessors	17.74
Owned by Pittsburgh Rys. Co. and lessors	.01

BONDS OF THE SYSTEM

Owned by Philadelphia Co. and lessors	84.80%
Owned by the public	14.37
Owned by Pittsburgh Rys. Co. and lessors	.62
Owned by Consolidated and lessors	.21

Securities of the Consolidated system publicly held in sufficient amounts to support reasonably active markets are:

Bonds—	Total Issue	Publcly Held
Ardmore St. Ry. 5s 1958	$1,032,000	$556,000
Duquesne Traction 5s 1930	1,313,000	49,000
Fort Pitt Traction 5s 1935	1,000,000	724,000
Suburban Rapid Transit 6s 1953	114,000	114,000
Stocks (shares)—		
Allegheny Traction	10,000	10,000
Consolidated Traction preferred	240,000	6,314
Citizens Traction	60,000	52,116
Duquesne Traction	60,000	6,865
*Monongahela St. Ry.	140,000	105,402
*Suburban Rapid Transit	28,000	26,155

*Performance under lease guaranteed by Philadelphia Company.

Negotiations between Philadelphia Company and public holders of all system securities have been in progress for over a year, seeking a mutually satisfactory formula for resolving the system's financial problems. While it still appears probable that a "straight-line" treatment will eventually be accorded all public holders, the comparative strength of the Consolidated group issues gives them a special appeal.

Autocar Co.

Reflecting the effects of Government half-track cancellations amounting to some $55,000,000, Autocar's annual report discloses a decrease in net sales from $85,801,039 in 1943 to $59,852,068 in 1944. Carried through to the common stock, earnings were $2.98 per share, compared with $3.81 in 1943. A settlement has been reached in reference to items remaining after last year's cancellations, reimbursing the company for losses. Although the company's designs and engineering are well advanced for post-war production, civilian truck and commercial vehicle manufacture will depend largely on the Government's decisions in respect to releasing critical materials. An earlier indication that 48% increase in civilian manufacture would be permitted in 1945 has been suspended.

A decline in Lehigh Valley Railroad's net income from $6,663,008 in 1943 to $772,120 last year is attributed almost entirely to the payment of over $5,000,000 in tax adjustments to the State of New Jersey last year. Nevertheless, the company has announced that the final installment of back interest on outstanding bonds will be paid on May 1.

Indicating its improved credit rating, York Corp. has filed with the S. E. C. a registration covering $4,400,000 new first mortgage bonds, the proceeds from which, with other funds, will be used to retire the present issue of $4,450,000 4¼s. Union Securities Co. and Stone & Webster and Blodget, Inc., will offer the new issue, the rate and price of which has not been determined, about April 18. It is only a little over a year ago that the preceding issue of York Ice Machinery 6s, 1947, were called.

The S. E. C. has appealed the Delaware District Court's decision in the Standard Gas & Electric reorganization case to the Third Circuit Court in Philadelphia. In disapproving the plan, Judge Leahy held that there is no existing law under which a solvent corporation can extinguish debt by compelling creditors to accept an exchange of securities. He pointed out that Standard's assets were in excess of three times its funded debt. While it is conceivable that the plan could be amended to provide for the payment of notes in cash, a number of analysts are of the opinion that, if Judge Leahy's opinion is upheld, the whole plan is scrapped and an entirely new plan will have to be drawn.

This would provide an opportunity for holders of junior stock issues to re-enter the proceedings and endeavor to establish better values for their holdings in the light of improving earnings and a general better tone to the utility market.

Ralph W. Pitman, President, Morris Plan Bank of Philadelphia, states that a report made to him by Consumer Banking Institute indicates that over $1,000,000,000 of consumer durable goods will be purchased annually in the first ten post-war years through consumer credit.

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Railroad Securities

A period of prosperity appears naturally to breed proxy fights, particularly in the railroad field. The incumbent management, having lived through the headaches of normal business periods, is fully awake to any inherent weaknesses there may be in the property itself or in its capital structure. With this knowledge, and recognizing that the boom will not last forever, conservative management follows a policy of utilizing the boom earnings to corect, insofar as possible, the weaknesses that threatened the properties in earlier years.

In the course of a boom, speculative enthusiasm may develop for the junior securities of such a company attracting a following of buyers impressed by the large current earnings and unaware of the underlying considerations which make it injudicious, if not impossible, to pass these earnings along to stockholders. Eventually such buyers become restive over not receiving any tangible return on their securities and begin to agitate for a change in management, or at least for a larger voice in the affairs of the company.

The latest proxy fight in the railroad field is that of the Missouri-Kansas-Texas which will be settled in a day or so. According to press reports it is the avowed purpose of the new interests seeking representation on the board to effect a recapitalization which will result in geting a return on their investment for holders of the present stocks. There is also apparently some criticism of the present management on the grounds that funds utilized in recent years for debt retirement might better have been used for purchase and retirement of the preferred stock.

While such a step might superficialy have improved the position of the common stock temporarily during the war boom by eliminating the question of large dividend accruals on the senior stock, it would almost certainly have spelled disaster for the whole company very shortly after conditions and railroad operations return to normal. The long record of the company's inability to cover fixed charges in the prewar era is sufficient to convince practically any railroad analyst that the road had no alternative other than to bend every effort towards reducing the burden of fixed charges when the cash was available, if a thorough judicial reorganization were to be avoided. As a matter of fact, there are many rail men who are convinced that the debt retirement process will have to go much further if the company is to be on safe ground in the post-war years.

It is indicated that fixed charges have now been reduced to an annual level of around $2,600,000 compared with about $4,400,000 only four years ago. This is among the most aggressive jobs done in the solvent group of railroads, and it was done without the company being able to undertake lower coupon refunding such as has helped many carriers. Even these new charges would have been covered in only five years of the depression decade. Aside from the retirement of debt, the management has spent considerable sums in recent years on the physical rehabilitation of the properties with a consequent improvement in operating efficiency. Naturally, then, on a return to business and traffic levels as they existed in the 1930s the road would be able to show higher earning power than it did in the past. Even allowing for this, however, it is generally conceded that Katy will not be a good credit until, and unless, fixed charges are further reduced. While this condition exists it appears rather dangerous to think in terms of passing along even a part of current earnings to stockholders.

Even this does not take into consideration the impossibility of such a step when working capital is not particularly large, $2,000,000 of bank loans must be paid off in 1945 and 1946, and there are substantial interest accruals still unpaid on the Adjustment 5s. As far as the common stock is concerned, its position is even further compromised by accruals of dividends of close to $62,000,000 on the preferred stock. It is hardly logical to expect that holders of the Adjustment bonds will relinquish their claim to back interest (it will be more than $6,000,000 by Oct. 1, equivalent to the full peak 1944 net earnings after a large non-recurring tax credit) just so that preferred stockholders can get a dividend, or that holders of the preferred stock will relinquish their claim to back dividends just to allow holders of the common stock to participate in their war boom earnings. All in all, it hardly seems possible that a readjustment of the capital structure to benefit the stockholders is feasible at this time.

Morgan Stanley Offers Nat'l Bank of Detroit Stock at $42 Per Share

General Motors Sells Stockholdings

Morgan Stanley & Co. heads a nation-wide group which is offering today (April 5) for public subscription 759,550 shares of the National Bank of Detroit common stock at $42 a share, a large part of which represents the holdings of General Motors Corp. The National Bank of Detroit, on April 2, announced that it was increasing its common capital stock by $10,000,000 through the offering of 250,000 new shares to its stockholders. Of the total offering, 636,937 shares, for delivery on or about April 11, 1945, will be offered subject to prior sale and 122,613 additional shares will be offered at the same price, subject to prior subscription rights of existing stockholders of the bank other than General Motors, which rights expire May 2, and subject to approval by Counsel and the Comptroller of the Currency. This offering to such stockholders has been underwritten by the Morgan Stanley group.

The capital of the bank includes $8,500,000 of 3% preferred stock held by the Reconstruction Finance Corporation. The $10,000,000 proceeds of the new stock will be credited in the amount of $2,500,000 to common capital of the bank and $7,500,000 to surplus. Adjusted to the issuance of the 250,000 shares of common, the bank will have 1,250,000 shares with a book value, including surplus, undivided profits, reserves for losses and special reserve of slightly over $40 a share.

As of March 20, 1945, total assets of the bank were approximately $1,266,000,000, deposits being $1,216,000,000. The bank is 13th in size in the country.

Alfred P. Sloan, Jr., Chairman of General Motors Corp., on April 2, 1945, made a statement in connection with General Motors Corp.'s sale of its holdings in the stock of the National Bank of Detroit and pointed out that the sale of the stock was in line with General Motors Corp.'s understood plan from the time of the organization of the bank by General Motors Corp. in 1933. In his statement, Mr. Sloan said that General Motors Corp. will continue to be vitally interested in the future success of the bank in which for years it has been the largest private depositor, and that the disposal of the stock will not affect its other financial relationships with the bank.

Louis Fetzer Is With Hayden, Stone & Co.

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York and Boston Stock Exchanges and other exchanges, announce that Louis Fetzer has become associated with their firm. Mr. Fetzer was formerly with E. F. Hutton & Co. in charge of the bond department; prior thereto he was manager of the corporate trading department for Blair & Co., Inc., and in the past did business as an individual dealer in New York.

J. S. Fischer Partner In Peltason Tenenbaum

ST. LOUIS, MO. — Peltason, Tenenbaum Co., Landreth Building, announces that Joseph S. Fischer has been admitted to general partnership in the firm. Mr. Fischer for many years was associated with Reinholdt & Gardner.

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NEW YORK 5

McKeever Rejoins Goodbody & Company

H. Van Brunt McKeever, after more than two years' service with the Marine Corps, has resumed activity as partner of Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange. Mr. McKeever is one of the two general partners handling the firm's orders on the floor of the Exchange.

He entered the Marine Corps as a First Lieutenant, and was promoted to Captain after a few months. At the time of his release from the Corps he was squadron commander with an aviation engineering unit at the Marine Base in Quantico, Va.

Harold Marcus Associated With Wm. E. Pollock Co.

Harold Marcus, formerly with C. F. Childs & Co., has become associated with Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City.

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Uncertainties Develop Regarding International Conference

(Continued from page 1486)

lated matters connected with the defeat of the common enemy can be made known only as they are carried out.

Among the other matters dealt with at the Crimea Conference were several open questions left over from the Dumbarton Oaks conversations: the voting procedure in the Security Council; invitations to the United Nations Conference on International Organization; the time and place of the Conference; initial membership in the International Organization, and the possible addition to the Dumbarton Oaks proposals of provisions relating to territorial trusteeship.

The decisions taken at Yalta with reference to the time and place of the United Nations Conference were made public in the communique issued at the close of the Crimea Conference. The voting procedure in the Security Council was not announced until after consultations on this subject with the Government of the Republic of China and the Provisional Government of the French Republic.

Following these consultations the voting procedure together with the text of the invitation and the list of nations to be invited to the San Francisco Conference were made public on March 5, approximately a month after the close of the Crimea Conference.

Proposal Supported by U. S.

The only other decisions reached at Yalta and not made public in the Crimea Conference communique related to initial membership in the international organization when it meets, and to territorial trusteeship.

The Soviet representatives at Yalta proposed that the White Russian and the Ukrainian Republics be initial members of the proposed international organization. This was a question for the United Nations assembled at San Francisco to consider and decide.

In view of the importance which the Soviet government attached to this proposal, the American representatives at Yalta, having the utmost respect for the heroic part played by the people of these republics in their unyielding resistance to the common enemy and the fortitude with which they have borne great suffering in the prosecution of the war, agreed that the government of the United States would support such a Soviet proposal at San Francisco if made. No agreement was, however, made at Yalta on the question of the participation of these republics in the San Francisco conference.

In the circumstances, the American representatives at Yalta believed that it was their duty to reserve the possibility of the United States having three votes in the general assembly. The Soviet and British representatives stated their willingness to support a proposal, if the United States should make it, to accord three votes in the assembly to the United States.

The President has decided that at the San Francisco conference the United States will not request additional votes for the government of the United States in the general assembly.

Announcement of these proposals was made first to the United States delegation to the San Francisco conference. In order to correct the impression conveyed by partial publication of the facts, public announcement was made prior to a final determination of the course to be followed by the delegation with regard to possible additional representation for the United States.

As to territorial trusteeship, it appeared desirable that the governments represented at Yalta, in consultation with the Chinese government and the French provisional government, should endeavor to formulate proposals for submission to the San Francisco conference for a trusteeship structure as a part of the general organization.

This trusteeship structure, it was felt, should be designed to permit the placing under it of the territories mandated after the last war, and such territories taken from the enemy in this war, as might be agreed upon at a later date, and also such other territories as might voluntarily be placed under trusteeship. No discussion was had at Yalta or is contemplated prior to, or at, San Francisco regarding specific territories.

Decision Rests With Conference

The basis of the San Francisco conference remains the Dumbarton Oaks proposals. It is for the conference to decide whether any proposals affecting voting in the general assembly of the proposed United Nations organization impairs the principle of sovereign equality, just as the conference itself must determine the application and interpretation of any general principles enunciated in the Dumbarton Oaks proposals.

In other words, the San Francisco conference will doubtless vote on many proposals for the detailed setting up of the United Nations organization, and there is no way of knowing what the proposals will be. The final organization will be passed on by the United Nations in accordance with their customary procedures, and it is hoped and believed that the result will be so clear that this great effort to eliminate future wars will receive practically unanimous approval.

This government believes that the rapid tempo of military and political developments, far from requiring postponement of the San Francisco Conference on International Organization, makes it increasingly necessary that the plans for this organization worked out at Dumbarton Oaks be carried on promptly.

We have, moreover, received no indication that any government believes that the conference should be postponed.

HOLC Calls Bonds

A call for the payment on June 1, 1945, of Home Owners' Loan Corporation series M, 1½% bonds, which mature June 1, 1947, was announced on March 30 by John H. Fahey, Federal Home Loan Bank Commissioner. This issue of bonds now amounts to $754,904,000.

"A high level of principal repayments on HOLC loan accounts has enabled bond retirements of the Corporation averaging $28,000,000 monthly since the beginning of the current fiscal year," Mr. Fahey said.

"After June 1, the outstanding Home Owners' Loan Corporation bonds will amount to about $1,033,000,000, representing a reduction of more than $2,456,000,000, or 70%, from the total of bonds issued by HOLC since its inception."

Ryan in New Connection

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO. — William F. Ryan is now associated with Chieftain Oil, Inc., Denver National Bank Building. Mr. Ryan, who has recently been with the U. S. Army, was formerly an individual dealer in securities in Denver.

Urge Canada to Accept Bretton Woods Plan

W. L. Mackenzie King, Canadian Prime Minister, recently asserted, during a debate in the Parliament on the Dunbarton Oaks proposal that the Canadian Government was in favor of the acceptance of the Bretton Woods monetary plan. Although the discussion of the Parliament dealt with the attitude of the Canadian representatives to the United Nations Security Conference in San Francisco the Prime Minister took advantage of the repeated references to the Bretton Woods proposals to state the opinion of the Canadian Government as to the monetary plans.

Ottawa advices to the New York "Times" on March 30 also stated:

Criticism of the proposals had come from the Social Credit party members, and Mr. King did not, he said, wish to leave the House under the impression that he agreed with their interpretation and analysis of the proposals. Throughout the debate on the Dumbarton Oaks proposals, he said, member after member had properly insisted on the great importance of achieving international collaboration in the economic as well as the political field. Prosperity, like peace, was indivisible, and the whole peace edifice would totter if it were not founded on conditions of material well-being throughout the world, he added.

Explaining his attitude toward the proposals, John Blackmore, leader of the Social Credit party, said that of the two definite Bretton Woods proposal—one on the international lending body and the other on the international stabilization body—the international bankers opposed the former and the Social Credit party opposed the stabilization body.

Oswald Love Opens Office To Deal in Securities

Oswald R. Love has opened offices at 57 William Street, New York City, to engage in a securities business. Mr. Love was previously manager of the investment department for Hartley Rogers & Co. and prior thereto was with E. W. Clucas & Co.

Commander Hegarty Rejoins E. H. Rollins

D. M. S. Hegarty, vice-president of E. H Rollins & Sons, Inc., 40 Wall Street, New York City, who has been on leave of absence since November, 1942, when he accepted a commission in the U. S. Naval Reserve, has rejoined the firm.

D. M. S. Hagerty

Commander Hegarty resigned his commission last June to serve as a civilian on the Navy Price Adjustment Board of which he has more recently been Acting Chairman. Subsequently, he was appointed a member of the War Department Price Adjustment Board and served concurrently on both boards.

This is not an Offering Circular. The offer of this Stock is made only by means of the Offering Circular, which should be read prior to any purchase of this Stock.

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Price $42 a share

636,937 shares of Common Stock of the Bank are offered subject to prior sale, and 122,613 shares of Common Stock are being offered subject to prior subscription rights, when, as and if delivered to and accepted by the Underwriters and subject to the approval of certain legal matters by Messrs. Davis Polk Wardwell Sunderland & Kiendl, counsel for the Underwriters. The issuance of the additional 250,000 shares offered by the Bank to its stockholders as above set forth is also subject to the approval of the Comptroller of the Currency. It is expected that delivery of 636,937 shares in definitive form will be made on or about April 11, 1945 against payment in New York funds, at the office of J. P. Morgan & Co. Incorporated. Delivery of such of the 122,613 shares as are not subscribed for by stockholders will be made on or about May 8, 1945 in New York City.

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Public Utility Securities

New England Gas & Electric Plan

New England Gas & Electric is the smallest of the three "New England" holding companies, with total assets of about $108,000,000. It controls directly some 14 electric and/or gas companies operating in Massachusetts and six outside that State. Electricity supplies nearly two-thirds of revenues and gas one-third, with a small residue derived from steam-heating and miscellaneous operations. In keeping with the New England tradition, subsidiaries are conservatively capitalized with aggregate funded debt of only $9,350,000 and no preferred stocks.

The parent company, however, makes up for this by having five bond issues totalling $35,854,300 and first and second preferred stocks. On a consolidated basis system funded debt amounts to $45,204,300, while "original" cost of system property less depreciation account is only $42,396,922. ("Original" in this case means the value of subsidiary assets at the time of acquisition by NEGEA.)

In 1941, the SEC indicated that they would like to see system bonded debt reduced to 50% of consolidated net fixed capital, which would have meant a drastic change in the parent company's bonds. Representatives of bondholders protested, and the matter was shelved by the Commission, which a year later started "death sentence" proceedings against the system's geographical set-up. Later some litigation developed with the Associated Gas & Electric System, which owns all the common and second preferred stocks of NEGEA but has no voting rights. Because of this complication matters again dragged along until recently, when the company filed a recapitalization plan with the SEC.

Under this plan six companies outside Massachusetts would be merged, New Hampshire Gas & Electric Co. taking over five small companies (Derry Electric, International Power, St. Croix Electric, Kittery Electric Light and Lamprey River Improvement Co.). The Association would issue $24,675,000 collateral sinking fund 3⅞% bonds and $605,000 common shares (of 1,000,000 authorized) with no par value and stated par value of $25 a share.

Holders of all old bonds would receive $700 of new bonds, 9 shares of new common, 1 1/15 shares of New Hampshire Gas & Electric new common and $25 cash. First preferred stockholders are to receive at least 3 shares of new common for each share of preferred, and more if the Associated Gas System does not participate equally with other holders of the issue.

In the calendar year 1944, NEGEA's subsidiaries earned a balance of $2,918,767 after all charges, compared with $3,000,618 in the previous year. Over-all fixed charges were earned 1.41 times and coverage of charges and first preferred dividend requirements was 1.15. Under the new set-up fixed charge coverage would be increased substantially, though Federal taxes would absorb much of the gain. Fixed charges of the parent company would be cut about in half, to around $960,000, and 60% of the saving (retained after taxes if there are no excess profits tax payments) would increase net income to about $1,537,000 or about $2.54 a share on the new common stock. (These estimates are approximate since no pro forma income account is available in the press report.) Ten times these share earnings would give a figure slightly in excess of the $25 "stated value" of the new common.

New Hampshire Gas & Electric and the five companies to be merged with it earned about $209,000 in 1944 compared with $269,000 in 1943, and dividends of $175,800 (plus a substantial amount of interest) were paid to NEGEA in 1943. Post-war earnings power may be estimated at $200,000 or better, and considering the conservative capitalization of the group a price-earnings ratio of 12 seems warranted, making the total market valuation about $2,400,000 or some $63 a share for the estimated 38,244 shares to be offered to bondholders.

On the basis of these estimates (which can be refined when the pro forma figures are available) the estimated value of the "bundle" which would be offered to bondholders works out at about $1,017 (taking the new bonds at par). The bonds are currently selling around 92.

The preferred stock, obtaining at least three shares of the new common, might thus be worth around 75, it is conjectured, compared with the current price around 48.

The plan, somewhat similar to that of Standard Gas, might of course encounter difficulties and delays in the courts, assuming that the SEC first approves it.

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Coming Adjustments In Our Foreign Trade

(Continued from page 1483)

represented by the trade passing through here after the war that national prosperity or depression will depend. And considering the vast necessities that will be present in this country for employment, for goods and for the use of a great industrial plant, our margin of foreign trade, while relatively small, will be the critical balance on which our well-being may well depend.

It is good that leaders in the shipping industry are looking ahead toward the improvement of this great port. Basil Harris, president of the United States Lines, speaking for the Propeller Clubs of New York last year, forcibly called attention to a number of basic facts. He pointed out that while the speed of ocean-going ships prior to the war averaged ten and a half knots, the average speed in the post-war era will be in the neighborhood of fifteen knots.

Mr. Harris made another vitally important point. The awful destruction visited upon such European ports as London, Cherbourg, Bremen, Rotterdam and other ports promises them at least one post-war advantage. The rebuilding of a city or port under modern conditions is a comparatively rapid process. When these ports are reconstructed, they will be built according to the latest designs. Their facilities for loading and unloading will be unparalled. Our Port of New York, untouched by the ravages of war, will on the other hand, carry the marks of antiquity. That ironical fate we must avoid by a program of modernization. Mr. Harris proposed $2,000,000,000 for the modernization of this port. It is a suitable purpose for any major public works program; it is essentially a responsibility of the nation as a whole, and it would be the most prudent of public works, since it would be abundantly self-liquidating. It would provide jobs and industrial activity and, best of all, would keep the United States in line with the maritime industry of the world.

Post-War Foreign Trade

I am not going to indulge in prophecies about the amount of our foreign trade after the war. There are many such estimates—some modest, some utterly too hopeful. But what we know is that in the business that will follow this war, foreign trade is certain to play a very large part. The important thing is not to indulge ourselves in estimates, but to set to work now to develop the changed national viewpoint which will make a large increase in foreign trade possible. That is a task to which business, labor and government can well devote their united strength.

It is a hopeful sign that in both political parties there is developing an increasing interest in foreign trade and, in consequence, a recognition that the modern position of the United States in the world makes it necessary that we reconsider many of the tariff policies of the past. Under the great leadership of Secretary Cordell Hull, this change of attitude has taken form in our reciprocal trade policy. That policy was sound, but in its beginning it was experimental, tentative and modest. But now that American prejudices in favor of higher tariffs are subsiding before the great facts of American efficiency and necessities, we may more resolutely proceed in the direction of enlarging our imports. A test of opinion on this subject will come later this spring, when the Reciprocal Trade Agreements Act comes up for renewal. If the vote is close, it may mean that the Administration will hesitate to move resolutely toward a larger exchange of goods. If the vote is by a wide margin, we may expect sentiment in both parties to move progressively toward a real reconsideration of our tariff policies.

Imports and Foreign Loans

We hear a good deal about increasing our exports, but not so much about the necessity of imports. It is time for a considerable change in this emphasis, if we are to take steps in the direction of making it possible to liquidate our prospective post-war loans.

But in our preparations for post-war responsibilities, we must break off the habit of delay. Too much of our financial machinery consists of an apparatus for putting things off. A great part of our credit system consists of means of postponing payments through notes, mortgages and the like. The financing of foreign trade seems to be arranged in the same spirit of delay, and in that trade the parties are farther apart. Decisions are postponed, procrastination governs our actions and all too often we postpone settlements until they can no longer be made without defaults. These delays in the past, which were largely due to the complicated machinery of international finance, resulted in some very serious international problems. The weight of our trade balances became so heavy that collapse finally resulted. Depression swept the world, and war came in its wake. There is nothing new in this deadly cycle. Philip II. of Spain long ago decided to have done with all of the financial machinery involved in his foreign borrowings and he simply repudiated, throwing weaker countries into chaos and ruin.

The danger of postponing settlements in foreign trade is similar to the old habit of long delayed reparations after a war. The fact is that the longer actual payments of reparations are deferred, the greater the danger is that no reparations will be paid.

We must, as Americans, resolve to walk squarely up to these questions of how we are going to be paid for our exports and face them honestly. Republican Senator Wherry of Nebraska gave some sound advice to his party in a speech in January. He said, "If we are going to sell abroad, we must buy abroad." And I would add to this statement of Senator Wherry that if we are going to **lend** abroad, we must accept goods from abroad.

We Should Import More

We are going to need more from the rest of the world than we have ever needed before. We have scraped the bottom of the barrel in many of our resources. Some of our resources of which we still have considerable quantities, such as our forests, might well be given a rest in order that they may grow again. We shall have to import more zinc and lead, more iron, petroleum and timber. The development of our new industries which will follow the war will require much more of materials than we have, in the past, imported in small quantities, such as manganese, nickel, wool, vegetable oils and oil seeds, pulp and paper. The list is extensive and impressive.

There are a few items, such as rubber, of course, in which the process will be reversed, but the trend will be toward large imports of raw materials.

We will have to do some importing of things that we shall need for essential defense, such as the elements necessary for steel alloys. Our stockpile should be here and not in Arabia or Central Africa.

There are other offsets to trade—things which have traditionally helped us to balance our accounts. There is foreign travel, for example. There will be more of that. There will be foreign investments which leave money abroad. All these factors will still leave room for greater imports of luxuries and goods of general utility, and our tariffs always must be adjusted to take account of them.

Tariff Thinking Must Change

But the greatest necessary adjustment must be in our thinking. The great argument for high tariffs in the past has rested on the fallacious belief that there is just so much work to go around. Our thinking on this subject has looked upon work as a constant and sterile substance which, having been measured and weighed, need not be measured and weighed again. But the amount of work in the world is not a sterile and unchangeable commodity; it is a vital organism capable of growth. We shall have to revise the thinking on the basis of which we have sought shortcuts to limited employment, such as shorter work weeks and other share-the-work plans. We shall have to revise the belief, so widely prevalent in this country, that if somebody else makes any kind of goods which can be made here, then somebody here loses his job.

It is time that we realize that there is no limit to the quantity of the many things we could import and consume in this country and, on the other hand, that there is no limit to the amount of goods in the production of which we unquestionably excel—goods that are made in accordance with the

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highest standards of efficiency the world has ever seen.

Adjustments Should Be Gradual

If we are going to bring about this readjustment of trade, of our laws governing trade and of our past and obsolete thinking which lies behind those laws, the time to do it is when European production is being slowly and gradually resumed. If we take time by the forelock and prepare now for this new era in our economic policies and thought, the amount that we will have to accept will be small at first and increase only gradually. That is because European production must, of necessity, be slow in moving back to its normal capacity. In dealing with our tariff laws we might well learn a lesson from the philosophy of Secretary Hull, which viewed tariff adjustments as a matter for progressive action. The Tariff Act of 1933 provided for five biennial reductions. Such a progressive plan makes it possible for business to anticipate changes, plan ahead and meet slowly increasing imports with new programs of essential production.

Our adjustments to reductions in tariffs may not be as great as we think. Our merchandise imports came pretty close to balancing our merchandise exports from 1922-29. Indeed, if the growth of our foreign trade had continued from 1929 at a steady rate, we would not now be viewing the trebling of our peacetime trade as a distant goal. We would already have attained something like that proportion.

What Makes a Prosperous America?

A good deal has been said for the view that a prosperous America is the best single guarantee of a prosperous world. But this statement, however true, needs to be spelled out in terms of what it takes to make a prosperous America. A prosperous America is an America going forward, with investment at home and investment abroad, with confidence in the essential friendliness of its government, with confidence that there may be profit in trade and in international finance, with confidence that obligations, public and private, will be honored.

We talk of how a prosperous America can carry the benefits of its prosperity to other countries. How can we do this best? Should we merely tell them that they ought to raise their wages, or should we enable them to engage in a trade so profitable, through buying their goods, that their wages will increase as a natural consequence?

The grim handwriting is on the wall for everyone to see. Unless we do arrange in some way to obtain payment for our goods—and now is the time to start arranging for that—then we risk having to go through the experience of another great series of defaults. Once more, we may have the bitter experience of unpaid debts, of hard feelings between nations, of a paralyzed trade and of the unpredictable results beyond. I have spoken of the danger of another series of defaults. Three of these have already come within the memory of most of us.

The first consisted of those debts to American private investors contracted abroad in the 1920's. Not all of these failed, by any means, but a lot of good American money went down the drain.

The second series of defaults took place in the early 1930's. They were the debts of our government by other governments, contracted during and after the first World War. This series of defaults led to the passage of the Johnson Act, which was the expression of a country which was sick and tired of all dealings with foreign nations. It was a gesture of isolationism, but to be perfectly frank, it was a gesture which rose out of despair, anger and disillusionment.

The third series consists of lend-lease obligations which we are probably going to forgive in large part, as a portion of the cost of winning the war.

Avoid Future Defaults

Let us not go beyond this and permit defaults to occur in a fourth series of loans—loans which are proposed in such institutions as those suggested by Bretton Woods. Let me make it clear that I am not objecting to these loans. I am trying to make the point that when we make them, we must adjust our economic thinking to a proper means of permitting those loans to be repaid.

Let us face these problems squarely. Let us admit that if we are going to lend abroad, we must buy abroad. Let us put our tariffs in such order that we can accept payment in the only way in which payment can be made. Let us make loans to Europe, not necessarily out of our generosity, but out of our business sense, because Europe will need loans for her reconstruction. The impoverished countries over there will need, on the physical side, industrial and transportation equipment, building materials and tools of every kind. A Europe rising from her ruins will be a good customer, and a good supplier of valuable products to us, if we are willing to accept them in payment for what we sell.

In our attitude toward countries which, in the past, have been, in the main, merely suppliers of raw materials, let us encourage them in their efforts to develop an industrial system. Always remember that our greatest volume of trade has always been with nations industrially developed—not with poor and backward countries. The great economic paradox in international affairs is that our greatest benefits come from countries which are our natural competitors.

Once our thinking is adjusted to these principals, we need not spend our time and energy talking of employment first. Employment is a result and not a cause. Employment will come from increased confidence among nations, from a sound maintenance of international credit and, above all, from the promises of a lasting peace.

That, of course, is the theme to which all thoughts return—a lasting peace. And it is the thought of lasting peace that brings my mind back to the fact that this important and delightful occasion is taking place in the Port of New York, which has been changed so much by war, and which has so much at stake in the establishment of a just and lasting peace and in the world-wide prosperity which can be made to follow.

There are thousands of New Yorkers like myself who have more than the American's normal interest and pride in the fame and fortune of this, the world's greatest seaport. We have a sentimental attachment to this harbor and its metropolis because it was to the Port of New York that our forebears a century or more ago came to seek, and to find, spiritual and political freedom and economic substance for themselves and their descendants. I think it can truthfully be said that more people from all sections of Europe entered the land of opportunity through this magnificent and thrilling gateway than through all the other American ports put together.

Yet twice within living memory we have seen the unmatched facilities of this ocean terminal turned aside from their proper purposes and devoted to the agony and destruction of war. Twenty-five years ago there left this port thousands upon thousands of young Americans bound for Europe or the open seas in defense of their country. And in the past four years not thousands but millions of the finest of our youth and many thousands of our young women have left this port to fight in every theatre of war, be it land or water. This is sad to relate. Even sadder is the fact that many of them will not come back. I pray, as we all do, that never again will the Port of New York be used to send either men or supplies to wars in other lands, but that for centuries to come it will be a port of entry for unnumbered thousands bound for a better life in our wonderful land.

I know this will also be the prayer of our young warriors as their returning transports steam up the harbor past the Statue of Liberty. God grant they may have that welcome sight before many months have passed.

Janis, Bruell & Evans Formed in New York

Janis & Bruell announce the formation of the partnership of Janis, Bruell & Evans to continue general practice as accountants and tax consultants with Peter Guy Evans, certified public accountant of New York and New Jersey, member of the New York Bar and specialist in taxation. The firm's offices are located at 11 Park Place, New York City.

Partners are Ralph R. Janis, Frederick M. Bruell, and Mr. Evans, all certified public accountants.

Herbert E. Scott With A. E. Ames & Co., Inc.

A. E. Ames & Co., Incorporated, 2 Wall Street, New York City, announces that Herbert E. Scott has joined their organization.

Taxable Electric Utilities Vs. Exempt Federal Projects

C. W. Kellogg Says $703,000,000 in Taxes or 23.79% of Revenues Was Paid by Private Electric Utilities in1944. Holds TVA Would Have Had Deficit of $10,900,000 if Compelled to Pay Taxes and Interest.

Contrasting the relative freedom from taxes and interest charges of Federally owned electric projects to expenses of this kind borne by American business, C. W. Kellogg, President of the Edison Electric Institute, made known yesterday that the nation's light and power companies paid taxes totalling $703,000,000 in 1944.

C. W. Kellogg

Federal taxes, equivalent to 15.84% of gross revenues of $2,955,000,000, amounted to $468,000,000. State and local taxes were equivalent to 7.95% of gross and aggregated $235,000,000. The combined tax on the industry was 23.79%.

Total income for all the companies was up $135,000,000 over the preceding year, but the net generally suffered a loss. The total tax increase was $23,000,000. The breakdown of Federal taxes showed $55,000,000 for 3% excise tax (residential and commercial); $12,000,000 miscellaneous, and $401,000,000 based on income.

Mr. Kellogg pointed out that the $468,000,000 Federal tax borne by the electric companies is in sharp contrast to the absence of any Federal tax paid by Government-owned electric projects. As one example, he said that if TVA had been taxed the same per cent of its power revenues as the electric companies, it would have paid more than $5,500,000 to the Federal Government on its 1944 power business of $35,200,000.

A much larger item which he cited as not paid by TVA is interest. For the last fiscal year the "proprietary interest" of the United States in TVA, as indicated by the annual report of the Secretary of the Treasury, averaged $596,000,000. Interest on this at 2% would have amounted to $11,920,000.

These two items of interest and taxes not paid by TVA, totalling $17,420,000, would have, if paid, Mr. Kellogg pointed out, thrown TVA into the red last year about $10,900,000, instead of permitting a black figure of $6,600,000 on its combined operations, as indicated by its last report.

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

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April 4, 1945.

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The Reserves of the Federal Reserve Banks

(Continued from page 1482)

proximately 22.7 billions of dollars in December, 1941, our gold stocks have shrunk about two billions or to about 20.7 billions as of the end of 1944. Practically all of this decline has been since January, 1943.

The increase in the volume of required reserves is the result of an expansion of the note and deposit liabilities of the Reserve banks. Basically this is traceable to the enormous increase in the volume of money in circulation and to the expansion of member bank demand deposits, both of which led to a depletion of the excess reserves of the member banks. To keep these excess reserves from falling to a dangerously low level (which the Board of Governors apparently considers, during this period, in the neighborhood of one billion dollars) the Reserve banks have expanded credit, largely through the purchase in the open market of Government (and Government guaranteed) obligations. Such operations increase the deposits in the Reserve banks which are owned by the member banks; in other words, the reserves of the member banks. Having their excess reserves thus constantly replenished, the member banks were in a position to meet the continued drain on them for cash by their customers by "cashing-in", so to speak, their excess reserves. This process reduced the deposit liability of the Reserve banks, but increased their note liability, since cash disbursements were largely in the form of Federal Reserve notes.

While the war, or events directly traceable to the war, undoubtedly account for our gold losses, for the expansion of member bank deposits, and, to some extent, for the expansion of the volume of money in circulation; it is by no means a certainty that the end of the war will reverse these trends. Much of our gold is held for the account of foreign governments, corporations and individuals. With the return of a more settled world condition, funds now impounded will be released, and much of this gold will be repatriated. A further loss of gold might result if this country followed a policy of freer trade after the war. There is no reason to assume that the conditions which gave rise to flights of capital to this country prior to the war will exist in the same acute form after the conflict; or that our ultra high tariff policy will be continued. On the contrary there is a growing body of evidence to indicate that these pre-war conditions will be substantially modified.

Whether or not demand deposits of member banks and the volume of money in circulation will continue to expand after the war is problematical. Much depends on the ability of the Federal Government to balance its budget. If the Federal debt continues to expand the commercial banks will probably continue to acquire governments in the open market. This would result in an expansion of deposits, and contribute in multifarious ways to a further growth of the volume of money in circulation.

Since the trends of events which have resulted in the depletion of the excess reserves of the Reserve banks show no evidence of tapering off during this war period and may continue even after the end of hostilities, the question of a solution (or solutions) is in order. Only two measures are believed really practical: (1) substitution of Federal Reserve bank notes (National Currency) for Federal Reserve notes, and (2) reduction of the Federal Reserve banks' reserve requirements.

[Subsequent to the writing of this article by Professor Pritchard, Senator Robert Wagner of N. Y., introduced a bill (S. 510) to lower the ratio of reserves against both Federal Reserve notes and deposits to 25%, these reserves to be in the form of gold certificates.—Editor.]

Both of these procedures require, or should require, legislation; and both should be accompanied by a further grant of power to the Board of Governors to raise the required reserve ratios of member banks above their present maximums.

Step (1) would not be of any assistance to the Reserve banks unless these notes were carried on the books of the Reserve banks as assets. This can only be done when the notes are in process of retirement, in which event they become a Treasury rather than bank liabilities, and can be properly counted as a part of the legal reserves of the Reserve banks.

Of the two procedures step (2) is the more orthodox (and therefore the less controversial), and should provide an adequate near-term solution to the problem of excess reserves.

Step (1) raises questions with respect to legal tender and lawful money (in the technical sense) and the use of such money to "dilute" the reserves of the Reserve banks. However, this method would not only provide a "banking" solution to the problem of excess reserves, but its extention opens up breath-taking possibilities in other respects; notably in the management of the national debt, and the elimination of the need for gold certificates, and, therefore, gold, in our domestic banking structure. Because of the far-reaching implications involved in step (1) I shall discuss it in some detail.

The original act setting up the Federal Reserve System gave to the Reserve banks the privilege of issuing Federal Reserve bank notes up to the face value of direct obligations of the United States Government deposited by such banks with the Treasury. Such notes were definitely made the liabilities of the procuring banks. Up until 1933 all full legal tender money was also lawful money for reserves in Federal Reserve banks. Until that date Federal Reserve bank notes were neither legal tender or lawful money, and they were not treated as lawful money until after provision was made for their retirement in August, 1935. To have treated them as lawful money for reserves against deposits in Federal Reserve banks would have constituted an accounting monstrosity — a confusion of assets and liabilities. Obviously the intent of the law was to make the Federal Reserve bank notes a liability of the procuring banks at the time of their issuance, and a liability of the Treasury (and therefore a proper asset reserve of the Reserve banks) while they were in process of retirement.

By a process of financial abracadabra the Treasury has issued approximately $660,000,000 of these notes beginning in December, 1942, making them, by a manipulation, a liability of the Treasury at once. They became, as a consequence, lawful money in Federal Reserve bank reserves. The notes are thus being "retired" before they have been issued. This practice has been sharply criticized on the grounds that it amounts to the issuance of fiat money, that it is a deceit and a fraud on the American people, and if carried far enough, will lead to an inflationary deluge such as engulfed Germany in 1923.

Undoubtedly the practice constitutes a form of deception, and objection might be taken to this procedure because it is a subterfuge; but not because it is unsound. There is a traditional, but not a scientific reason, for the treatment of notes issued against United States bonds as liabilities of the procuring banks. Prior to the establishment of the National Banking System (and to some extent afterwards) the bank note performed a function similar in many respects to that performed by the demand deposit today, namely the bank note was the mechanism by which commercial banks created credit. No one who understands the processes by which demand deposits are created (or bank notes prior to their replacement by the check as the principal means of effecting payments) would deny that either the earlier bank notes, or present day demand deposits should not be considered a liability of the banks issuing or creating them.

Since 1933, however, all types of currently issued paper money are actually, if not technically, direct obligations of the United States Government. There is thus no basis in fact for the assumption that interest-bearing pieces of paper issued by the Treasury should be considered a legitimate asset of banks, while non-interest bearing pieces of paper issued by the Treasury should be considered liabilities of the banks. The fact is immaterial that the United States bonds against which Federal Reserve bank notes are issued must be owned by the Reserve banks, and that the initiative for their issuance formally comes from the Reserve banks. Security for both notes and bonds is predicated exclusively on the credit standing of the United States Government.

The present legislation covering the issuance of Federal Reserve bank notes expires next June 30, 1945. When it is renewed, Congress should specifically provide that all Federal Reserve bank notes shall, at the time of their issuance, constitute a liability of Treasury and can, therefore, be used as a reserve asset against the bank's deposit liabilities. Such legislation would provide Congressional sanction for what is already an extensive Treasury practice. It would eliminate the stigma attached to the present financial legerdemain.

This process by which the Reserve banks buy government bonds and then procure Federal Reserve bank notes from the Treasury of equal amounts has all the earmarks of "financial perpetual-motion." When a government bond is purchased a demand deposit is created by the bank, title to which is vested in the seller of the bond. When the bank has Federal Reserve bank notes issued against this bond, another demand deposit is created, title to which is originally held by the Treasury. Since the notes may be issued up to the par value of the bonds, demand deposits tend to increase approximately twice as fast as reserves; or reserves created by this process are roughly 50% of deposit liabilities. Since the required reserve ratio against deposits is 35%, it is obvious that the process of buying bonds and having notes issued against them results in an ever increasing amount of excess reserves in the possession of the Reserve banks. From a purely banking standpoint the ability of the Reserve banks to buy government bonds would be inexhaustible; indeed it would be greater after the purchase of any given quantity of bonds, and after notes have been issued against them, than before.

However, as previously indicated, this process also results in an increase in the reserves, and therefore in the excess reserves of the member banks. Such an increase in the credit-creating potential of the member banks might have disastrous consequences to the economy if it were not offset by another Reserve policy. The simplest method of countering this threat would be for Congress to make a further grant of power to the Board of Governors to raise the reserve ratios of member banks above their present maximums to any required level necessary to offset the expansion of Reserve bank credit.

It can be seen that by this process the whole floating debt of the United States Government could be acquired by the Reserve banks. By reverting to an extension of the earlier franchise tax principle the Federal Government would then be in the position of paying interest on the bonds held by the Reserve banks with one hand and taking it back in the form of a franchise tax with the other. The servicing and management of the national debt would then be reduced to so simple a problem it would not even tax the ingenuity of the bookkeeping assigned the task of making the necessary debits and credits.

The use of the Federal Reserve bank note in this way as a device to monetize enough of the national debt so that the remaining amount would not prove burdensome to the country would, undoubtedly, be opposed by those financial blue-noses who believe that we should be made to suffer the consequences of our past financial sins; and who might resent being forced to exchange highly esteemed earning assets for non-interest bearing deposits. It should, on the other hand, be welcomed by those students of the problem who do not assume that the end of the war will mean an end to deficit financing; who realize the deflationary effects of debt redemption, and the repercussions of this on business activity; and who are aware of the tremendous difficulties (if not the impossibility) of servicing, for an indeterminate future period, a debt of 300 billion dollars or more within the framework of the free private enterprise system.

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The Bretton Woods Marriage Proposal

(Continued from page 1482)

acrimony, but so far there has been a disposition to keep discussion at room temperature. No one denies the desirability of the ends sought. Stabilization of currency throughout the world is like mother love—everyone is for it. The only difference in opinion arises over how best to promote it.

Some would have us believe there is no middle ground, that all the good forces are on the side of the plan exactly as is and that anyone who wants the slightest change is suspect and allied with predatory interests. In reality, however, the Bretton Woods proposal is an appropriation measure involving billions of dollars of tax payers' money. Our country is putting up the lion's share of the capital in this very complicated international venture.

Other countries have not acted. Obviously, they are waiting to see what final proposal will come from our Government. In such proposals involving the marriage of the American dollar with the energies and business of other countries, those countries would be less than human if they were unaware of the American dowry which would go with such a union. There is reason to believe they will consider a plan approved by Congress just as carefully as a tentative plan suggested at a conference. Congress has the power and the full responsibility. There is evidence that members of both Houses want to have a good look before they act since they will bear the blame if the program has serious defects.

The Bretton Conference brought forth a proposal for two separate projects, a Fund and a Bank. In each case, the program contemplates spreading low-cost money throughout the world with Uncle Sam putting up the big share of the credit, either through the front door or the back door.

In examining the list of delegates at Bretton Woods, we find that with one or two exceptions, bankers were conspicuously absent. The business was taken over by a type of monetary expert known as a technician. Broadly speaking, "technicians" gave the party and invited the guests. They set the background. The result was a "technician's plan" rather than a business man's plan. This is especially true of the Fund.

Since the plan was shaped up by technicians, the thoughts of business men and bankers could not take form until final drafts were made available for study.

Watching developments from the sidelines, business men were impressed with the fact that representatives of 44 countries had met together in one room to consider a vital subject. Outspoken critics of certain details of the plan have referred to this fact as a priceless framework not to be lightly discarded. It is realized that isolationism in banking is behind us just as in other things. These considerations have prompted banking and other business groups to give most serious thought to our place in international finance. Bankers are not out to sabotage Bretton Woods.

It would be most unfortunate if pride of authorship or fanaticism of support should result in an attitude of "take it or leave it." This would be unfair to the people of this country whose credit is involved, unfair to the members of Congress who must look at all factors, and unfair to the business men who must operate under the plan. Whatever family disagreements may result from "who gets what" in our own country, certainly beyond the confines of our borders the American dollar becomes the familiar "cartwheel" whose welfare is a common interest of all.

In the words of Lord Keynes, delegates at Bretton Woods did not necessarily recommend that governments adopt the result. They merely submitted it for what it was worth to the attention of the governments and legislatures concerned. This surely is not "take it or leave it" language. Furthermore, the scope of the program is so global and far-reaching as to remove it from the personal interests of citizens of this country beyond their desire to see that Congress acts wisely for the good of all.

Some proponents are almost hysterical in their insistence that the final stone has been added to a structure which must not be tampered with and which, if approved without change, will usher in the millennium. Our Congress, however, controls the purse strings. That body and citizens generally are asking some questions.

International Bank

The Bretton Woods Bank reflects the type of prudence and management which appeals to business men. The United States would subscribe to 31% of the stock in this 10 billion dollar enterprise. Of the latter amount, 20% is to be paid down while 80% would be subject to call to make good on guarantees. In the present market, guaranteed loans would probably be floated largely in this country since we are one of the few people with money to invest abroad. It is conceivable, therefore, that our Government would not only put up 31% of the original capital, but that our citizens would hold most of the guaranteed securities sold to provide capital for international lending. Few can deny that under the Bank we would be turning over billions of dollars of our credit to an international body.

Bankers feel, however, that the conditions under which loans are to be made by the International Bank would be such as to encourage constructive spending abroad. Commitments are limited to wealth producing projects and are to be made only after careful study. There is no open-end obligation. Each country knows approximately what its total share of losses might run. It is true that under the Bank the United States would be putting up the lion's share of the money; in the end, probably more than all the other 43 countries combined. Furthermore, at a time when other countries were subscribing to stock in the Bank, we might well be making them separate and direct loans. This further emphasizes the extent to which our credit becomes the mainstay in the Bank. Rumors also persist of foreign governments continuing to seek many billions from the United States wholly apart from any operations of the Bank.

Business men feel, however, that failure to participate in such an international Bank would, on balance, retard international cooperation. They feel that through the Bank there could be carried on consultation and collaboration so necessary in dealing with financial problems facing the world.

The Fund

It is noticeable that the word "stabilization" has been taken out of the Fund. The latter, once spoken of as a technical project for currency stabilization, more clearly shapes up as another lending device. Currency stabilization seems a harmless term. But the plan under the Fund embraces a clearing house system whereby in reality this country extends more or less automatic overdraft privileges to countries throughout the world. It is at this somewhat open-end line of credit under the name of stabilization which business men shy off. They insist that no nation but ours, now or in the past, would do what is suggested for us. They do not contend this should be a reason for seeking modifications of the plan, but they do feel it is reason to stop, look and listen.

As with the Bank, the United States puts up about 30% of the capital. After studying the allowances about subscriptions of gold, and considering that we shall be helping many subscribing nations through the side door, it is apparent that a very large share of the credit will come from the United States. Not overlooking the restraints upon overdrafts, the fact remains that dollars will be the scarce currency and all other nations will be able to get far more dollars out of the Fund than they put in through valid currency.

Americans are generous with their money and this idea might not be entirely objectionable. But what makes bankers and business men shudder is that for the first time in the history of the world outside of a completely socialistic system credit becomes automatic and pro rata. No nation, no corporation, no family is rich enough to stand up for long under a system of this kind. Children of the same parents, in the same household, have different will and capacity to pay. If each is sovereign and has certain credit rights, the family exchequer will soon hit rock bottom. When it does, the "parent" will be disliked more than if he had never started such indulgence.

The right of a nation, or of an individual to political security should stand on equal footing with that of any other nation or person. Credit standing as between individuals or as between nations such as Liberia and Canada, cannot be placed on any such automatic or pro rata basis. Extension of credit is not a technical matter. It ultimately gets down to five and 10 dollar transactions which can be understood by all.

Important questions for the Congress to decide are:

(1) Should we add two more foreign lending projects? We already have Lend-Lease and the Export-Import Bank. Why not start out with the Bretton Woods Bank and see how that works? By simple changes, stabilization of currency can be undertaken by the bank. Some contend the bank as set up already has power to stabilize currency.

(2) In the Fund as now proposed, are we getting into worldwide financial obligations leading to commitments under which our credit may eventually crack?

(3) Should we extend all the credit before knowing about peace terms or what total amount we will be called upon to advance?

In conclusion, the program to be adopted by Congress should not be a technician's plan or a banker's plan. It should be a prudent plan for extension of credit and currency stabilization under management of a tested experience. It isn't just the by-laws of a bank that counts, it's the men running it.

We must not give our country away either to our own citizens or those of any other country. If our soldiers aren't the best, if our factories aren't the best, if our business and banking practices aren't the soundest and best, we shall not long stay in our present preeminent position. It is a good thing for business men and bankers to study the Bretton Woods plan and to express their views decisively. If their judgment is without value, if they lack the "know how" in the foreign field, we will be sunk as far as international finance is concerned. Just loaning money won't save us.

Make no mistake, the marriage proposal advanced under the pleasant surroundings of Bretton Woods involves one of the greatest decisions this country will be called upon to make. Once we have put the dollar back of the currencies of the world, we can't back out. This marriage is for keeps.

Action on the plan as it now stands should not be based upon the pride of authorship of a limited number of technicians, nor upon the American emotional tendency to do good without counting the cost—but upon a deliberate analysis of each phase of this exceedingly important commitment. The Bretton Woods Bank stands up under such analysis. The Fund with its automatic credits does not.

5 Named to N.Y. WFC Executive Committee

In preparation for the Seventh War Loan, starting May 14, Frederick W. Gehle, State Chairman of the War Finance Committee for New York, on Mar. 24 announced the election of five new members to the WFC Executive Committee.

The new members, all of whom serve or have served the War Finance Committee in various capacities, are: John P. Stevens, Jr., William E. Cotter, Edward H. Letchworth, Lewis E. Pierson, and William Richmond, whom Secretary of the Treasury, Henry Morgenthau Jr., last week appointed WFC executive manager.

Mr. Pierson is the retired Chairman of the board of the Irving Trust Company; Mr. Stevens is President of J. P. Stevens & Co., Mr. Letchworth is a member of the Buffalo law firm, Kenefick, Coke, Mitchell, Bass & Letchworth; and Mr. Cotter is associated with the Union Carbon & Carbide Co.

Nevil Ford is Chairman of the Executive Committee, whose membership includes Winthrop W. Aldrich, Mrs. Courtlandt D. Barnes, Henry Bruere, W. Randolph Burgess, Willard K. Denton, Guy Emerson, Walter S. Gifford, William M. Holmes, John T. Madden, Bayard F. Pope, Miss Rose Schneiderman, Herbert E. Smith, Allan Sproul, William R. White, and Mr. Gehle.

Mr. Gehle also announced that Mr. Cotter, in addition to his present position of Chairman of Commerce and Industry for the War Finance Committee, will serve as New York County Chairman. William E. Boyland will serve as Chairman of the Bronx, and Hon. Paul Livoti as Campaign Chairman of Queens, Mr. Gehle said.

In making known the new appointments, Mr. Gehle said:

"Our executive committee now includes among its membership a group of men and women who have to their credit distinguished accomplishments in their own fields as well as on behalf of the public interest. With so outstanding a group to guide us, I am extremely confident that New York State again will outdo itself in meeting the Seventh War Loan quota of $3,959,000,000."

For further information dealing with the part New York State will take in the Seventh war loan drive see "Chronicle" of Mar. 15, page 1192.

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Inflation or Deflation In France?

(Continued from first page)

can be had only on the black market. Yet responsible State officials have said publicly that France has suffered no more inflation than England or the United States, which is very little by French standards.[2] Finally, Jean Francois heard last autumn that his government had a deflationary program under way. Let us see whether this chaotic picture can be restored to some sort of order. It is, of course, the more recent situation in which we are primarily interested and to which most attention will be given.

This article will attempt to supply the answers to such questions as: How much inflation has France had? Should France have deflated, like Belgium? Is the recent financial policy of France sound?

Money and Banking System of France Sketched

For the benefit of the lay reader, a few high points of French finance should be made clear at the outset.

Before 1914, France had a gold standard similar to our own. The franc was worth 19.3 cents. France early abandoned the gold standard and did not return to it until 1928 when the franc was given a value of 3.9 cents. Our devaluation in 1934 raised the value of the franc to 6 cents. France clung to the restored gold standard throughout nearly all the depression because of recent memories of unstable paper monies. But the rest of the world left the gold standard, and the pressure of devaluations by other countries finally forced France off in 1936. Her currency then depreciated by stages until at the time of the German invasion in the spring of 1940, the franc's exchange rate averaged 2.1 cents. During the period when France was occupied the official English rate was 176 to the pound; the American rate, 44 to the dollar.

The French banking system differs rather sharply from our own. Whereas we pay 90% of our bills by means of checks drawn on deposits, the French make comparatively little use of the check system and pay most of their bills with bank-notes, somewhat as we did before the Civil War. Whereas we do much business by open or charge accounts, French firms are more often required to give promissory notes or accept drafts. These notes or drafts are then discounted or rediscounted at the Bank of France to get the bank notes needed. All paper money is issued by the Bank of France. Thus bank deposits are a less significant index of inflationary pressure in France than in this country. In 1939, note circulation in France was nearly four times demand deposits but in this country money circulation was only one-eighth of demand deposits.

The French are as little inclined to balance their budget as we are. Whereas our government secures the needed additional funds by selling bonds, often to banks in return for increased bank deposits, the French government sells bonds to the Bank of France and takes its pay in the form of Bank of France notes. While this is an oversimplified description of the procedure, it contains the underlying principle. The basis of the inflation is bank credit in both instances; it is merely the form of the bank credit that is different.

The French peasant continues to be thrifty and to hoard money despite his extensive experience with inflation during the past generation. This is surprising in view of the chief lesson usually taught by inflation, namely: "What you save you lose; what you spend you have." It was estimated that in September, 1944, a third of the 600 billions of francs outstanding was in French socks, mattresses, and other hoarding places.[3]

Financial Developments in World War II

Two factors have conspired to cause a noticeable rise in prices in France, namely, a sharp increase in the amount of money in circulation and a drastic reduction in the amount of goods and services available. The German occupation has been primarily responsible for both conditions. Either one by itself would be inflationary; the damage done by both existing simultaneously has been very serious.

German Occupation Costs

Occupation costs amounted to about 130 billion francs in 1941, 126 billion in 1942, 183 billion in 1943. While Laval was in control in Vichy, the Bank of France issued about half a billion francs each day, largely to pay this occupation bill. The amount was to be increased to three quarters of a billion daily in 1944.[4] The note circulation of the Bank of France grew from 151 billion in 1939 to 500 billion at the end of 1943 and close to 600 billion by D-day.[5] Bank deposits tripled by February, 1944. Obviously, this manner of financing occupation costs was inflationary in the extreme. It has been estimated that the annual cost of World War II and the annual cost of World War I were the same for France.[6]

Bad as this turning of the printing presses was, it was accompanied by an even worse condition. The Germans carried off much of the wealth of the country. During the invasion German soldiers were forbidden to send home the military currency which they were paid, for their families to spend. The result was that they spent it where they could in France, and sent their purchases home. When the Germans ceased using their military currency and began forcing the French to issue French currency, the method of looting the country was only slightly changed. According to the Office of War Information, only one third of the occupation charges was needed to pay the expenses of the occupying troops. The other two thirds were employed to buy up French mortgages, securities, supplies and food and send them back to Germany. France was stripped of much that could be carried away. An estimated two and a half million French prisoners were kept in Germany as slave labor, with the result that production in France was severely handicapped.

Furthermore, the Germans requisitioned vast quantities of supplies and required French industries to convert to war production. In November of 1943, De Gaulle's Committee asserted that the Germans had requisitioned 140,000 horses, 212 million gallons of wine, 2 million tons of wheat, 2 million tons of fodder, and 500,000 tons of meat. In addition, they had taken almost all the production of automobiles, bicycles, chalk, and cement; three-quarters of the output of the metallurgical, aeronautical, and naval construction industries; half of that of other industries; and that three quarters of all public works being constructed were for the benefit of the Germans. Some of these goods were paid for at bargain prices but even so, when the Germans were driven out of France in the summer of 1944, they owed the French 100 billion francs for goods they had never paid for.[8] And, of course, Allied bombers destroyed French factories and railroads to some extent. According to Sonia Tomara, France had 116,000 railway cars before the war; under German occupation the number was reduced to 47,000, and when the Germans left, only 7,000 cars remained in the country. An optimistic recent calculation puts France's rolling stock at 40% of the prewar figure. In any event, it is estimated that 11,000 cars are needed to feed the country alone, not to mention the many other supplies that must be transported. This explains in part why soldiers tell of plenty on the farms of Normandy but poverty and undernourishment in some of the cities. According to the National Institute of Hygiene over half the babies examined in Marseille had rickets, and there has been a sharp increase in bad cases of tuberculosis.[9] It was "estimated" in September that because of transportation difficulties and manpower shortages production in France had fallen to 20 per cent of the prewar figure.[10]

American "Flag Money" Further Complicates the Situation

As if all this were not enough, our government clumsily added a further complication. The United States was unwilling to recognize General De Gaulle's National Committee of Liberation long after England would have been willing to do so. It does not matter whether this was owing to a personal feud between De Gaulle and Roosevelt, or whether it represented a too literal interpretation of our announced policy that liberated peoples should have a free opportunity to choose their postwar governments. What counts is the fact that we recognized no French government. Issuing money is a mark of sovereignty. To use the money which the French Committee had ready to supply our troops before D-day would have been to recognize the French Committee, so we insisted on supplying our own military currency. This was the famous "flag money", so-called because it bore the French tricolor surrounded by the French words, "Liberte, Egalite, Fraternite." The notes looked like Bank of France notes to the uninitiated, but nowhere on them did they say who issued them or who would redeem them. A total of some 80 billion francs of such money was issued for use by our troops, much to the annoyance of the Free French.[11] General De Gaulle announced publicly on June 10, "The issuance of a so-called French currency in France without any agreement and without any guarantee from the French authority can lead only to serious complications.[12] Grave fears were expressed in many quarters that the French peasants would spurn this unbacked currency and that its issuance would further accentuate the existing inflation in France.

On the other hand, President Roosevelt told his press conference on June 13, 1944, that the French had particularly asked that we not issue American or English money especially marked when we invaded, that the French had been informed of what our War Department was doing and had not "objected," and that American troops were being forbidden to buy rationed goods in France or eat at public restaurants and were being encouraged to send most of their pay home.[13] A returned army captain of the Advocate General Corps who saw service near St. Lo has since told the writer that the soldiers were informed these restrictions were to protect them against poisoned food. He said that the explanation that they were to prevent inflation in France would not have been effective.

Later in the summer Secretary of Treasury Morgenthau went to France to investigate, among other things, the complaints against the "flag money." He reported that the money was widely accepted and cited as evidence that it was even preferred, the fact that it was being returned to the banks for deposit faster than anticipated. There were

All footnotes at end of article.

TILO

Summary of Annual Report

Tilo roofing company, Inc. is one of the larger organizations engaged in the application of roofing and siding materials for the renovation, repair and maintenance of existing structures. Its business includes the manufacture of asphaltic and asbestos products used for these purposes. As of December 31, 1944, the company's consolidated balance sheet, as audited and presented in the company's annual report to stockholders, shows total assets of $4,046,497.64; total current assets of $3,283,832.70; total current liabilities of $776,017.28, and earned surplus of $1,639,189.39.

Condensed Consolidated Statement of Income
Calendar Year 1944

Sales, including gross income from finance fees on operations of subsidiary finance company	$5,129,493.68
Cost of sales, including branch office, selling, general expenses, charges on accounts insured and provision for doubtful accounts	4,361,414.47
	768,079.21
Other income (net)	36,246.90
	804,326.11
Provision for federal taxes on income, including $32,000.00 for subsidiary companies	327,000.00
Net income	$ 477,326.11

Depreciation and amortization was provided during the year 1944 in the amount of $52,867.36 of which $29,158.74 was charged to costs and $23,708.62 was charged to other profit and loss accounts.

Record of Dollar Volume of Net Sales and Earnings

Year	Net Sales	Net Profit after Federal Taxes	Net Earned Per Common Share
1940	$4,018,167	$526,225.91	$1.03
1941	4,444,213	540,403.30	1.10
1942	4,112,110	377,905.60	.74
1943	5,010,738	412,135.10	.82
1944	5,129,493	477,326.11	.96

A copy of the Annual Report, which includes the financial statements of the Company, may be obtained upon request.

TILO ROOFING COMPANY, INC.
STRATFORD, CONNECTICUT

TILO

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other reports that French peasants were paying their taxes in the "flag money."[14] To the economist, these would seem perfect illustrations of Gresham's Law. The layman thinks of this law as "cheap money drives out good money." That happens because people tend to save or hide or export their good money and spend their cheap money, thus circulating it. In this case, some Frenchmen may have been mildly suspicious of the "flag money" and hence anxious to convert it into the goods or bank credit or tax credits in which they had more faith. However, the suspicions were never widespread and the problem was satisfactorily settled on August 25, when the French Committee of National Liberation was duly recognized and took over responsibility for the "flag" currency, for which it was allowed a proper credit on our books.[15]

It would be a mistake to leave the impression that our somewhat arbitrary act caused the circulation of 80 billion francs that would not otherwise have been issued and thereby worsened the existing inflation in France. Whether we printed it or the French Committee printed it, the invading forces had to take currency with them. An army needs money to buy supplies on the spot, to hire local labor to erect barracks and repair damaged airfields and to pay troops who want to buy amusement while off-duty. Thus the American "flag" money can be criticized only insofar as it was trusted less than French Committee money would have been, thereby causing prices to rise and a rush for goods to take place. True, it was risky for us to bring military currency that bore no evidence of who was responsible for it to a country which had every reason to be very suspicious of military currency after the German invasion. However, what little evidence there is suggests that the "flag" money caused more political annoyance to the French Committee than economic damage to the French economy.

Extent of French Inflation

Perhaps the best understanding of the extent of inflation in France can be obtained by examining black market exchange rates and prices, for our present official rate grossly overvalues the franc, and much of the time goods simply cannot be had at the official prices. Information on these matters is necessarily fragmentary but unquestionably significant. First let us look at the exchange rates.

The prewar exchange rate was 176 francs to the pound sterling and 44 to the dollar. In 1939, this probably undervalued the franc. In February of 1944, the English government and De Gaulle's committee tentatively agreed to an exchange rate of 200 to the pound; later we accepted 50 to the dollar.[16] It was widely conceded that this new rate overvalued the franc. However, it tended to give the franc greater prestige and to help the French carry out their plans for deflation. The London "Economist" reported in April that estimates of a correct rate of exchange ranged from 200 to 600 francs to the pound, depending on whether modest French wages or inflated French prices were the basis of calculation, but that 280 seemed a reasonable compromise.[17] Nonetheless, the rate of 200 to the pound became official in June, 1944.[18] On Sept. 1, a black market rate of 670 to the pound was reported; on Oct. 22, a rate of 700 to the pound and 270 to the dollar was announced; on Dec. 22, substantially this rate was again reported; and on Feb. 16, 1945, radio commentator Fulton Lewis, Jr., just back from overseas, cited a rate of 250 to the dollar and added that there was in reality no "white" market.[19] Early in November, 1944, French francs were selling near the French-Belgian border for 20 Belgian centimes each, although the official exchange rate was 87 centimes.[20]

Meanwhile, what were wages and prices doing? The Germans had been fairly successful in freezing wages during their occupation and in September the wage level was still far below the price level. A minor artisan or petty bureaucrat would be fortunate to receive 3,000 francs a month, which is $15 at the official exchange rate and less than $5 at the black market rate. A good restaurant meal cost from 200 to 600 francs, a horse 50,000 to 100,000 francs, and a bicycle as much as a car did before the war. It was estimated that the cost of living had gone up 300 per cent while wages had risen only 40 per cent.[21] Correspondent Harold Callender of the *New York Times* reported that black market prices had gone up 2,000 per cent since the war began.[22] No wonder the masses of laboring people protested when the price of bread was allowed to rise from 3.70 francs per kilo to 4.90 francs without the rise in wages that had been promised for some time. In order to insure that bread is supplied at even this price, the government is obliged to pay subsidies amounting to over 12 billion francs a year.[23] There can be no doubt that France was undergoing the pains of inflation last autumn.

The French inflation is felt even by the American soldier despite his high rate of pay. One reason for setting the exchange rate at the figure of 50 francs to the $1 was to discourage our soldiers from spending their money in France and thereby lessen the inflationary pressure. The G.I.'s are understandably annoyed over receiving their pay at this unfavorable rate. The annoyance is not lessened when they are told they should be sending their money home to be invested in bonds anyway. This rate makes goods expensive at even official prices, but the G.I.'s must buy their beer and entertainment at uncontrolled prices. Congressman John Sheridan of Pennsylvania reported in January that soldiers sometimes had to pay as much as $2 for a glass of beer and were taking "an awful rooking." He threatened an investigation. Secretary Morgenthau was reported worried over the same situation last summer (1944).[24] It is, of course, this condition of low official exchange rates plus high black market prices for cigarettes, gasoline, and other supplies that has tempted hundreds of our soldiers to steal army supplies and sell them to the French. That fact does not excuse their offense; it does explain why the temptation was especially great.

France Had Planned to Deflate

About a year ago De Gaulle's Committee held a meeting in Algiers at which it was decided to reduce sharply the amount of money in circulation in France as soon as possible after the nation was liberated. There were several motives for this decision. It was desired to limit inflation as far as possible. And it was felt that the deflation could be carried out in a way that would deprive collaborationists and black market profiteers of their ill-gotten gains. The plan was to reduce the total note circulation from 550 to 250 billion francs, to stabilize prices and wages, and to maintain the 200-franc-to-the-pound exchange rate with England. All bank accounts were to be frozen except that of 5,000 francs a month withdrawals might be permitted for living needs. The old currency would be gathered up and

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(Continued on page 1500)

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Inflation or Deflation In France?

(Continued from page 1499)

the amounts taken from each person in the liberated areas recorded. At first, only small amounts of a new currency would be exchanged for consumption spending. Belgium and Holland agreed to carry out a similar program at the same time.[25] The plan, to be successful, had to be executed promptly. Individuals could not be given time to convert cash into goods or otherwise protect themselves.

D-day was June 6; Paris was liberated on August 25 and the Germans had been driven out of most of France by early September. The De Gaulle Committee was accorded recognition by us in matters pertaining to currency on August 25. This would appear to have been the time to put the plan into execution. Yet very little was done. About October 1, all tariff agreements were cancelled so that new rates might be set that would conform with the new financial conditions, and trading in gold was forbidden.[26] But bank accounts were not blocked. By mid-October, M. Istel, financial adviser to the government, was explaining why the Algiers deflationary scheme had not been carried out and presumably would not be. His chief excuse, that the franc was no more inflated than the pound or dollar, was regarded by many as a feeble effort to cover up the real motives.[27]

Neighboring Belgium Tries Deflation

Probably one of the reasons why France shelved the Algiers deflationary plan was the experience of Belgium. Between October 9 and 13, the Belgian government called in all bills of large denomination and exchanged them for 40 per cent as much new money. The other 60 per cent was held pending investigations. Over a million Belgians turned in 5,000 francs or more, 600,000, 25,000 francs or more. Bank accounts that had grown since 1940 were blocked. The amount of money in circulation was sharply reduced. Of the 100 billion francs estimated as outstanding, 90 billion was turned in. The chief fact which all this clearly revealed was the shortage of goods.[28] Black markets were eliminated only momentarily. It was found necessary to fix prices and pay subsidies to insure that products would be produced for the regular markets at official prices; indeed, government trucks had to be sent out to deliver much farm produce.[29]

This was not all done quietly and easily. Black market operators and collaborationists made frantic efforts to get something of value for their big bills and "inexplicably" large cash holdings. Stories were related of the sale of a bicycle for 800,000 francs and the barter of 40,000 francs of old currency for 4 of the new.[30] More important, however, was the fact that the government of Belgium tottered on the brink of political ruin. How much of the resentment was attributable directly to the currency program is hard to say. Probably some of it was, for voters were reported to be demanding additional currency releases. Perhaps only Eisenhower's desire to keep some government in power to avoid hampering the war effort saved the Pierlot regime.[31] French officials saw early that a drastic reduction of the money supply was economically possible but politically dangerous.

French Renounce Algiers Plan

The Belgian experiment had some unusual repercussions in France. Since the Belgian government had not required that small bills be turned in, many people assumed that the same method would be followed in France. Accordingly they tried to exchange their big bills for little ones, or if that was impossible, to convert them into goods. For a while in October most French banks refused to make change for people who presented 1,000 franc notes. Butchers and bakers were offered premium prices if they would accept the larger notes for purchases. High prices were paid for antiques, stamp collections, tapestries, etc., at auction sales. Black market rates for gold coins, for paper dollars, and for pounds bounded upward.[32] Thus there was the peculiar situation that a fear of deflation produced a rise in prices.

The French government soon made it clear that the Belgian experiment would not be repeated in France. The direct Belgian method was said to be unsuitable to "the French temperament." M. Istel, financial adviser of the French government, insisted that there was little inflation in France but that lack of goods was the chief difficulty. He maintained his position despite the fact that the wartime increase in money and bank deposits combined was seven times as great in France as in England. Some of the other more probable explanations for shelving the Belgian method include the following: (1) new banknotes were not yet available; (2) communication difficulties made the plan hard to execute in a short time; (3) the plan had been tried in Corsica with indifferent success; (4) it was believed to be politically impossible to force 13 million peasants to bring in 200 billion francs to be stamped and exchanged for lesser amounts; (5) there was always the hope that France could obtain American credits, purchase and install vital machinery, and step up her production in a short time.[33]

The Liberation Loan

As much as the government wanted to dodge the politically dangerous problem of deflation, the ministers knew that if they did nothing, they would have an equally serious problem of further inflation on their hands. The one thing that was checking inflation more than anything else was the hoarding by the peasants of an estimated 200 billion francs of banknotes. This was a third of the total amount in circulation. So long as these hoards existed, a financial crisis might be provoked if some startling rumor or wartime disaster should cause people to try to turn their money into goods. A way had to be found to convert those savings into something that could not be immediately spent.

On November 4, the De Gaulle government announced a Liberation Loan would be floated, the quota for which would be 100 billion francs. The bonds were to bear 3 per cent interest, have no maturity, and resemble the famous 3 per cent "rentes" then selling for 103. They could be paid for only with cash, Treasury bonds, or checks on bank accounts. Cash was, of course, what the government wanted most. It was said at first that the proceeds of the loan would not be used to meet current expenses—tax receipts and Treasury bond sales had lately been adequate for that—although later remarks by Aime Le Percq, French Minister of Finance, suggested that some might have to be paid out again for war costs. Frenchmen were told that the Liberation Loan would reveal how much confidence the reborn French nation had in itself.[34]

The success of the Liberation Loan exceeded expectations in some respects but was disappointing in others. Within three weeks, the original goal of 100 billion francs was achieved. At the end of 1944, 160 billion francs worth of bonds had been sold. Nearly half were paid for with Bank of France notes and about a third with checks on bank deposits. The Loan was continuing and it was hoped that the figure of 200 billion francs might eventually be reached. Somewhat disturbing however, was the fact that three quarters of the total subscriptions were for bonds of 100,000 francs ($2,000) or more, which suggests that the issue may have appealed more to institutions than to individuals and have offered greater refuge for the cash hoards of black market operators and collaborateurs than of modest peasants.[35] Thus the peasants' hoards would seem to remain a possible threat. However, the profiteers and collaborators, whose actions threatened to produce inflation in October, may have been somewhat quieted.

Should France Have Imitated Belgium?

It is no surprise that France did not follow the lead of Belgium and carry out the original Algiers plan. She was wise to suspect the wisdom of the drastic policy of retiring over half the money outstanding. Monetary economists were amazed at the economic daring and political foolhardiness of the Belgian program. It was directly contrary to one of the outstanding lessons of monetary history following World War I which may be summarized briefly, "Don't heap the pains of deflation upon those of inflation." While it is theoretically true that a moderate inflation tends to penalize creditors and laborers and benefit businessmen and farmers, and that a moderate deflation has the opposite effect, there is no assurance that the persons who were unjustifiably enriched by inflation will be proportionately impoverished by deflation or that either inflation or deflation can be measurably controlled. The old saying that "Two wrongs do not make a right" applies here.

There are several outstanding illustrations in the history of the past century that deflation breeds political discontent. In our own country after the Civil War we experienced falling prices for 30 years. This was the era of agrarian discontent, greenbackism, and the free silver movement which culminated in the Bryan campaign of 1896. Depression, accompanied by deflation, threw Hoover out of office in 1932 and brought on the New Deal, whose monetary experiments were designed to raise the price level and bring back prosperity. Deflation in England between 1925 and 1931 failed when labor unions and others resisted wage reductions. England abandoned the gold standard and has been prejudiced against it ever since, whereas it is her self-imposed deflation she should blame. France suffered a severe deflation between 1929 and 1936 which was the cause, to a considerable extent, of the political unrest of that period. Finally, the Belgian government headed by Premier Pierlot has recently been forced to resign. Shortage of goods caused by the war demands of large Allied armies is cited as a major cause.[36] Certainly deflation which discourages production was not calculated to lessen this difficulty.

In summary, deflation is economically wrong and often results in political collapse. De Gaulle was wise to avoid it.

Some Queries Answered

It may be asked, "Was not the Liberation Loan only a softer, a subtler method of producing deflation? Won't the party that sponsored it be held responsible if deflation is achieved?" The answer to that must, of course, be a guess. My guess is "Probably a sharp fall in prices would lead to the resignation of the De Gaulle regime." But two very significant factors need to be recalled. First, absorbing surplus spending power by confiscation and taxation is more unpopular than absorbing it by government borrowing. The people do not feel that their money is so irretrievably lost when they lend it, even though taxes must eventually be imposed to retire the loans. That is why we pay for the war by borrowing rather than by taxing although experts admit taxation is the better method. Borrowing is politically more expedient. Hence the French method was preferable to the Belgian. The Liberation Loan stopped the rush to spend savings and avoid confiscation. This rush might have made the existing inflation worse. That was the very condition which the original Algiers deflation scheme was intended to prevent.

The second significant factor is that the Liberation Loan was not intended to produce a fall in prices but to sop up the 200 billion francs being hoarded by peasants and others and thus prevent a further rise in prices. If this is all that is done, the Committee has little to fear. If it is asked how the French government can know just how much purchasing power to absorb so as to strike the happy medium between inflation and deflation, the answer must be that it would be a difficult decision to make. But probably it will not have to be made. As the costs of continuing the war weigh more heavily on France, less will be heard of deflation and more will be said about "holding the line" against inflation. The chances of holding this line are now improved.

Another question is whether wages are not far out of line and due for a sharp increase. French workers were promised a 40 per cent increase in September but little has been done about it. The fact that prices have gone up many times as much as wages has lowered the French standard of living. This is a tragic fact but it is a logical consequence of the war and of the heavy confiscations resulting from German occupation. If French productivity is 20 per cent of normal, as has been estimated, that means that only 20 per cent of the normal flow of goods and services is available. Raising wages will not help, because increased wages cannot buy more goods than there are. The only answer is increased production including improved transportation. Until that is accomplished, substantial and general wage in-

All footnotes at end of article.

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INCORPORATED
NEW YORK

Condensed Statement of Condition March 31, 1945

ASSETS		
Cash on Hand and Due from Banks		$126,849,180.05
United States Government Securities, Direct and Fully Guaranteed		507,707,209.17
State and Municipal Bonds and Notes		15,520,538.37
Stock of the Federal Reserve Bank		1,200,000.00
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		14,485,001.04
Loans and Bills Purchased		88,592,487.86
Accrued Interest, Accounts Receivable, etc.		2,674,569.58
Banking House		3,000,000.00
Liability of Customers on Letters of Credit and Acceptances	$4,354,883.64	
Less Prepayments	42,623.90	4,312,259.74
		$764,341,245.81
LIABILITIES		
Deposits	$699,159,742.68	
Official Checks Outstanding	1,605,343.21	$700,765,085.89
Accounts Payable and Miscellaneous Liabilities		4,463,978.75
Acceptances Outstanding and Letters of Credit Issued		4,354,883.64
Capital		20,000,000.00
Surplus		20,000,000.00
Undivided Profits		4,846,545.45
General Reserve		9,910,752.08
		$764,341,245.81

United States Government securities carried at $148,037,469.43 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

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creases cannot be expected. Many Frenchmen sense this truth. That is why they are worried because the civilian supplies we promised are behind schedules. We promised six shiploads of civilian supplies in January but only two arrived and they carried cotton chiefly rather than railroad equipment, trucks, tin, zinc, or synthetic rubber.[37]

It is probably the present low productivity that has just caused France to veer towards state socialism.[38] Private capital apparently could not produce enough under the difficult conditions now existing to satisfy the French people. Wage earners were especially dissatisfied. The De Gaulle government, it must be assumed, believed it could restore prosperity more quickly by undertaking the responsibility for production itself. The socialistic program will probably be considered a success, for economic conditions in France will undoubtedly improve regardless of the economic system in operation. The state planners will get the credit for the improvement.

Recapitulation

My conclusions are quickly stated. France has experienced a fairly severe inflation brought about by an increase in money and a decrease in productivity. Our "flag" money did more political than economic damage but neither was great. France was wise to renounce her original plans for a drastic deflation after witnessing the Belgian experiment. Deflation is economically harmful and politically dangerous. The Liberation Loan to sop up the supply of hoarded money was a better plan and has been a moderate success. Unless France sharply alters her recent financial policy, deflation is unlikely to take place. The war may produce more inflation but the chances of controlling it are now improved.

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2 N. Y. "Times," Oct. 22, 1944, p. 14.
3 N. Y. "Times," Oct. 7, 1944, p. 4; Nov. 5, 1944, p. 3.
4 League of Nations, "Monthly Bulletin of Statistics," Jan., 1944, p. 28n; N. Y. "Times," Sept. 22, 1944, p. 6 (H. Callender); N. Y. "Herald Tribune," Feb. 24, 1945.
5 London "Economist," Feb. 5, 1944, p. 185; Oct. 28, 1944, p. 584.
6 N. Y. "Times," Sept. 22, 1944, p. 6 (Callender).
7 N. Y. "Times," Aug. 16, 1943, p. 5.
8 N. Y. "Times," Nov. 21, 1943, p. 38; Sept. 22, 1944, p. 6.
9 N. Y. "Herald-Tribune," Jan. 17, 1944, edit. page; Feb. 18, 1945, fin. page.
10 N. Y. "Times," Sept. 8, 1944, p. 5.
11 N. Y. "Times," Feb. 11, 1944; June 12, 1944, p. 7; "Life" Mag., Oct. 9, 1944, p. 13.
12 N. Y. "Times," June 10, 1944, p. 1.
13 N. Y. "Times," June 14, 1944, p. 6; Aug. 22, 1944, p. 6. Morgenthau later said American soldiers sent home 90% of their pay. N. Y. "Times," Aug. 25, 1944, p. 5.
14 N. Y. "Times," Aug. 25, 1944, p. 5; Economists' National Committee on Monetary Policy, "Monetary Notes," August, 1944, No. 16.
15 N. Y. "Times," Aug. 11, 1944, p. 3; Aug. 26, 1944, p. 5; London "Economist," Aug. 26, 1944, p. 293.
16 N. Y. "Times," Feb. 9, 1944, p. 8.
17 London "Economist," April 8, 1944, p. 474.
18 N. Y. "Times," Feb. 9, 1944, p. 8.
19 N. Y. "Sun," Sept. 1, 1944; N. Y. "Times," Oct. 11, 1944, p. 29; Oct. 22, 1944, p. 13; N. Y. "Herald Tribune," Dec. 22, 1944.
20 N. Y. "Times," Nov. 19, 1944, p. 12.
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23 N. Y. "Times," Oct. 7, 1944, p. 4.
24 N. Y. "Times," Sept. 10, 1944, p. 13; N. Y. "Herald Tribune," Sept. 16, 1944; Economists' National Committee on Monetary Policy, "Monetary Notes," Jan., 1945, p. 5.
25 N. Y. "Times," May 4, 1944, p. 1; Aug. 24, 1944, p. 7; Oct. 7, 1944, p. 4.
26 N. Y. "Times," Oct. 1, 1944, p. 13; London "Economist," Oct. 14, 1944, p. 518.
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28 N. Y. "Times," Oct. 15, 1944, IV, p. 5 (McCormac edit.); Oct. 29, 1944, p. 8.
29 N. Y. "Times," Oct. 27, 1944, p. 22 (edit.); Nov. 19, 1944, p. 8.
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31 N. Y. "Times," Oct. 26, 1944, p. 9; Nov. 5, 1944, p. 3.
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33 N. Y. "Times," Oct. 17, 1944, p. 8.
34 N. Y. "Times," Nov. 4, 1944, p. 4; Nov. 5, 1944, p. 5.
35 London "Economist," Dec. 30, 1944, p. 873.
36 N. Y. "Herald Tribune," Feb. 8, 1945.
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OUR REPORTER'S REPORT

Notwithstanding the vast amount of potential new issues practically ready for market, this week promised to be rather dull until news came of the decision of the General Motors Corp. to dispose of its large holdings in the National Bank of Detroit.

Public offering of the General Motors block, consisting of 509,000 shares of capital stock and "rights" to subscribe to an additional 126,000 shares, was slated to be made today by the banking group which was selected to handle the distribution.

Until the big bank stock sale came to light it had appeared that the week would yield only one big issue, namely, the $54,000,000 of new Chicago & North Western Railway bonds which were up for bids yesterday.

General Motors acquired its holdings in the Detroit bank back in the dark days of 1933 when the bank "holiday" left the big motor metropolis without banking facilities. General Motors, at the behest of the Government, proceeded to organize the National Bank of Detroit and subscribed $12,500,000 common stock, the RFC taking an equivalent amount in preferred.

At that time the big motor company stated that its investment in the bank was temporary and now, 12 years later, the management believes the time has come to withdraw from participation.

Chicago & North Western

With several other sizable railroad deals in the offing, investment interests were inclined to watch with more than ordinary interest the reception accorded todays' offering of $54,000,000 of Chicago & North Western Railway's new first mortgage bonds.

Carrying a 44-year maturity, falling due in 1989, this issue was the object of bidding by two formidable banking groups yesterday.

Proceeds, along with other corporate funds, would be used to redeem on July 1, next, $47,979,442 series A 4s due Jan. 1, 1989, and about $12,700,000 in smaller divisional issues outstanding.

Right on the Job

How the position, financial of course, of many railroads has been changed by the tremendous traffic and consequent revenues generated by the war becomes apparent with the passage of time.

The depression forced a number of carriers into the courts for reorganization, included among them being Chicago, Rock Island & Pacific and the Chicago, Milwaukee, St. Paul & Pacific.

Both are now awaiting court approval of plans which will end their sojourn in the hands of trustees. And bankers are waiting, and patiently, for the courts to say the word.

Revision plans of these roads have been in the making for several years and meanwhile the roads have been steadily improving their positions.

Now bankers are eyeing these two carriers as prospects for refinancing. Rock Island is contemplating replacement of some $80,000,000 of the securities to be issued under its plan, while the St. Paul is expected to refinance a part of its $59,515,000 of new bonds created under its plan.

Ohio Edison Next Week

Bidding promises to be lively for the Ohio Edison Co.'s $26,089,000 of new first mortgage bonds next Monday.

A call by the company for bids to be submitted at that time disclosed that at least three sizable banking aggregations will toe the starting line.

Proceeds from this offering will be applied to retirement of an issue of 3¾s falling due in 1972.

Moving Out Steadily

The lull in the new issue field during the early part of the week was not unwelcomed among those interests who have been working on several deals which have been a bit slow in moving.

Although the bonds are reported moving steadily it was reported that the Pacific Gas & Electric 3s brought out last week are still around.

The same holds true of the Laclede Gas Light Co. bonds and Florida Power preferred stock brought out a fortnight ago.

New York Stock Exchange Weekly Firm Changes

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

Milton R. Katzenberg, member of the Exchange, retired on March 31st from partnership in Jacob Stern & Sons, which retired as a member firm as of the same date.

Allan L. Carter, Jr., retired from partnership in Stein Bros. & Boyce, Baltimore, Md., on March 23d.

Privilege of George F. Robb to act as alternate for John W. Walters, partner in Stevens & Legg, was withdrawn March 29th. Mr. Robb has acquired the Exchange membership of the late Marius A. Charavay.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, MARCH 31, 1945

RESOURCES

Cash and Due from Banks		$ 887,572,708.27
U. S. Government Obligations, direct and fully guaranteed		2,779,461,196.54
State and Municipal Securities		81,644,948.84
Other Securities		149,158,297.94
Loans, Discounts and Bankers' Acceptances		855,787,287.59
Accrued Interest Receivable		10,677,144.26
Mortgages		6,283,549.54
Customers' Acceptance Liability		3,626,600.47
Stock of Federal Reserve Bank		7,050,000.00
Banking Houses		34,767,782.41
Other Real Estate		3,853,022.64
Other Assets		2,418,765.45
		$4,822,301,303.95

LIABILITIES

Capital Funds:		
Capital Stock	$111,000,000.00	
Surplus	124,000,000.00	
Undivided Profits	57,371,903.87	
		$ 292,371,903.87
Reserve for Contingencies		10,666,678.00
Reserve for Taxes, Interest, etc.		12,084,224.50
Deposits		4,497,560,400.69
Acceptances Outstanding	$ 8,078,802.84	
Less Amount in Portfolio	4,386,735.56	3,692,067.28
Liability as Endorser on Acceptances and Foreign Bills		77,236.06
Other Liabilities		5,848,793.55
		$4,822,301,303.95

United States Government and other securities carried at $895,338,440.00 are pledged to secure U. S. Government War Loan Deposits of $653,035,550.71 and other public funds and trust deposits, and for other purposes as required or permitted by law.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

By the time this column appears, first quarter statements of most of the leading banks will have been published. It is expected that their first quarter indicated earnings will be greater this year than they were in the first quarter of 1944. In fact it is difficult to see how they could be otherwise, for deposits and earning assets are substantially larger than they were a year ago, as the following tabulation shows for a group of 15 leading Wall Street banks.

Date—	Deposits	Total Earning Assets	U. S. Gov't. Securities	Loans and Discounts
Dec. 31, 1943	$21,819,000,000	$18,671,000,000	$13,382,000,000	$4,075,000,000
March 31, 1944	22,472,000,000	19,578,000,000	13,886,000,000	4,419,000,000
June 30, 1944	24,132,000,000	21,228,000,000	14,809,000,000	5,128,000,000
Sept. 30, 1944	22,542,000,000	20,095,000,000	14,274,000,000	4,468,000,000
Dec. 30, 1944	25,155,000,000	22,450,000,000	15,780,000,000	5,416,000,000

During the year 1944 their total deposits expanded 15.3% while total earning assets expanded 20.2%; thus the banks were more fully invested on Dec. 30, 1944 then they were on Dec. 31, 1943. Holdings of U. S. Governments expanded 17.9% while loans and discounts expanded 32.9%.

On Dec. 31, 1943, total earning assets represented 85.6% of deposits, compared with 89.2%, Dec. 30, 1944; U. S. Governments represented 61.3% of deposits on Dec. 31, 1943 and Loans and Discounts 18.7%, compared with 62.7% and 21.5% respectively on Dec. 30, 1944.

The satisfactory condition of the banks was reflected to some extent in relatively favorable market action during 1944, their shares, as measured by the American Banker Index, advancing 20.5% compared with an advance of 12.1% by the Dow Jones Industrial Average. Thus far in 1945, however, they have declined from an index of 45.8 to 43.9, or 4.1%, compared with an advance by the Dow Jones Industrials from 152.32 to 154.06, or 1.1%. From the 1932 lows the American Banker Index has advanced only 83.7% compared with an advance of 273.8% by the Dow Jones Industrial Average!

Despite the increased earnings of leading Wall Street banks in recent years, the steady growth in book values, the expansion in earning assets and the favorable post-war prospects, the market appears relatively uninterested, if not skeptical, and thus their stocks are lagging behind the market. Doubtless interest will revive before long and these excellent equities will receive the attention which is their due. Meanwhile, of course, many discerning investors are quietly buying their favorites for steady income and long term appreciation. The following table shows the current market level of some of the leading stocks in relation to the annual dividend rate and 1944 book-values:

	Market Price 3-29-1945	Annual Dividend	Book Value 12-31-1944	Dividend Yield	Market to Book Value
Bank of Manhattan	27¼	1.00	26.20	3.7%	$1.04
Bank of New York	445	14.00	417.09	3.1	1.07
Bankers Trust	48¾	1.40	45.78	2.9	1.06
Central Hanover	109¾	4.00	104.96	3.6	1.05
Chase	42⅛	1.40	38.49	3.3	1.09
Chemical	53½	1.80	45.30	3.4	1.18
Commercial	51¾	1.60	51.85	3.1	1.00
Corn Exchange	55⅝	2.40	50.90	4.3	1.09
First National	1,825	80.00	1,290.87	4.4	1.41
Guaranty Trust	343	12.00	335.80	3.5	1.02
Irving Trust	17¼	70.00	21.66	4.1	0.80
Manufacturers Trust	60	2.00	44.60	3.3	1.35
National City	41⅜	1.30	41.12	3.1	1.01
New York Trust	104¾	3.50	88.73	3.3	1.18
Public	44	1.50	51.27	3.4	0.86
U. S. Trust	1,530	70.00	1,527.56	4.6	1.00
Average				3.6%	$1.08

It will be observed that the average dividend yield is 3.6%. Highest yields are 4.6% by United States Trust and 4.4% by First National, while the lowest yield is 2.9% by Bankers Trust. The average ratio of market to book-value is 1.08. Irving and Public are the only two stocks currently quoted lower than book-value. In considering dividend yields, it is well to remember that U. S. Governments, which yield about 1% to the banks, comprise approximately 70% of their earning assets while loans and discounts comprise only 24%. To put it another way, the banks' holdings of Government securities average approximately $8.50 per $1.00 invested in their stocks, at current market prices.

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First Public Financing For Scott Radio Labs.

The first public financing on behalf of the internationally-known Scott radio reached the market with the public offering by a banking group headed by Brailsford & Co. and Shillinglaw, Crowder & Co., Inc., and Herrick, Waddell & Co., Inc., of 225,000 shares of common stock of E. H. Scott Radio Laboratories, Inc., priced at $3.125 per share.

Of the total, 148,150 shares represents new financing on behalf of the company and the proceeds from it will be added to working capital. The remaining 76,850 shares represents holdings of present stockholders.

The company, organized in 1927, has its plants in Chicago. It manufactures what is generally considered to be the most advanced and perfect radio produced. It has always done its own independent research and has been credited with a large number of "firsts" in the industry. It has never entered the low-priced field and does not contemplate entering it in the postwar era.

Net profit for the fiscal year ended May 31, 1944 was $105,905 as against $90,460 in the preceding 12 months. Net sales in the 1944 fiscal year were $4,216,500 as against $2,792,222. For the six months ended November 30, 1944, net profits were $121,850 and net sales were $3,761,441.

Rittenhouse in New Office

Charles F. Rittenhouse & Co., accountants, announce that their New York office is now located at 130 William Street, with Merwin P. Cass as resident manager.

J. C. Collyer Takes WPB Rubber Post

J. A. Krug, Chairman of the War Production Board, on March 21 appointed John L. Collyer as a special director in charge of all the Board's activities connected with the production and distribution of rubber and rubber products. Mr. Collyer, who has been given a leave of absence from his post as President of the B. F. Goodrich Co., will replace J. F. Clark, present director.

The appointment, announced in a press conference, indicates that Mr. Collyer, one of the nation's top authorities on rubber, will be virtual czar of the expanded tire and synthetic rubber programs.

In making the appointment Mr. Krug, WPB head, said the rubber and tire programs are more critical than at any time since Pearl Harbor, and that victory in Europe would by no means bring about any cutbacks in the supply of rubber needed by the Army.

Mr. Collyer outlined the immediate problem confronting him as one of bringing production of synthetic rubber components into balance and putting them together into the required tonnage of tires and other critically needed products.

"We're in the clear so far as quality of synthetic rubber is concerned," he explained. "The job now is to get out the quantity needed."

ADVERTISEMENT

REPORT OF CONDITION OF

Underwriters Trust Company

of 50 Broadway, New York City, New York, at the close of business on March 20, 1945, published in accordance with a call made by the Superintendent of Banks pursuant to the provisions of the Banking Law of the State of New York.

ASSETS	
Loans and discounts (including $17.62 overdrafts)	$10,503,138.96
United States Government obligations, direct and guaranteed	13,279,767.48
Obligations of States and political subdivisions	1,251,952.59
Cash, balances with other banking institutions, including reserve balances, and cash items in process of collection	7,029,331.46
Banking premises owned, none; furniture and fixtures and vaults	1.00
Other assets	115,233.32
TOTAL ASSETS	$32,179,424.81
LIABILITIES	
Demand deposits of individuals, partnerships, and corporations	$15,794,252.35
Time deposits of individuals, partnerships, and corporations	3,631,993.67
Deposits of United States Government	2,735,945.33
Deposits of States and political subdivisions	4,593,762.41
Deposits of banking institutions	463,602.47
Other deposits (certified and officers' checks, etc.)	2,489,614.26
TOTAL DEPOSITS $29,709,170.49	
Other liabilities	152,598.71
TOTAL LIABILITIES	$29,861,769.20
CAPITAL ACCOUNT	
Capital*	$1,000,000.00
Surplus fund	750,000.00
Undivided profits	567,655.61
TOTAL CAPITAL ACCOUNT	$2,317,655.61
TOTAL LIABILITIES & CAPITAL ACCOUNT	$32,179,424.81

*This institution's capital consists of common stock with total par value of $1,000,000.00.

MEMORANDA	
Pledged assets (and securities loaned) (book values):	
U. S. Government obligations, direct and guaranteed, pledged to secure deposits and other liabilities	$6,884,688.40
Other assets pledged to secure deposits and other liabilities (including notes and bills rediscounted and securities sold under repurchase agreement)	74,750.00
Assets pledged to qualify for exercise of fiduciary or corporate powers, and for purposes other than to secure liabilities	150,843.00
TOTAL	$7,110,281.40
Secured and preferred liabilities:	
Deposits secured by pledged assets pursuant to requirements of law	$6,935,979.40
Deposits preferred under provisions of law but not secured by pledge of assets	1,577,305.75
TOTAL	$8,513,285.15

I, WILLIAM D. PIKE, Comptroller of the above-named institution, hereby certify that the above statement is true to the best of my knowledge and belief.

WILLIAM D. PIKE.

Correct—Attest:

C. W. KORELL,
SUMNER FORD,
J. B. V. TAMNEY, } Directors

Chicago FHLB Reports Credit Rise of 52%

At the close of last month credit outstanding at the Federal Home Loan Bank of Chicago represented a gain of 52% over the ten-year low to which it had fallen four months before, A. R. Gardner, President, reported recently to the Federal Home Loan Bank Administration at Washington. Up until a month or two ago, wartime ability of the public to save money and pay off debts had been steadily diminishing the needs of the Illinois and Wisconsin savings, building and loan associations for the supplementary funds ordinarily furnished by this regional bank, it was pointed out.

Following a seasonal pattern, February advances were only a fraction of those of January, but repayments of loans to the bank were also 40% less in volume in February than in January, Mr. Gardner said. The net result of the February transactions was $13,515,839 in loans outstanding to the thrift and home financing institutions, which is $4,629,839 more than volume last October when the low point of credit needs for the wartime inflation period was reached.

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64 New Bond Street, W. 1

TOTAL ASSETS

£115,681,681

Associated Banks:

Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000

Aggregate Assets 30th Sept., 1944 £208,627,093

SIR ALFRED DAVIDSON, K.B.E., General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

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Head Office Cairo

Commercial Register No. 1 Cairo

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

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NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda

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

Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000

The Bank conducts every description of banking and exchange business

Trusteeships and Executorships also undertaken

Stranahan, Harris Co. Adds William Hocart

Stranahan, Harris & Co. Incorporated, 115 Broadway, New York City, announce that William T. Hocart has become associated with them in their New York office. Mr. Hocart was formerly of Hocart & Co. in New York.

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San Francisco Stock Exchange Gives Luncheon to Civic Leaders

(Continued from page 1485)

and improve the activities of the Exchange. "We, in common with other regional exchanges of the country," he said, "have not kept pace with industry, in the development of new business methods and in our public relations policy. During the past 20 years senior partners of member firms were so engrossed in their own problems they could not give sufficient time to matters relating to the Exchange. For example, here are a few instances of lack of streamlining which have existed in our organization:

"The Exchange has operated under the committee system similar to that used by lodges and fraternal organizations. For instance, under the old committee system of operation, a member of the exchange, desiring to place an advertisement in a newspaper, was forced to submit his copy to the committee on public relations for approval. This committee—five members of the exchange — would have to be assembled to review the copy. Consider the delay and loss of time resulting from such proceedure. The same method was followed when a member desired to hire a registered representative, or customers' man, as he is more commonly called.

"Now, under our present system the exchange staff investigates and approves these applications. In other words, the administrative functions are carried out by a paid staff and the various committees act mainly in advisory capacities and hear appeals from decisions of the staff.

"I know of no other line of business in which volume fluctuates so rapidly, and where so many external forces affect prices and volume. Because of this, flexibility is highly desirable and decisions must be made quickly. Our new system of administration makes this possible. Furthermore, it provides a continuity of representation with Federal and State regulatory bodies, as well as with the press.

"The Exchange's record with respect to the operation on the floor, that is the mechanical side, is a record of progress and achievement for which the highest commendation is in order.

"We are constantly endeavoring to improve our service to the public. Currently we are in the process of altering our specialists system to the end that closer and better markets may prevail in some of our inactive securities.

"We are working on methods to speed up the delivery of securities to the buyer. Shortage of manpower in the offices of transfer agents causes considerable delay. We are now endeavoring to have Eastern corporations whose securities are traded on our Exchange, establish transfer offices on the Pacific Coast. This would not only be helpful to the Exchange and to the public, but would provide additional sources of revenue for the stock transfer and registrar departments of Pacific Coast banks.

"Our system of executing odd lot orders on the San Francisco Exchange, in securities also listed on Eastern markets, has proven of considerable benefit to the public. It effects a saving in transfer taxes in many instances, and makes funds available in the case of sales, several days earlier than if executed on Eastern markets.

"I predict a great future for the San Francisco Stock Exchange. We cannot overlook the trend toward the organized stock market. It is my opinion the time is not far distant when the major non member firms, engaged in the securities business, will seek membership in the exchange. There are two reasons for this—First, the increasing regulations of the non-board markets, and, secondly—the increasing interest in equities of sound listed companies.

"Members of the exchange are ready and willing to assist in raising venture capital for new industry and the expansion of old firms. Westerners can point with pride to their accomplishment in this field since the last war. As examples, witness the records of companies like Crown Zellerbach, Caterpillar Tractor, Food Machinery, National Automotive Fibres, LeTourneau and Rheem Manufacturing Company, just to mention a few. These companies secured their first capital in the West. As they expanded, additional capital was acquired in the East.

"With the growth of our Western banks and our growing population and wealth, it should be possible to meet an ever increasing portion of the capital requirements of Western corporations right here in the West.

"You, gentlemen, as leaders in trade and industry, can be important factors in maintaining and improving the position of San Francisco's regional stock exchange. Your influence and support can be instrumental in obtaining new listings upon the exchange, and in the establishment of closer markets on existing listings. In return, you may be assured of the whole-hearted cooperation of the members of the exchange, in measures designed to foster and promote the well-being and growth of trade and industry on the Pacific Coast."

MEMBER OF FEDERAL RESERVE SYSTEM — MEMBER OF NEW YORK CLEARING HOUSE ASSOCIATION

1870

The CONTINENTAL BANK & TRUST COMPANY of NEW YORK

STATEMENT OF CONDITION

Close of Business March 31, 1945

RESOURCES

Cash and Due from Banks		$35,072,409.71
U. S. Government Obligations		64,995,210.76
Municipal Bonds		13,978,017.91
Corporate Bonds		4,379,796.41
Federal Reserve Bank Stock		255,000.00
Loans and Discounts		54,825,574.87
Accrued Interest Receivable		381,486.79
Customers' Liability Under Acceptances Outstanding		638,926.34
Other Assets		74,456.54
		$174,600,879.33

LIABILITIES

Capital Stock	$4,000,000.00	
Surplus Fund	4,500,000.00	
Undivided Profits	1,408,770.17	$9,908,770.17
Dividend Payable April 1, 1945		80,000.00
Other Liabilities		1,145,448.94
Acceptances:		
Outstanding	$2,069,015.93	
Less Amount in Portfolio	1,281,673.95	787,341.98
Deposits		162,679,318.24
		$174,600,879.33

Securities carried at $22,532,457.34 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, including $18,988,666.02 of United States Government War Loan Deposits, and for other purposes.

MAIN OFFICE: 30 BROAD STREET, NEW YORK

Branch Offices: 345 MADISON AVENUE • 512 SEVENTH AVENUE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

THE NATIONAL CITY BANK OF NEW YORK

Head Office: 55 Wall Street, New York

THE NATIONAL CITY BANK EST. 1812 OF NEW YORK

Condensed Statement of Condition as of March 31, 1945

Including Domestic and Foreign Branches

(IN DOLLARS ONLY—CENTS OMITTED)

ASSETS

Cash and Due from Banks and Bankers	$875,341,349
U. S. Government Obligations (Direct or Fully Guaranteed)	2,503,673,850
Obligations of Other Federal Agencies	41,716,761
State and Municipal Securities	131,163,433
Other Securities	62,187,146
Loans, Discounts, and Bankers' Acceptances	769,586,421
Real Estate Loans and Securities	5,407,434
Customers' Liability for Acceptances	4,837,961
Stock in Federal Reserve Bank	6,000,000
Ownership of International Banking Corporation	7,000,000
Bank Premises	30,605,890
Other Assets	2,679,687
Total	$4,440,199,932

LIABILITIES

Deposits (Includes United States War Loan Deposit $458,801,796)		$4,163,630,113
Liability on Acceptances and Bills	$12,138,475	
Less: Own Acceptances in Portfolio	5,629,214	6,509,261
Items in Transit with Branches		9,266,371
Reserves for:		
Unearned Discount and Other Unearned Income		1,473,046
Interest, Taxes, Other Accrued Expenses, etc.		26,923,607
Dividend		2,015,000
Capital	$77,500,000	
Surplus	122,500,000	
Undivided Profits	30,382,534	230,382,534
Total		$4,440,199,932

Figures of foreign branches are included as of March 24, 1945, except those for enemy-occupied branches which are prior to occupation but less reserves.

$660,923,004 of United States Government Obligations and $7,884,231 of other assets are deposited to secure $608,106,209 of Public and Trust Deposits and for other purposes required or permitted by law.

(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

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CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

CITY BANK FARMERS TRUST COMPANY CHARTERED 1822 NEW YORK

Condensed Statement of Condition as of March 31, 1945

(IN DOLLARS ONLY—CENTS OMITTED)

ASSETS

Cash and Due from Banks	$ 53,267,783
U. S. Government Obligations (Direct or Fully Guaranteed)	178,044,894
Loans and Advances	1,765,373
Real Estate Loans and Securities	5,749,156
Stock in Federal Reserve Bank	600,000
Bank Premises	3,418,478
Other Real Estate	112,296
Other Assets	2,246,917
Total	$245,204,897

LIABILITIES

Deposits (Includes United States War Loan Deposit $42,033,741)		$215,038,166
Reserves		3,610,058
Capital	$10,000,000	
Surplus	10,000,000	
Undivided Profits	6,556,673	26,556,673
Total		$245,204,897

$102,473,210 of United States Government Obligations are deposited to secure the United States War Loan Deposit and for other purposes required or permitted by law.

(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

Chairman of the Board GORDON S. RENTSCHLER — *President* LINDSAY BRADFORD

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A Mutual Investment Fund

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Founded 1932

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Mutual Funds

Another Record

Distributors Group reports that sales of **Group Securities, Inc.** in March set another all-time record and that sales for the first quarter were at the rate of more than $50 million a year.

In a mailing on **Railroad Stock Shares** including a revised folder and covering letter with charts, Distributors Group states:

"Railroad stocks today present an opportunity for liberal income and capital gains similar to that which existed in railroad discount bonds two years ago. Railroad bond prices have already staged a phenomenal recovery. We are convinced that railroad stock prices will eventually do the same."

Railroad Stock Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED

63 WALL ST. • NEW YORK 5, N. Y.

Stretching the Bond Dollar

National Securities & Research Corp., in a current memorandum on the **National Income Funds**, shows what has happened to the income of bond investors in recent years. In 1932, less than $70,000 was necessary to secure a $3,000 annual income from high-grade bonds. To achieve the same income today, an investment of approximately $110,000 would be required.

Stated another way, a $50,000 investment in high-grade bonds today would return only $1,320 a year, whereas the same investment in **National Bond Series** would return approximately $2,350 and in **National Low Priced Bond Series** the return would be $2,550. Moreover, the broad diversification achieved through these two series (30 different issues in the bond series and 28 different issues in the low priced bond series) affords a measure of safety far above that which could be achieved in individual bonds of comparable quality.

"Five-to-One"

Hugh W. Long & Co., in a handsome new folder on the **Metals Series of New York Stocks, Inc.** states five reasons why metal issues appear attractive against only one apparent reason why the shares of these companies are currently selling at depressed prices. The five favorable factors are:

1. Demand
2. Price
3. Depletion of mines
4. Improved finances
5. Government stockpiling program

Against these factors is balanced off the one big bogey of the metals companies; that is the fear of a huge post-war surplus. However, the folder points out that, "A single development — government stockpiling of metals—could blot out the 'surplus bogey' and cause even the pessimists to concede that earnings prospects for metals are promising."

In a letter covering the mailing of this folder, the Long Company warns that when stock piling "happens" it will "probably be too late to start interesting your clients in the profit possibilities in shares of metals and mining companies. Will your clients buy too little—too late?"

Scudder, Stevens & Clark Fund

The following excerpts are from a recent letter to shareholders of the **Scudder, Stevens & Clark Fund:**

"Today 1,828 stockholders of this Fund have $19,894,695 of their investment assets in our care.

"Originated in 1928 as a small investment trust, shares in which were held almost entirely by friends and associates of the investment counsel firm of Scudder, Stevens & Clark, the Fund has attained its present size without aggressive sales methods, without salesmen, and without a distributing organization.

"At about $100.75 per share, current subscription prices compare almost exactly with the original offering at $101 per share in 1928 when stock prices as a whole were substantially higher than they are today."

Healthy

Lord, Abbett's current issue of **Abstracts** compares the volume of department store sales with stocks on hand over the past six years and finds the current ratio a healthy one in view of the prospect for reconversion in the not too distant future.

"While the short-term outlook unquestionably contains an inflationary element, the sale factors should be responsible for substantial demand during the reconversion period, and thereby prove a constructive influence on a sound business basis. **Both the short-term and the longer-term outlook give support to the ownership of common stocks."**

Re: The Sell-Off

Ed Rubin of **Selected Investments Co.** writes in the current issue of **Selections** that he is not too worried about reconversion. In fact, he says that "the sooner it comes, the better I'll like it. If the going is rough for a while, I don't think it will last long. That is because I am counting heavily on the Four Horsemen of the 1940's:

1—Abnormally high purchasing power in the hands of the public.

2—Unprecedented shortages of civilian durable goods.

3—Reconstruction of Europe and Asia.

4—Much lower tax rates after the wars are over.

"There are a lot of other good reasons why business and profits should be good when we get back to a peacetime basis, but those four are enough to do the trick without any outside help, in my opinion."

Investment Program for a Business Man

Keystone Corp., in the current issue of **Keynotes**, brings up to date its recommended $10,000 investment program for a business man. Diversification is suggested as follows:

Medium Grade Bonds	$1,000
Low Priced Bonds	2,000
High Return Bonds	2,000
Income Preferred Stocks	1,000
Income Common Stocks	2,000
Speculative Common Stocks	2,000

Invested in the various **Keystone Funds**, this program would provide a diversification of 50% in bonds, 10% in preferred stocks and 40% in common stocks. When considered from the angle of diversification by investment purpose, the breakdown is somewhat different; i. e., 60% income, 20% income and growth and 20% growth. This program carried out through use of the Keystone Funds would provide an investment in 155 bonds, 50 preferred stocks and 80 common stocks.

Mutual Fund Literature

Hare's Ltd.—A new folder, "Aviation Looks Ahead." . . . **National Securities & Research Corp.**—Revised folders on **National Bond Series** and **National Low Priced Bond Series.** . . . **Distributors Group**—Current issues of **Steel News** and **Mining News (Gold Stocks)**; revised folder on **Steel Shares.** . . . **Selected Investments Co.** — Current issue of "These Things Seemed Important."

Dividends

Manhattan Bond Fund, Inc.—A regular dividend of 10¢ per share and an extra dividend of 5¢ per share (for a total of 15¢) payable April 16, 1945 to holders of record April 2.

Institutional Securities, Ltd.—A dividend of 50¢ per share on **Aviation Group Shares** payable May 31 to stock of record April 30.

Keystone Custodian Funds

★

Prospectus may be obtained from your local investment dealer or

The Keystone Corporation of Boston

50 Congress Street, Boston 9, Mass.

NATIONAL SECURITIES SERIES

Prospectuses upon request

National Securities & Research Corporation

120 BROADWAY, NEW YORK, (5)

LOS ANGELES, 634 S. Spring St., (14)

BOSTON, 10 Post Office Square (9)

CHICAGO, 208 So. La Salle St. (4)

Manhattan Bond Fund, Inc.

The Board of Directors of Manhattan Bond Fund, Inc. has declared Ordinary Distribution No. 27 of 10 cents per share and Extraordinary Distribution of 5 cents per share payable April 16, 1945 to holders of record as of the close of business April 2, 1945.

HUGH W. LONG and COMPANY

Incorporated

National Distributors

48 Wall Street, New York 5, N. Y.

Gold Production Increasing More Rapidly Than Recorded Reserves

League of Nations Reports That Net Increase in Recorded Gold Reserves Absorbed Only About One-Fourth of Estimated Gold Production, Outside of Russia, During 1941-1944. World-Wide Decline in Production During War Has Been Slowed.

The League of Nations, now located at Princeton University, has issued a release, reporting that in the past three years the gold reserves of the United States declined by some $2,000 million while recorded reserves in the rest of the world increased, between December, 1941, and September, 1944, by roughly $2,600 million. About one-half of that amount was added to Latin American reserves and practically the whole of the other half of those of four European neutrals, namely Switzerland, Sweden, Turkey and Spain, and the Union of South Africa. The net increase of approximately $700 million in recorded gold reserves only absorbed about one-fourth of estimated world gold production outside Soviet Russia in the same period. Thus, most of the gold produced during the last three war years has accrued to unrecorded reserves, the amount of new gold used in the arts during the war being negligible.

Detailed data illustrating these trends are conveniently summarized in two special tables on gold production and central gold reserves in the latest issue of the Monthly Bulletin of Statistics—No. 1 (A), 1945—just published by the League of Nations' Economic and Financial Department at Princeton, New Jersey.

Gold Production

The dollar value (U. S. $) of world gold production apart from the undisclosed output of Soviet Russian production dropped from 1937 and 1,290 million in 1940. The total was nearly as large in 1941 but fell off subsequently to about 950 million in 1943. The decline continued in 1944, but appears to have been slowing down to judge from the incomplete data so far available.

All the main producing countries shared in the decline. Production in South Africa, accounting before the war for nearly one-third of world output including Russian production dropped from 504 million in 1941 to 448 million in 1943. Canadian production fell from 187 to 128 million, that of the United States from 166 to 48 million, output in Australia from 52 to 26 and in the Gold Coast from 31 to 20 million U. S. dollars.

Gold Reserves

Between December, 1938, and December, 1941, total recorded gold reserves outside Soviet Russia rose by some 4,700 million from 25,200 to approximately 29,900 million U. S. dollars. United States reserves alone rose by $8,225 million while those of all other countries taken together (except U. S. S. R.) fell by $3,525 million, mainly on account of the disappearance of the British 1938 reserve of nearly $2,700 million from the books of the Bank of England. Most of the last mentioned amount presumably had accrued to United States reserves—prior to that country's formal entry into the war—as had also part of the central holdings of many other countries including most of the European neutrals. But a few countries other than the United States, in fact, added to their gold reserves during those early years of the war.

The main features of the subsequent redistribution of gold will be seen from the following table showing for selected countries the amounts of their recorded reserves at the dates mentioned above and the end of September, 1944, together with the percentage changes up to December, 1941, and between that date and September, 1941.

RECORDED CENTRAL GOLD RESERVES IN MILLIONS OF U. S. DOLLARS

End of	Dec. 1938	Dec. 1941	Sept. 1944	% Change Dec. 1938-Dec. 1941	% Change Dec. 1941-Sept. 1944
Mexico	29	47	220	+ 62	+368
Brazil	32	70	†297	+119	†+324
Latin America	706	722	2,000	+ 2	+177
Argentine	431	354	‡939	— 18	‡+165
Spain	§525	42	¶104	---	¶+149
Turkey	29	92	†221	+217	†+140
Venezuela	52	51	110	— 1	+116
Union of South Africa	220	367	**778	+ 67	§+112
Sweden	321	223	454	— 31	+104
Roumania	133	183	¶369	+ 38	¶+102
Switzerland	701	665	1,033	— 5	+ 55
Peru	20	21	32	+ 4	+ 52
Uruguay	68	100	148	+ 47	+ 48
††United Kingdom	2,690	1	1	---	---
††Belgium	728	734	734	+ 1	0
Germany	45	40	‡40	— 11	‡ 0
††France	2,430	2,000	¶2,000	— 18	¶ 0
††U. S. A.	14,512	22,737	20,825	+ 57	— 9
Netherlands	998	575	**500	— 42	§— 13
World excluding U. S. S. R.	25,200	29,900	30,600	+ 19	+ 2

†July 1944. ‡December 1943. §April 1938. ¶June 1944. **August 1944.

††Not including gold held in the Exchange Equalization and similar funds:

	Dec. 1938	Dec. 1941	June 1944
United States	80	25	21
Belgium	44	17	--
France	331	--	--
United Kingdom	‡‡759	§§151	--

‡‡September 1938. §§September 1, 1941.

The largest absolute gains (in millions of U. S. $'s) in the latter period are reported by the Argentine (585), the Union of South Africa (411), Switzerland (368), Sweden (231), Brazil (227), Rumania (186), Mexico (173) and Turkey (129). These eight countries taken together added over $2,300 million to their central gold reserves or some $400 more than the simultaneous decline in the United States holdings of monetary gold. Substantial relative gains ranging between approximately 50% and 150% were reported also by Spain, Venezuela, Peru and Uruguay. The reduction in the recorded gold reserve of the Netherlands from $575 million to $500 millions, on the other hand, represented a somewhat greater relative decline (—13%) than that reported for the United States (—9%).

Mortensen Joins Dept. of S. Weinberg & Co.

S. Weinberg & Co., 60 Wall Street, New York City, members New York Security Dealers Association, announces that James P. Mortensen, who has been affiliated for more than 20 years with Wall Street organizations and most recently with Goodbody & Co., has become associated with them in their Trading Department.

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Federal Reserve Bank of St. Louis

Bowles Makes Recommendations For Price Controls

(Continued from page 1484)

lation to what is normal in peacetime. It is plain enough that a manufacturer of popular-priced cigarettes who found in peacetime that he was making less and less while his competitors were making more and more would not try to remedy the difficulty by increasing his prices. It is less obvious but no less true that no industry in peacetime expects to realize a profit on every product.

"Finally, the logic of both suggestions, if inflation is to be avoided, leads straight to Mr. Murray's proposal that all prices which are yielding high profits should be reduced. The price increases necessary to bring a profit to every industry on every product and peactime profits to every firm would promptly start inflation spiralling, if they were not compensated. The Administrator, therefore, would be forced to reduce other prices until he had the system in balance. He would have to make these reductions not only on an industrywide basis but firm by firm.

"The result, if it could be achieved, would be a system of prices which might be thought to be 'perfect' since every firm would have some profit and none would have too much. It would, however, be totally out of relation to the system of prices which the law of supply and demand brings about when war has not taken the governor off the normal mechanism of the market. And it would involve government intervention on a scale which I am sure neither American business nor American labor would welcome, even if we in OPA were equal to the task."

With reference to the criticism of consumer groups that price regulation is taking no account of quality deteriatives, Mr. Bowles stated:

"I called this problem to the Committee's attention in my opening testimony. In the light of all that has been said in the hearings, the Committee will no doubt want to give the problem its most careful consideration, as I intend to do in studying means of improving our administration. A brief review of the principal provisions of the present law may be of aid to the Committee in this connection.

"The original price control act gave the Price Administrator broad authority to prevent circumvention and evasion of price regulations and to regulate or prohibit practices which were found to be the equivalent of price increases. This authority is now subject to the limitations of Section 2(j) of the Act.

"The first clause of this section provides that nothing in the Act shall be construed as authorizing the elimination or any restriction of the use of trade and brand names. The Committee has heard a good deal of testimony about the practice which has grown up, particularly in the food field, of a repeated changing of brand names. This is an obviously evasive practice which can only be explained as an attempt to secure higher prices than the seller is entitled to under the regulation. The practice cripples enforcement. Consumers have told you how baffling it is to them in trying to find out the right prices for things.

"I feel sure that the purpose of Section 2(j) was to protect legitimate and established brand names. It was never designed as a shield to cover fly-by-night brands which have no merchandising function whatsoever and serve only as a device for weakening or evading price control. My legal staff, however, are uncertain whether the evident purpose of the section can be relied upon as limiting its language. I hope that the Committee will think it proper to clarify this question in its report.

"The second clause of the section forbids the Administrator to require the grade-labeling of any commodity. This provision is a definite handicap to OPA in the enforcement of price regulations.

"It is my personal belief that, as so often happens on highly controversial issues, much of the industry objection to grade labeling is based on emotions rather than upon a thoughtful appraisal of the long-range interests of business. As I understand it, the Canadian experience with grade labeling has been generally satisfactory to industry as well as to the public. The promotion of nationally known brands has not been weakened but has, on the contrary, been aided. Nevertheless, I recognize the fact that for most commodities grade labeling is not indispensable to effective price control. In view of this and in view of the firm stand of Congress on the subject in the past, I have decided not to ask the Committee to modify the present law."

Barber on Staff of Delafield & Delafield

Delafield & Delafield, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that T. P. Barber has joined the firm's investment advisory staff. Mr. Barber was formerly assistant secretary of the Guaranty Trust Company of New York in its Fifth Avenue office.

J. B. Jones, Jr. With Steiner, Rouse & Co.

Steiner, Rouse and Company, 25 Broad Street, New York City, members of the New York Stock Exchange, announce that James B. Jones, Jr., has become associated with them as manager of the Statistical Department.

Philip Byrne Is With Schoellkopf, Hutton

Schoellkopf, Hutton & Pomeroy, Inc., 63 Wall Street, New York City, announce that Philip J. Byrne has become associated with the organization. Mr. Byrne was formerly with Paine, Webber, Jackson & Curtis for many years.

CHARTERED 1853

United States Trust Company of New York

Statement of Condition March 31, 1945

RESOURCES

Cash in Banks	$ 24,891,025.17
Loans and Bills Purchased	24,032,312.73
United States Government Obligations	104,004,859.76
State and Municipal Obligations	7,496,000.00
Other Bonds	2,776,325.00
Federal Reserve Bank Stock	840,000.00
Real Estate Mortgages	3,975,445.99
Banking House	1,600,000.00
Accrued Interest Receivable	571,399.86
Total	$170,187,368.51

LIABILITIES

Capital Stock	$ 2,000,000.00
Surplus	26,000,000.00
Undivided Profits	2,569,911.54
General Reserve	826,780.18
Deposits	137,419,737.59
Reserved for Taxes, Interest, Expenses, etc.	1,069,618.37
Unearned Discount	1,320.83
Dividend Payable April 2, 1945	300,000.00
Total	$170,187,368.51

$40,505,000.00 par value of United States Government and other securities are pledged to secure public deposits and for other purposes required by law.

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The Oldest and Largest Bank in Pennsylvania

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Statement of Condition, March 31, 1945

RESOURCES

Cash and Due from Banks		$188,940,989.52
U. S. Government Securities		443,608,500.85
State, County and Municipal Securities		14,327,793.46
Other Securities		33,824,565.98
Loans and Discounts		69,244,944.22
Accrued Interest Receivable		2,479,525.23
Customers' Liability Account of Acceptances		2,606,099.06
Bank Buildings		1.00
		$755,032,419.32

LIABILITIES

Capital Stock (Par Value $20.00)		$14,000,000.00
Surplus		28,000,000.00
Undivided Profits		10,437,783.87
Reserve for Taxes		2,733,769.45
Dividend (Payable April 2, 1945)		875,000.00
Unearned Discount and Accrued Interest		129,962.29
Acceptances	$5,313,153.91	
Less Amount Held in Portfolio	1,912,904.38	3,400,249.53
Deposits		
United States Treasury	$ 70,144,360.09	
All Other Deposits	625,311,294.09	695,455,654.18
		$755,032,419.32

Philadelphia, Pa.

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Business Man's Bookshelf

America's Place in the World Economy—Addresses delivered at the Fourth Series of Conferences of the Institute on Post-War Reconstruction—Institute on Post-War Reconstruction, New York University, New York 3, N. Y.—$3.00—Published April 9

Business Information Sources—A selected list of References to Significant Data on Post-War Planning for Industry—Part V, Small Business, Now and After the War—Cleveland Public Library, Cleveland 14, Ohio—Paper—10¢

Federal Reserve Bank of New York—30th Annual Report—Federal Reserve Bank of New York, 33 Liberty Street, New York City—Paper

Fertilizers in the Post-War National Economy—National Planning Association, 800 21st Street, N. W., Washington 6, D. C.—Paper—25¢

Monthly Bulletin of Statistics—January issue on Value of World Gold Production and Recorded Central Gold Reserves—League of Nations publication — Columbia University Press, International Documents Service, 2960 Broadway, New York City—Paper—45¢

Principio to Wheeling—A Pageant of Iron and Steel—Earl Chapin May—Harper & Brothers, 49 East 33rd Street, New York City—Cloth—$3.00

F. C. Smith Acquires S. F. Exchange Membership

The San Francisco Stock Exchange announces that Ferdinand C. Smith, general partner in the firm of Merrill Lynch, Pierce, Fenner & Beane, has been elected a member of the Exchange. The membership was purchased from Kevin McGettigan for $19,000, unchanged from the previous sale.

Dominion of Canada
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Canadian Securities

By BRUCE WILLIAMS

It is illuminating to review the current object lessons afforded by the outlook on credit standing in the two Canadian provinces of Alberta and Manitoba.

In the case of Alberta, the return of prosperity and the generous cooperation of the Federal Government gives this province the opportunity fully to rehabilitate its credit and to repudiate the specious unworkable monetary doctrines which were foisted on the province by former Premier Aberhart.

In spite of mounting protest, Premier Manning still maintains his cynical viewpoint on the value of credit, that it can be bought in sharp bargaining at the lowest possible price. It is plain that Mr. Manning in turning a deaf ear to the real friends of the province and in consulting only those who agree with him is in grievous error when he states that his plan will be satisfactory to the vast majority of stockholders.

In order better to understand the issues at large in this situation, bondholders generally would do well to study the circular issued by the New York office of the Dominion Securities Corporation, in which they reproduce a constructively written article which appear in the March 27 issue of the Financial Counsel of Montreal.

Alberta bondholders have a serious responsibility in this matter, and it should be clearly demonstrated to Premier Manning that the great body of bondholders are by no means satisfied, and furthermore it is not merely a question of the restoration of the credit of Alberta but also the fundamental issue of the sanctity of contract which is at stake.

On the other side of the picture we have the case of Manitoba. Premier Garson's recent budget speech is a lucid exposition of the basic elements of sound finance and practical economics. Unlike the unreasoning partisan policy pursued by his counterpart in Alberta, Mr. Garson, not only has ably guided his own province through difficulties similar and possibly more pronounced than those encountered in Alberta, but he also has espoused the cause of all the western provinces for the good of the Dominion as a whole.

In calling for a Dominion/Provisional conference for the reform of Dominion/Provincial relationships, the Manitoba Liberal leader points out the anomaly of the Dominion having the money but not the power, and the provinces having the power but not the money to carry out large parts of post-war programs.

It is hoped that his plea will not fall on deaf ears as the amendment and clarification of the Canadian Constitution along the lines of the Sirois report recommendations is imperative at the present stage of Canadian development.

Other interesting items appearing in Mr. Garson's address were the following:

(1) For the fiscal year ending April 30, 1945, the estimated budgetary surplus is the record figure of $3,221,819 after a further allocation of $750,000 to reserve for post-war emergencies.

(2) Further reduction of gross provincial debt by $4,693,709.13 to a total as of Dec. 31, 1944, of $114,317,628.31.

(3) As a clear indication of the increasing diversification of the Manitoba economy, it was revealed that whereas the estimated total gross value of Manitoba's agricultural production during 1944 was $237,774,000, the total of the manufacturing industry rose during the year to $350 million, as compared with $301 million in 1943.

The examination of such statistics certainly gives rise to a bewilderment that credit rating authorities in this country will still place the obligations of the Province of Manitoba in the same category as those of Saskatchewan instead of ranking them with the securities of New Brunswick and Nova Scotia.

Turning to the market for the past week, there was a further reduction of activity but prices were generally well maintained. There was a steady demand for National 51s which make favorable comparison with the U. S. Government 2s, but the yield of 2% has considerably diminished since this bond was recommended for investment at a 2½% return at the beginning of the year. Albertas declined 2 points on the debt plan uncertainty, but Montreals held at their highest levels. Internals were quiet and free funds were motionless at 9 13/16%.

The announcement of the details of the Eighth Victory Loan—a minimum objective of $1,350 million with two maturities—a 3% of Oct. 1, 1963-1959 and a 1¾% of Nov. 1, 1949, dispelled any uncertainty regarding a basic change in Canadian financing at this time. No doubt serious consideration will be given to a lower coupon issue for the Ninth Loan.

With regard to the possible future course of the market, the influence of War Loan drives here and in Canada, together with the forthcoming General Election and the imminence of V-E Day should all contribute to keep investors increasingly on the sidelines.

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
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CANADIAN SECURITIES
Government • Provincial • Municipal • Corporate

Canada Prepares for Its 8th Victory Loan

The Bank of Montreal reported in its monthly announcement of Canadian business activity on March 22 that Canada's Eighth Victory Loan, for a minimum amount of $1,350,000,000, will be launched on April 23 and will call for the greatest financial effort yet made by the Canadian people. The minimum compares with a total of $1,517,642,000 (not including conversions of $144,821,000) subscribed in the last campaign, and is $50,000,000 above the previous objective of $1,300,000,000. In every campaign thus far the subscribed total has topped is predecessor and by a considerable margin. In the new loan the minimum objective for individuals has been set at $675,000,000, an increase of $75,000,000, but in the last loan the amount actually subscribed by this class was $766,000,000.

The Bank's report further said:

New business is being provided for shipbuilding yards across Canada, according to an announcement from the Department of Munitions and Supply. Commencing in May these yards will construct 35 steamers of the China coaster type, 15 of 1,350 tons and 20 of 350 tons. In other respects the outlook is mixed, judging from business conditions as reported in the first month of the year. As compared with Jan. 1944, the index of the physical volume of business was down 7.4%, though still higher than in any other January. The manufacturing production index declined 9.6%. The livestock stockyard marketings index rose from 107.4 to 155.8, and cattle slaughterings increased. The textile industry was less active and mineral production was lower, but newsprint production advanced from 242,000 tons to 264,000 tons and there was increased activity in the primary iron and steel industry, production of steel ingots rising from 242,000 tons to 269,000 and pig iron from 132,000 tons to 156,000. There was, however, a considerable decline in operations of the secondary iron and steel industries. The construction industry recorded increased business. Department store sales gained in the same comparison. The national income, tentatively estimated, was up from $736,600,000 in January, 1944, to $741,300,000 in the same month of this year.

Although some restrictions have been lifted and others eased in recent months, the Prices Board warns that the need for controls will continue for some time. New regulations governing the sale of used household appliances, including the establishment of price ceilings, have gone into effect and the demand for construction materials, arising from the acceleration of war production, has made necessary a revision of construction control restrictions. Construction or alteration of a building other than a plant, at a cost exceeding $500, must now be licensed. The previous cost limit was $1,500. In maintaining domestic ceiling prices on imported commodities, notably tea, coffee, cocoa beans, vegetable oils, currants and raisins, the Wartime Prices and Trade Board will have spent something in excess of $10,000,000 during the fiscal year now closing. The Dominion Government will pay the same subsidies on milk and milk products in the year commencing May 1 as have been in force since May 1 of last year.

Total value of domestic exports from Canada in January was lower by 4.8% than in January, 1944, but rose again in February, when it reached $236,364,000, as compared with $230,498,000 in January and $227,168,000 in February last year. Exports to countries of the British Commonwealth showed a small decline at a value of $104,236,000, as compared with $105,486,000 in February, 1944. Exports to the United States, valued at $91,500,000, were virtually stationary, but exports to other foreign countries rose to roughly $40,500,000 in value, as compared with $30,000,000.

According to the Minister of Munitions and Supply, the production of war materials, which has reached a new high peak, will be cut back 35% in Canada as soon as hostilities end in Europe, this curtailment being planned on the basis of estimates prepared by the Allied joint agencies dealing with the economic phases of the war. However, need for all available manpower of the country until Japan is beaten is anticipated. Owing to the enormous unfilled demand for a large variety of civilian goods, the 35% cut in war production is not expected to produce any general problem of unemployment, but it may create local problems arising from the cancellation of contracts in industrial communities, where a heavy concentration of war orders has attracted an abnormally large quota of war workers.

Figures just released show that the cash income of Canadian farmers, a factor of prime importance to the national economy, mounted to a new level in 1944, returns from the sale of farm products being estimated officially at $1,752,000,000 a gain of 25% over the previous year and 143% over 1939. All provinces, with the exception of Prince Edward Island, shared in this upward movement, the most striking gains being registered in the West in income from livestock and grain.

CANADIAN SECURITIES

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Huss Opens in Auburn

AUBURN, N. Y.—Adolf C. Huss has opened offices at 50 Broadford Street to deal in investment securities.

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Bretton Woods Marks Time

(Continued from page 1483)

are waiting to see what happens here.

The aspect of Bretton Woods which at the moment is causing most comment in Washington is the mysterious and sudden abandonment of the obvious, although officially-denied, Administration pressure to push for Congressional enactment prior to the security conference convoked at San Francisco on April 25. The facts are plain enough. On March 7 the Administration opened its case before the House Banking and Currency Committee. In order to give the Administration a chance to rebut the "opposition"—i.e., those who would modify the Bretton Woods program—the American Bankers Association was brought on commencing March 21, the first of its five intended witnesses being Mr. W. Randolph Burgess, ABA president.

On Friday morning, March 23, while the third ABA witness was on the stand and the fourth one was at the witness table awaiting his turn, Committee Chairman Spence left the room, his chair being taken by Congressman Paul Brown. (D., Ga.). At noon Mr. Brown announced the recessing of the hearing "until the call of the chairman." Since the Committee had been meeting morning and afternoon, it was expected that the bankers would be heard that afternoon or the next day, but it was soon learned that the hearing would not be resumed until after the March 28-April 10 Congressional recess. The present understanding is that the Committee will, following the recess, dispose of two other bills before resuming the Bretton Woods hearing about April 16.

Since the above-mentioned recessing of the hearings on Bretton Woods it has come to public attention that Russia's attitude toward the San Francisco Conference is proving a big disappointment to the Administration. It is concluded from this that the Administration therefore decided to let Bretton Woods take a more leisurely course in Congress.

In this connection, it is interesting to recall an incident during Secretary Morgenthau's testimony on the bill. Congressman Patman had asked the Secretary whether enactment of the Bretton Woods bill by Congress before the San Francisco conference in April would not prove helpful in that conference. The Secretary having replied in the affirmative, Repr. Jessie Sumner of Illinois asked him whether this country would not be in a stronger position at San Francisco if it entered that meeting with Bretton Woods unratified by Congress. To this Mr. Morgenthau answered:

"If the San Francisco Conference had to depend upon this (Bretton Woods enactment as a diplomatic weapon) as a big stick in somebody's closet, then I think that the San Francisco conference will either succeed or fail wholly on the faith of the people who attend it in each other."

It would be odd for the Administration to be taking advice on foreign policy from Miss Sumner.

Probably the reasons for the reduced steam behind the Bretton Woods bill at the moment are multiple. There is, for example, the theory that the Administration has found the House Banking Committee much more interested in the technique of the proposed International Monetary Fund than it anticipated. There was the evident unwillingness of some of the committee members to be rushed. Also, there was the matter of the Boothby letters to the New York Times.

Robert Boothby, conservative member of Parliament now in this country on a tour of lectures to promote good will between this country and Britain, raised questions concerning "certain major obscurities in the final act" of Bretton Woods. His letters, and editorial comment thereon, were published in the New York Times of March 4, 14 and 16. When asked about the Boothby questions, Treasury representatives during the hearings did not attempt to conceal their displeasure and in turn raised a question about Mr. Boothby's motives. They stated that Boothby had been opposed to the Bretton Woods Fund plan even before last year's conference, and that he had made no attempt to confer here with the Treasury Department or the Federal Reserve Board. They provided the committee with their answers to the Boothby questions. But Mr. Boothby—it is said—does not regard the Treasury answers as satisfying.

That the Boothby questions have caused no little annoyance and have been the occasion for consultation between Dr. Harry White and Lord Keynes is a safe conclusion; but whether the answers which are finally prepared will allay the uneasiness which Mr. Boothby has expressed is not so clear. Mr. Boothby states: "Nothing could be more deleterious to the future of Anglo-American relations than that the two countries should sign an agreement, each thinking that it means something quite different. And, in its present form, the final act of Bretton Woods provides ample scope for such a misunderstanding."

Prior to his visit to this country, Mr. Boothby made an address on Bretton Woods which has since been published in London by the Economic Reform Club and Institute under the title, "Goods or Gold?" In it Boothby revealed a sharp cleavage with American thinking on multilateral trade. Boothby favors a strong and expanded sterling area, with bilateral trade and currency arrangements. He doubts Lord Keynes' statement that bilateral agreements are permissible under the Bretton Woods scheme, and states that Keynes, in his anxiety to sell the plan to the British people, "is playing a dangerous game."

Quite apart from Boothby, other British reports have served to unsettle the momentum of the Bretton Woods bill in Washington. One such appeared in the editorial columns of the N. Y. Herald-Tribune of March 22, to the effect that both the British Chancellor of the Exchequer and Lord Keynes had declared that the British Government will adjust the value of the pound whenever Whitehall considers it necessary. Persons familiar with British thinking on this matter would be surprised if that were not the case. Lord Keynes, at least, has long consistently advocated such a course.

In December, 1935, for example, the Monthly Review of Lloyd's Bank Limited published an article, The Future of the Foreign Exchanges, by J. M. Keynes, from which we quote:

. . . There is a body of tentative conclusions which can be fairly described as the British point of view. . . . The first condition, which must be satisfied before it is worth while to discuss permanent policy, is that the **de facto** rates of exchange, from which we start out, should be in reasonable equilibrium. . . . A set of rates of exchange, which can be established without undue strain on either side and without large movement of gold, . . . will satisfy our condition of equilibrium. . . .

The first condition of avoiding fluctuations of the exchange, . . . is that each central bank should possess a sufficiency of free gold in relation to its economic importance, which it releases without anxiety. . . . (But the world stock of gold being unevenly distributed) clearly, however, the provisions of funds for this limited purpose is a suitable object for international collaboration by central banks acting through the B.I.S. No vast sums would be required, if there was a pooling device by which sums drawn by one bank out of its credit with the BIS Equalization Fund would not be removable by the recipient bank but would have to remain to the credit of this bank with the BIS Fund; but the initial resources of the BIS Equalization Fund must, of course, be provided by the central banks which possess the bulk of the world's gold. This device . . . is not intended to deal with the contingency of a steady drain and would be quite inappropriate for such a purpose.

Keynes went on to recommend a "moderately wide gap between the gold-points"; dealings by central banks or the equalization funds in the forward as well as the spot exchanges, despite the central banks' "habitual exaggeration . . . of the influence of speculation;" and "a strict, though not pedantic, control of the rate of new foreign lending."

"Would it be wise," Keynes asked, ". . . to enter into a permanent undertaking never to allow the gold-value of our money to move outside the narrow range which we have so far contemplated?" Those who advocated "a return to a regime of fixed gold parities" were living in "an unreal world, a fool's world." Keynes saw as outmoded the attempt to correct a "fundamental international maladjustment" by the instrument of bank rate and credit contraction. He added: "But we must retain an ultimate discretion to do whatever is required to relieve a sudden and severe or a gradual and continuing strain."

Between these Keynesian doctrines of a decade ago and His Lordship's current explanation of the Bretton Woods Fund plan to his people there seems to be no inconsistency. What Mr. Boothby apparently objects to in Lord Keynes' recent explanations is an inconsistency between them and the American interpretation of the Bretton Woods document.

These differences in interpretation have not escaped members of the Banking Committee, who are probing for the facts of the case. They have listened attentively to the, in general, very able presentation of the Administration's story; and to the skillful presentation of the ABA case for modification of the program. There is indeed reason to believe that some Administration members had underrated the intelligence of the bankers who testified.

Not all the Government witnesses were of equal quality. Assistant Secretary of State Will Clayton left a poor impression when, as a defendant of the Bretton Woods program he testified that he had not read the Bretton Woods agreement and had not concerned himself with "details." ("I can't abide figures," said the Duchess to Alice in Wonderland.)

The Under Secretary of Commerce introduced in the record figures designed to show a rosy picture of our international investment experience between the wars. His figures "show" that the United States "got out" $8.8 billions more than it invested abroad during the 21 years 1920-1940 (a thesis analyzed at some length by the present writer in the "Commercial and Financial Chronicle" of Dec. 28, 1944). In the Survey of Current Business last November the Commerce Department published a statement similar in purport but very different in the figures on which its conclusion was based.* Before accepting the latest set of statistics and the conclusions the Department would draw from them, the Banking Committee might do well to study the story carefully.

*The Commerce Department's figures for the 1920-1940 investment experience of the United States are:

(A) November, 1944, statistics: Total invested abroad, $13.4 billions; total "got out," $23.7 billions; excess "got out," $10.3 billions.

(B) Data inserted in the Bretton Woods hearings: Total invested abroad, $18.3 billions; total "got out," $27.1 billions; excess "got out," $8.8 billions.

Guaranty Trust Company of New York

Condensed Statement of Condition, March 31, 1945

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers		$ 517,704,196.36
U. S. Government Obligations		2,159,912,428.58
Loans and Bills Purchased		691,163,638.51
Public Securities	$ 58,077,648.54	
Stock of the Federal Reserve Bank	7,800,000.00	
Other Securities and Obligations	25,976,152.51	
Credits Granted on Acceptances	1,231,884.25	
Accrued Interest and Accounts Receivable	10,079,766.86	
Real Estate Bonds and Mortgages	1,512,114.92	
		104,677,567.08
Bank Buildings		9,492,368.19
Other Real Estate		850,115.65
Total Resources		$3,483,800,314.37

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	45,148,336.25	
Total Capital Funds		$ 305,148,336.25
General Contingency Reserve		34,633,206.15
Deposits	$3,106,648,080.53	
Treasurer's Checks Outstanding	7,604,357.59	
Total Deposits		3,114,252,438.12
Acceptances	$ 4,347,293.69	
Less: Own Acceptances Held for Investment	3,115,409.44	
	$ 1,231,884.25	
Liability as Endorser on Acceptances and Foreign Bills	100,632.00	
Foreign Funds Borrowed	152,550.00	
Dividend Payable April 2, 1945	2,700,000.00	
Items in Transit with Foreign Branches (and Net Difference in Balances between Offices Due to Different Statement Dates of Foreign Branches)	2,490,268.66	
Accounts Payable, Reserve for Expenses, Taxes, etc.	23,090,998.94	
		29,766,333.85
Total Liabilities		$3,483,800,314.37

Securities carried at $799,236,912.68 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English and French Branches as of March 26, 1945, and Belgian Branch as of October 31, 1941.

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Essentials of Foreign Policy

(Continued from first page)

people must share that responsibility. The perfectionists among the liberals, quite as much as the reactionaries, contributed to our failure. One has merely to read again what was said a generation ago by our liberal press. Few people were against a league. But they did not like this league, nor did they like the other fellow's league. All of them seemed to want a league which suited them. The Senate of the United States has, I believe, been unjustly maligned.

The responsibility that I would attach to this body is that, in rejecting the League of Nations, it did not suggest some alternative method of establishing and maintaining order in the world. Negation is not enough for this aggressive and restless world. As the poet says, a world is dying and another world is struggling to be born, and the job of creating that new world belongs as much to this Senate as to any other agency in the entire world. We shall be negative again at our own peril, and we shall invite the same travail and tribulation which has kept all mankind in agony for five long and terrible years. In peace, as well as in war, victory will not come to the negative, defensive strategy. A certain boldness, a positive resourcefulness, is essential to win any battle in war or peace.

Under our Constitution this body has the right, and the duty, to advise the Executive on matters of foreign policy. If it cannot consent to the measures presented by the Executive it seems to me imperative that it offer our nation and the world an alternative. If it feels inadequate to this task than certainly it should proceed immediately to accede to the rising demand of the people, that the House of Representatives be given a part in this responsibility. It is very unbecoming of the Senate to act the part of the dog in the manger.

State Department and Foreign Policy

I am sure that some will say that we must rely upon the State Department to formulate our foreign policy. I do not think we can afford to entrust this function exclusively to the State Department. In the first place it is no longer possible to separate foreign from domestic policy. The two are much too closely intertwined, too interdependent, to be regarded as unrelated and separate problems. I know that the welfare of the cotton farmers in Arkansas is directly, and inevitably, dependent upon the maintenance of a free flow of international commerce. When that flow is interrupted by war, as at present, or by a short-sighted tariff like the Smoot-Hawley measure, then we become involved with huge, unmanageable surpluses and such makeshifts as subsidies and loans to cotton producers. No, I do not think a few polished and cultured gentlemen, in the dark and dignified recesses of the State Department, should be entrusted, exclusively, with the formulation of our foreign policy. I hasten to add that I am encouraged by the recent infusion of new blood into the Department and by the favorable reports of the work of Assistant Secretaries Rockefeller and Clayton at Mexico City. Improvement has been made, but much remains to be done.

Our long range policy, if we are to have one, must be based upon a sound appraisal of the true interests of this nation as a whole. There is a tendency, on the part of professional diplomats, to become ultra cynical and to reduce all human interests and desires to the single element of material power. Being detached from the every day life of our citizens, they forget that many people, in fact I think the majority, would prefer to live in peace with their children, at home, than to have all the money, power, and glory in the world. I am confident that the representatives of the people in this body, and in the House of Representatives, can much more accurately evaluate the true desires and interests of our people than can the traditional diplomat who, in the nature of things is isolated from the common man.

I intend no reflection upon the character of any man in our executive department; but it is inherent in their background, and their position, that they be conservative and reluctant to commit our people to any change in the status quo or to the assumption of any new responsibilities. Only recently we have had an example where the participation of the distinguished Senior Senator from Texas (Mr. Connally) and the distinguished Senior Senator from Vermont (Mr. Austin) added backbone and courage to the decisions of our representatives at Mexico City. I should like to read at this point from an editorial from the Washington "Post" of March 6, describing the part played by these gentlemen:

Senatorial Cooperation

From Mexico City—Monday

The job of advising and consenting, which is the Senate's prerogative in our treaty relations with the world, has been given a new definition at Mexico City. Hitherto the initiative in treaty making has been retained by the Executive. All Presidents have been jealous of it. But at Mexico City Senator Austin took the ball as soon as he arrived here and we were treated to the spectacle of a Senator determining the Administration's approach to the continental security pact, and an opposition Senator at that. It was the earnest and disinterested Vermonter who framed the formula on which action was taken Saturday at Mexico City. Senator Connally made Senatorial intervention complete by adding to the declaration what might be called the Connally reservation. Not the slightest resentment has been caused by this Senatorial intervention; indeed, it has been welcomed, for, as Assistant Secretary Rockefeller says: "The Administration wants to know what it can deliver to our Latin American friends." Senator Austin's work is especially the object of comprehensive compliments.

Senators with the experience, and the confidence in their understanding of their people, such as these Senators undoubtedly have, naturally tend to be courageous and bold in their approach to matters of vital interest to their people. To them diplomacy is not merely a game of chess to be played by skillful manoeuvres and double-talk. They know the very lives of their people are involved and they are not afraid to take risks to protect them.

Mexico City was one of the few instances in the history of this nation that the practice of advice as well as consent has been observed in the strict sense which was meant by the makers of our Constitution. The last time of any importance was in 1846, nearly 100 years ago. The question of the Oregon boundary dispute had become a political issue in the Presidential contest, along with that of the annexation of Texas. James K. Polk was elected on a platform which demanded a settlement epitomized in the campaign slogan of the Democrats, "Fifty-four-forty or Fight." In the course of the subsequent negotiations President Polk sought and received in advance the advice of the full Senate itself, not upon the matter of ratification (since there was nothing to ratify) but upon the formulation in detail of the treaty, which was eventually adopted. At Mexico City, judging from the newspaper report which I have referred to, members of this Senate were consulted in advance of the Act of Chapultepec, and aided mightily in the formulation of that Act. We have to go back a hundred years for a precedent to this historic proceeding—a proceeding which, as I say, was envisaged by the Constitution-makers when they wrote the "advice and consent" clause into our Constitution.

Clarified Basic Principles of Policy Needed

It seems to me most urgent, Mr. President, that this body should proceed in the near future, to the consideration of the basic principles of our foreign policy. The time is drawing near when the great decisions must be made. Unless some means is found to clarify many of the issues involved in these decisions beforehand, then, necessarily, our representatives will be forced to improvise in the dark and by guesswork.

For example, there is a common belief, perhaps a myth, that our people are anti-British. There are several powerful newspapers in this country which for many years have drilled into the minds of their millions of readers hate and distrust of the British. The same papers, and other papers, have done likewise with regard to the Russians, the Jews and, for that matter, all "furriners," as one Governor of a sovereign State used to put it. I do not believe the majority of our people, or the majority of this Senate, subscribes to these narrow prejudices. However, if these matters were clearly and reasonably discussed, along with other matters of similar importance, I think it would do much to reassure our allies in the United Nations and to strengthen the courage of our own representatives. On the other hand, if it be true, which I cannot believe, that we do hate and distrust our allies, then we, and they, should know about it. If these powerful influences in our press have so far poisoned the minds of our people that they do not desire to cooperate positively and concretely with

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ASSETS		
Cash on Hand and Due from Banks		$ 34,654,587.48
United States Government Securities		63,653,091.46
State, Municipal and Other Public Securities		37,658,107.80
Other Marketable Securities		4,225,029.77
Loans and Discounts		36,568,536.20
Customers' Liability on Acceptances		6,150,823.51
Other Assets		649,011.05
		$183,559,187.27
LIABILITIES		
Deposits—Demand	$157,381,674.47	
Deposits—Time	4,286,016.91	$161,667,691.38
Acceptances	$ 7,018,192.72	
Less Held in Portfolio	355,077.92	6,663,114.80
Accrued Interest, Expenses, etc.		103,195.77
Reserve for Contingencies		1,500,000.00
Capital	$ 2,000,000.00	
Surplus	11,625,185.32	13,625,185.32
		$183,559,187.27

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Statement of Condition (Comptroller's Call) March 20, 1945

RESOURCES		
Cash on Hand and Due from Other Banks	$32,753,458.37	
United States Government Securities, Direct or Guaranteed	61,524,998.39	
		$94,278,456.76
State and Municipal Securities		460,326.39
Federal Land Bank Bonds		38,350.06
Stock in Federal Reserve Bank		90,000.00
Other Securities		100,000.00
Loans and Discounts		3,952,480.57
Bank Premises and Furniture and Fixtures		713,544.61
Other Real Estate		8,876.00
Accrued Income Receivable		200,204.79
Prepaid Expenses		79,945.04
Other Assets		7,534.69
		$99,929,718.91
LIABILITIES		
Deposits:		
Demand	$56,667,473.43	
Savings	7,456,223.29	
United States Government	9,484,990.30	
State and Municipal	11,369,589.65	
Deposits of Banks	10,328,134.77	
Other Deposits	685,403.20	
		$95,991,814.64
Capital Account:		
Common Stock	1,500,000.00	
Surplus	1,500,000.00	
Undivided Profits	677,863.48	
		3,677,863.48
Income Collected, Not Earned		2,279.82
Reserve for Taxes and Other Expenses		247,640.32
Other Liabilities		10,120.65
		$99,929,718.91

United States Government Securities carried at $27,952,000.00 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

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our allies, then an entirely different policy from that now proposed should be pursued.

I think that a thorough examination on the floor of this Senate, of the history of our relations with Great Britain, would do more than all the treaties in the world to strengthen our relations. The American people should be told by their Senators why it is that twice in 25 years we have been drawn into a war on the side of Britain and France and Russia. Upon examination it might appear that we have entered both these wars for excellent and compelling reasons, rather than because of the trickery and ambition of the British as the Chicago Tribune would have us believe. It may be that we entered these wars because it was the only possible way to preserve our very freedom and independence about which even the Tribune professes concern. It could be that we were influenced by the fact that our basic institutions, our common law, our ideas of justice and the dignity of the individual human being, were derived to a great extent from the British, the French, the Greeks and the Jews. It might be that the fact we are a Christian people influenced us, when it was a choice between subservience, if not slavery, to the ruthless paganism of the Germans, or war in support of other Christian peoples. The similarity of the moral standards of our peoples, the love of family, the regard for contractual obligations, the abhorrence of torture and persecution, the distrust of a tyrannical and oppressive government, all of these considerations may have lead us instinctively to the making of these decisions. If it be true that reasons of this character did, and do, exist, then we should acknowledge them in order that a definite policy based upon sound and true consideration be firmly adopted. These things do not happen just by chance. There surely are good reasons, and all of us, and all the people, should know them.

Further, it should be made clear to our people that in entering an international organization, we are doing so, not because of charity or because we love the British, the French, the Chinese, or the Russians. If there is reason for doing it, it is because it is for our own national self interest. We have more to lose from chaos, and more to gain from the pursuits of peace, than any other people. We must recognize from the outset that, to make such an organization work, will require our best brains, much patience, and much of our worldly goods. We must be convinced, however, that it will require less of all of these things to make peace than to have another war, or it obviously would not be a good bargain.

Mr. President, I believe that the American people are profoundly interested, and I know that I am deeply interested, in understanding the what and the why of our foreign policy, if any. Since I have been a member of this body, relatively little time has been spent upon this subject. In the hope that I may promote discussions, and criticisms, out of which better understanding may evolve, I am venturing a few observations.

Have We a Foreign Policy?

During the last several years I have heard various people say that we have no recognizable foreign policy. I am inclined to agree. By policy is meant, "a settled or definite course or plan adopted for followed by the government." To be definite and settled is of the essence of policy. To be definite, the men responsible for carrying out a policy, must know what they are doing and why they are doing it or it isn't definite. To be settled this knowledge must flow from a responsible source, in our case the people of this country, or it cannot be settled.

Prior to the first world war, in spite of some wavering from time to time, our policy was that of isolation. It was settled and definite. It was justified by the remoteness of our land from comparable great powers and was in accord with the wishes of our people. Our ancestors had come here with the express purpose of getting away from the oppression and disturbances of the old world. The first world war unsettled that policy. President Wilson, and others, sensed the fact that isolation had become in fact impossible, but they were unable to control the government. The habits and prejudices of more than a century were too strong, even for the obvious implications of modern science, as exemplified by the motor car, the airplane and the radio. The abortive effort of Wilson to adjust our policy to the new conditions of the world, by means of the League of Nations, left our people divided and unable to agree upon any policy. We knew neither what we were doing nor why. Instead of having a policy, we improvised upon considerations of the moment.

We declined to join the League and use our power and influence collectively, to establish order and peace. On the other hand we participated in disarmament conferences and proceeded to weaken our armed forces. We had neither force, nor collective security, to protect us. At the peace conference we insisted upon further fragmentation of an already chaotic political structure and at the same time refused to erect any responsible authority to protect our handiwork. We insisted upon the collection of war debts and at the same time erected tariff barriers which made such payment impossible. We made pious declarations against war in the Kellogg Pact and yet did nothing concrete when Manchuria and Ethiopia were invaded. Our Ambassadors reported preparations for war in Germany and Japan long before 1939, yet we continued to sell materials of war. We passed a neutrality act which was more to the benefit of our enemies than our friends; and so, not long thereafter, we had to transfer 50 destroyers to Great Britain. If there was anything definite, or settled, about our course of conduct, I am unable to see it.

Our floundering and purposeless conduct during this period was due, I believe, to the fact that, as a nation, we did not understand our proper role in the world and had failed to examine and agree upon certain basic convictions which are essential to any policy. Although we had done more than any other nation to develop the scientific technology which destroyed our isolation, we refused to acknowledge the result. We were unable to disentangle our prejudices and superficial dislikes from considerations of major importance to our welfare. Like any person unsure of his convictions, we were timid and reticent in our approach to problems of foreign relations. In short, we were bewildered and therefore we improvised from day to day.

It is conceivable that, as the leading industrial nation, we might have embarked upon a career of imperialism designed to control the world by force. Germany, in fact, attempted this solution. But such a policy is alien to all our history and to all our instincts. This policy is so at variance with our very nature that I do not think it could have been followed with success then, nor do I think it can be followed now. On the other hand, I think a system of collective security is not only the best hope for success, but it is also the only one consistent with our political and moral standards of conduct. The principal question that remains in my mind is, whether or not we are sufficiently convinced of the necessity of collective security to be willing to make the necessary economic and psychological adjustments.

Action as Well as Documents

Many people have assumed that because the House of Representatives, the Senate and the President have declared for collective security, the job is done. But the establishing of order and the making of peace does not consist merely of a solemn declaration or a well-drafted constitution. The making of peace is a continuing process that must go on from day to day, from year to year, so long as our civilization shall last. Our participation in this process is not just the signing of a charter with a big red seal. It is a daily task, a positive participation in all the details and decisions which together constitute a living and growing policy. What an empty shell the Dumbarton Oaks proposals will be, even if complete agreement is reached at San Francisco if, at the same time, or in the near future, we are unable to agree upon such things as exchange and monetary matters, aviation, the free flow of information, trade barriers, cartels, armaments and oil. Surely we all know by this time, that political solidarity in this suffering world is dependent, in the final analysis, upon economic stability.

I do not mean that all of these problems must be solved immediately, and at once, to the satisfaction of all. I do think it very important that the American people, and all people, recognize that these matters are inherently involved in any system of mutual security, and that adjustments and temporary sacrifices must be made. They should be told that the price of peace is high. How high it is, is difficult to estimate; but I am confident that it will not be nearly as high as the price of war. However, unless we are prepared to make these payments for peace we might as well recognize now the futility of Dumbarton Oaks or San Francisco.

I said temporary sacrifices, for I am convinced that because of our enormous power to produce wealth of all kinds, given a reasonable length of time in which we are free from the threat of war, or war itself, we can more than repay ourselves for any reasonable concessions we may make in the way of loans, tariffs or outright relief. There are vast areas of the world, with untold wealth, that can be developed if we can be reasonably sure of peace. We can be sure as the areas are developed that we shall share with the rest of the world in the benefits of those developments, so I repeat that our sacrifices will be temporary if we can establish and maintain peace.

In addition to the material costs of peace there are other adjustments which must be made and which may prove more painful to many of us than the payment of gold. We must give up some of our most cherished prejudices if we are to work in harmony with other peoples. No plan on earth can assure us of anything re-

(Continued on page 1511)

MANUFACTURERS TRUST COMPANY

Condensed Statement of Condition as at close of business March 31, 1945

RESOURCES

Cash and Due from Banks	$ 378,712,246.59
U. S. Government Securities	1,149,132,012.74
U. S. Government Insured F. H. A. Mortgages	4,901,542.54
State and Municipal Bonds	26,818,959.18
Stock of Federal Reserve Bank	2,220,300.00
Other Securities	20,264,312.68
Loans, Bills Purchased and Bankers' Acceptances	340,326,891.59
Mortgages	13,161,788.56
Banking Houses	11,681,530.67
Other Real Estate Equities	516,963.23
Customers' Liability for Acceptances	4,159,083.61
Accrued Interest and Other Resources	5,928,850.63
	$1,957,824,482.02

LIABILITIES

Preferred Stock	$ 7,712,300.00	
Common Stock	32,998,440.00	
Surplus	33,000,000.00	
Undivided Profits	20,384,160.33	$94,094,900.33
Reserves for Contingencies, Taxes, Unearned Discount, etc.		12,731,266.15
Dividend on Common Stock (Payable April 2, 1945)		824,959.50
Dividend on Preferred Stock (Payable April 15, 1945)		192,807.50
Outstanding Acceptances		4,522,578.17
Liability as Endorser on Acceptances and Foreign Bills		240,323.58
Deposits		1,845,217,646.79
		$1,957,824,482.02

United States Government securities carried at $219,679,307.36 are pledged to secure U. S. Government War Loan Deposits of $188,142,748.31 and other public funds and trust deposits, and for other purposes as required or permitted by law.

DIRECTORS

EDWIN M. ALLEN
Chairman, Mathieson Alkali Works, Inc.
EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.
EDGAR S. BLOOM
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President, George A. Fuller Company
CHARLES A. DANA
President, Spicer Manufacturing Corp.
HORACE C. FLANIGAN
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The Charles L. Jones Company
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C. R. PALMER
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President, Scranton & Lehigh Coal Co.
HAROLD C. RICHARD
Chairman, General Bronze Corporation
HAROLD V. SMITH
President, Home Insurance Co.
ERNEST STAUFFEN
Chairman, Trust Committee
GUY W. VAUGHAN
President, Curtiss-Wright Corporation
HENRY C. VON ELM
Vice-Chairman of the Board
ALBERT N. WILLIAMS
President, Western Union Telegraph Company

Principal Office: 55 Broad Street, New York City

68 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

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The Securities Salesman's Corner

An Interesting Presentation, Not Statistics, Makes Sales.

By JOHN DUTTON

From the viewpoint of the salesman of securities, the balance sheet is about the most ineffective subject which he can discuss. Only a few investors are interested in figures and facts. They can readily be ascertained, and they fall into several general classifications. Professional investors and institutional buyers are sometimes interested in an interpretation of figures. The business man with an inquiring mind and a flair for figures, will be interested in a discussion of the merits of an investment from this viewpoint. The person with an engineering, or an accounting background, will also follow an analytical discussion of this sort, and can be convinced through such a sales presentation, providing the figures, and the other factors behind them, carry conviction.

Despite the fact that the Securities Exchange Act has made it mandatory that underwriters and issuers of new securities must deliver a voluminous dissertation regarding the history and background of the issuer, very few individual investors have ever read the things. Designed to protect the investor by giving him access to complete information, the prospectuses in use today are so forbidding and voluminous, that actual experience has proven that few individual investors ever bother with them. Most salesmen will vouch for the fact that they go into the waste basket almost as soon as received. This proves that from the salesman's point of view most people don't want to hear a lot of reasons why they should buy a security, especially if they are statistical reasons.

As far as we can discover, practical field experiences in the sale of securities as well as the experiences of others, indicates that the first fundamental stepping stone to success in the retailing of securities is based upon building a solid foundation of confidence in the personal relationship which exists between customer and salesman. After this basis of mutual trust, understanding and respect is developed, the actual selling of securities becomes a simple matter of determination. Then the salesman can dispense with technical and detailed analysis of a particular security. The customer is no longer buying a balance sheet or an income account. The salesman who has reached this point has a different task than selling a particular security. His position is now more of a consultant than a salesman. He should determine when certain securities appear to be overvalued and bring the facts to the attention of his customer. He likewise suggests undervalued opportunities, and may, or may not go into detail regarding facts and figures to prove his point. THE ONLY TIME A GOOD SALESMAN USES FIGURES IS WHEN HE HAS BEEN ASKED TO USE THEM. HE THEN PRESENTS THEM SIMPLY, WITHOUT COMPLICATION, AND IN A MANNER THAT ANSWERS HIS CUSTOMER'S QUERY.

The most effective method of illustrating any point is to tell a story IN THE LANGUAGE THAT THE OTHER FELLOW CAN UNDERSTAND. The following case is but one illustration of the use of this method of selling, which successful salesmen in every line of sales endeavor are using today. There was a case where two elderly sisters had done business with a certain security salesman for a number of years. Investment results were satisfactory to them both. However, one of the sisters handled the larger share of the details of purchase and sale of the investments. The other sister never seemed to be completely sold on the idea of investment in securities and her confidence in security salesmen as a whole was considerably less than it should have been after quite a few years of satisfactory investment experience.

The salesman in this case realized that he only shared the full confidence of one, and about 50% of the other, of these two accounts. One day his opportunity came about and this is the way he proceeded to eradicate a lack of confidence and replace this condition with understanding and trust. The fearful sister finally made a statement to the effect that the thing that worried her was her memories of the real estate bonds which she bought in the twenties. They too were good investments for a while, just the same as the things she had bought during the past few years; but they went to pot eventually and she was afraid this would happen again.

Here was a typical case: There are more investors who know so very, very little about securities, economics, business, and what makes the wheels go round, than there are WHO DO KNOW THESE THINGS. This salesman saw his opportunity. He answered with a simple little story that this good woman could understand. He didn't go into FIGURES, ECONOMICS, POLITICS, STUDIES OF THE PRICE LEVEL, REAL ESTATE MORTGAGE CONDITIONS AND WHAT HAVE YOU. Instead he quietly proceeded to tell this story: "You know," said he, "things have changed a great deal since you bought those bonds, Miss ——. After all, the investment business has been growing and learning like everything else in our country. You will remember that the FIRST TIME PEOPLE REALLY BEGAN TO INVEST IN SECURITIES ON A GENERAL SCALE WAS ONLY ABOUT 28 YEARS AGO. This was during the first World War when people bought Liberty Bonds. Then came the next ten years, when investment firms and private investors were financing all kinds of new projects, many of which they themselves did not understand. Real estate mortgages such as you bought then were considered good investments. The man who sold them to you originally no doubt had the best intentions, and you also should not be criticised for your judgment at that time. You see, **when you bought those bonds** THEY WERE A GOOD INVESTMENT. But times have changed. Today we know from experience that no investment remains good indefinitely. That is why, when I sell you a security today it is immediately placed upon a constant record file in our office and a periodical checkup of the earning power and value which lies behind that investment is maintained by our office. When you owned those real estate bonds the first time you knew something was wrong with that investment was when you went to the bank to cash your coupons and the Teller told you that there was no interest to pay them, isn't that right? But those bonds started to depreciate in value several years before they actually defaulted. That was when you should have been notified that your security was becoming weaker. Today we know better. Today we know that all investments need watching, and care, AFTER OUR CUSTOMERS HAVE BOUGHT THEM. That is why we have learned to do a better job for our customers in the investment business today. It pays us to do these things because we keep our customers through looking out for their welfare and their securities, after they have bought them."

This is the general outline of how this salesman went about eradicating a phobia and replacing it with confidence and trust. No figures, no statistics, BUT GOOD FACTS, INTERESTING FACTS, FACTS WHICH THIS CUSTOMER COULD UNDERSTAND—THAT'S THE KIND OF SALESMANSHIP WHICH WILL PRODUCE RESULTS.

Tomorrow's Markets Walter Whyte Says—

Current action points to end of recent break. Major trend still up. Expect resistance about 157 followed by temporary reaction and then another up-swing.

By WALTER WHYTE

Last week we saw the market get down and when it reached the 153 Dow level it stopped. A few hours—that is market hours—later it turned up. Now the problem facing us is how far up will it go and was the sudden break of two weeks ago a signal for a major turn.

* * *

Taking the second question first my impression remains that the major trend is still up and the recent setback was a secondary reaction which didn't change the picture. There is even a possibility, a good one too, that the current up-turn is the beginning of what technicians call a "second leg" of the advance. This brings us to the first question.

On the last rally we saw the industrials move ahead until they reached the 161-163 level. At that point individual stocks began to signal trouble ahead, though there were other stocks which continued to display strength; the rails were outstanding. In looking back at the old highs it begins to appear that the recent peaks are not just one of those things. They consist of many factors which will have to be overcome before any real solid advance can follow. For example the peak has within it a number of frozen accounts. They became frozen when the new margin requirements went into effect. An account with 100 shares of a ten dollar stock and 100 shares of $25 stock, both in the black, may have considered itself safe. But when new margins went into effect the added loaning value brought about by the profits were nullified. The ten dollar stocks were out of the loaning class. While the number of such accounts isn't large, my guess is that at least 2,000 individuals were hit by the regulation. Unfortunately most of these felt the pinch at the recent tops. Also a great deal of the buying was at the top. People are seldom interested in buying stocks or anything else for that matter unless the demand is great. A great many market tops are made in just that fashion.

* * *

Assuming enough strength is generated in the near future, the 161-63 level, as it stands today, will stop the advance. How long it will remain a barrier depends on still other factors which need not be gone into here. But given usual market conditions such a top must be approached slowly before it is penetrated.

* * *

My opinion is that the market will feel the effects of this overhanging stock at approximately 157. From that point it is possible that another reaction, say to 154-55 will take place. The pendulum will decrease its swinging until stock on top has either been tired out and forced to sell or some electrifying news jolts it into action. I don't, however, expect the market to get under last week's lows.

* * *

It is during such periods, characterized by dullness and sometimes disgust, that the so-called good buying goes on. In line with this I'm suggesting the addition of one more stock to the list you already have. I recommend buying Hercules Motors between 27 and 28 with a stop at 24½. Stock is now 27½.

* * *

You hold the following: Hudson Motors at 18, stop at 16.

Jones & Laughlin at 29 with a stop at 27.

Phelps Dodge at 27 with a stop at 25.

U. S. Rubber at 56 with a stop at 53.

U. S. Steel at 59 with a stop at 59.

* * *

All of the above continue to act okay, so I see no need to disturb them.

* * *

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.]

Kuhn Loeb & Co. Offers $54,000,000 3% Bds. of Cgo. & North West.

An underwriting group headed by Kuhn, Loeb & Co. on April 4 was awarded $54,000,000 first mortgage bonds, series B, 3%, of Chicago and North Western Railway. The bonds, dated Jan. 1, 1945 and maturing Jan. 1, 1989, are being offered to the public at 100% and accrued interest. Sale of these bonds is subject to the approval of the Interstate Commerce Commission.

Proceeds from the sale of the series B bonds, together with sinking fund moneys and other corporate funds, will be used to redeem on July 1, 1945, $54,364,442 aggregate principal amount of bonds presently outstanding.

The series B bonds are redeemable at the option of the company on 60 days' notice or as a whole or in part on any interest payment date for the debt retirement sinking fund at 105% for redemptions made between 1945 and 1949 and at prices running down to par. The bonds also are redeemable as a whole or in part on any interest payment date for the sinking fund at prices from 102% to par.

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Essentials of Foreign Policy

(Continued from page 1509)

sembling a peaceful future unless, supporting it, are the positive forces of public opinion. The beliefs and convictions of the people must be in accord with our policy or it cannot be definite and settled.

Must Abandon Prejudices

Among the prejudices which we must examine, I need mention only a few to illustrate my point. Foremost among them is the Anti-British already referred to. I shall not go further into that except to urge most serious consideration as to whether or not we desire to see the power and influence of the British people destroyed. Is it not true that in assisting Britain and the Commonwealth of Nations, we were in fact preserving friends who are, in a very real sense, indispensable to our own welfare and the welfare of democratic freedom-loving peoples everywhere? In this troubled and violent world is it not true that we would feel quite alone in the world if the British Commonwealth of Nations had been subjugated, by the tyranny of the Nazis, and its resources directed against us? If that be true then whose chestnuts did we pull out of the fire!

Another powerful prejudice which has affected our policy, and is vital to our future, is our fear of Russia and Communism. Until the Revolution in Russia, we had always been on friendly terms. We had never fought her. We made one very profitable deal with her when we bought Alaska for $7,200,000 (?) and promptly extracted more than $400,000,000 in gold from its mountains. Even the Tribune should approve of that. And yet, after the Revolution was established by Lenin, we refused to recognize Russia until 1933, the last of the major nations to do so. Moreover, we sent two armed expeditions against her without provocation. When one recalls the birth of our own nation—that in 1776 our forefathers were regarded as being quite as radical by the rest of the world, as Lenin was in 1920—isn't it strange that we should be so harsh toward Russia? Since we have been the most successful revolutionary people in history, why are we so critical of others who follow our example? Surely it cannot be because we approved of Tsarist Russia with its illiteracy and abject, grinding poverty. As I read history, the Russian experiment in socialism is scarcely more radical under modern conditions than the Declaration of Independence was in the days of George III!

I realize that it is not popular even to compare Russia with ourselves, and yet it is necessary to get our ideas straight. When I hear the unbridled and intemperate attacks upon Russia by some of our own people, I cannot help but be troubled. If these people, who profess such profound love and faith for our American system, are sincere in this faith, then why are they so afraid of Russia? I have a feeling that the real reason for their hate and distrust is their lack of faith in our own system!

I believe firmly in the superiority of our Democratic Capitalistic system and desire to preserve it. But we should remember that capitalism is not divine and inviolable. It was not handed down to us by the Almighty, and to question it, or test it, is neither sacrilegious nor treasonable. We have capitalism, and can defend it, because it has by all standards of decency, provided better conditions for more people, than any other system on earth. It is of value to us, and is defensible only so long as it maintains that record.

The highly emotional attacks upon communism and Russia, by some of our public orators, is an indication of the weakness of their faith in our system. We must demonstrate the superiority of individual initiative under capitalism, by our results, by the provision of a superior way of life, and not by the violence of our oratory.

Russia is a great and powerful nation. She can become either a good friend and customer, exerting her influence for peace and stability, or she can become an enemy using every opportunity to thwart us. The Russia of today is a product of a history less fortunate than ours. I do not believe the Soviets desire to dominate the world as the Germans do. They have given no evidence that they believe they are supermen. Russia like America is a nation of many races and I can see no real reason why we cannot get along peaceably.

If this is sound reasoning, then we should make up our minds as to our basic attitude and stop the irritating and confusing practice of condemnation on the one hand, and praise on the other. Our policy should be one of respect, and consideration, for a valiant ally in peace as well as war; at least until some compelling reason to alter our views intervenes.

The "Santa Claus" Myth

Another myth that confuses our attitude toward the other nations is the oft repeated statement that "we have always been a Santa Claus to the world." The more selfish among us call us "Uncle Sap." The implication from these statements is that we are soft headed, starry eyed idealists who know nothing of the realities of this hard-fisted world. It would take too much time fully to explore this thoroughly false prejudice. Its plausibility, and the evil of it, arises from the confusion of two different ideas. The idea of charity in regard to which we have been, and should continue to be, generous is confused with the idea that we do not know how to look after our own interests in a business deal. One often hears, when on the floor of the Senate, that Great Britain is too smart for us, that they always out-trade us. If we are so stupid, how is it that we are the richest and most powerful nation in the world? Are we Americans willing to admit that all our success is due solely to luck? I am not ready to admit that our people are inferior in brains, or ability, to the British or any other people. This whole line of attack upon our policy of cooperation is so silly that it would not warrant attention, except that it is so constantly repeated that it, like Hitler's lies, has found receptive ears among the uninformed. How ridiculous it would be for the United States to refrain from dealing with other nations because we are too silly and stupid to know what we are about!

A slightly different aspect of this same myth is the belief that in every international conference we always lose and the British always have their way. There is a basic difference in the attitude of the British and the Americans toward a compromise. The British for centuries have been great political compromisers. They call it muddling through. Their constitution is a collection of compromises with necessity. We think of our Constitution as a sacred set of principles inviolable and immutable. When an American representative compromises at a conference, we always regard it as a giving up of our principles and high ideals. When the British compromise, they regard it merely as the inclusion of some of the ideals of the opposition. This difference is largely one of attitude, not of substance.

A New Sovereignty Concept

Another idea around which there clusters much confusion and misunderstanding is the concept of national sovereignty. I know of no word more abused and misunderstood than "sovereignty." I confess that I share in that confusion. It is primarily for that reason that I object to its use in declarations of policy or instruments of agreement. In the minds of many the word "sovereignty" has some mystical connotation in some way associated with divinity. In days gone by, when men were slaves, their masters imposed their will by an appeal to the divine right of kings. "Your sovereign by appointment from the All Highest" was the doctrine.

It is obvious that few modern States possess the attributes of sovereignty, as the word was understood in the days of the Divine Right of Kings. Americans, especially, have never regarded the State, as such, as sovereign. It is the servant of the people; and the people reserved the right to control their servant, or to change its character whenever they think it fitting and proper to do so. The divinity of rulers, or of States, has no place in the modern world.

The first principle of the Dumbarton Oaks proposals states that "the organization is based on the principle of the sovereign equality of all peace-loving States." If this means that the members of the organization agree not to use the power of the organization to destroy the identity, the culture and the independence of the various members by force, it is acceptable. On the other hand, if it means that the organization undertakes to preserve, for all time, every member State as it presently exists, I think it is unwise.

The organization should not be the instrument of reaction nor the means of freezing the status quo forever. On the contrary, it should be the means by which the development of the world can be orderly. It should be the means by which desirable changes are dictated by reason rather than by brute force. It should not be an eternal obstacle to the many changes in the political map of the world which the welfare of the people may demand.

Sovereignty, as applied to a State, if it means anything today, surely means that a State is sufficiently independent economically, politically and physically to defend itself and provide for the security and happiness of its own people. In this turbulent world, can it be seriously contended that the vast majority of existing States are sovereign powers? It seems to me to offend one's common sense, regardless of fine-spun political theory, to insist that Luxembourg with 300,000 people, Panama with 635,000, Liechtenstein with 11,000, or Andora with 5,000 must be given the same power in the organization as the United States with 135 million, Russia with 190 million and China with 450 million. It was in recognition of the absurdity of this proposition that the Security Council with its permanent members was created.

I wish to make it clear that I am not objecting to the structure of the organization. In fact, I think it is probably the best solution that could be worked out under present conditions. My purpose is merely to meet to some extent, the critics who insist upon regarding all States as equal when in fact they are not. I look forward to the day when the States or Federations of the States of the World, as the result of peaceful and rational changes, will become more nearly equal in their ability to provide decent conditions for the people and to prevent the use of violence as an instrument for decision.

My objection to the use of the word sovereignty is that it is subject to no clear definition and that it may be used by narrow minded people to prevent the orderly evolution of the organization into increasingly effective machinery for peace and security.

Public Should Be Advised

In conclusion, Mr. President, may I repeat that I think it is most urgent that the people of this nation should give sustained and serious consideration to our long term relations with the other peoples of the world. If we are to have a definite and settled policy for the guidance of our representatives, the people must understand, and must develop convictions regarding that policy. I believe it is dangerous in the highest degree to continue to improvise from day to day, in answer to fleeting and superficial emotions.

Since this Senate shares the responsibility for translating into action our foreign policy, it obviously is our duty to assist the people in determining what that policy shall be. By the greatest good fortune, and enormous sacrifice, we have earned a second opportunity to help save the world and ourselves from self-destruction. Twenty-five years ago the Senate of the United States did not advise the President or the People and it rejected the Treaty. This time I urgently recommend that we advise them both in preparing a treaty which we can then accept, so that this troubled world can live again in peace, free from fear of another world cataclysm arising out of the refusal of those who will win this war to accept the responsibility for the peace. Let us seek peace, and let us insure it with all our talents and then a better life may dawn for all mankind.

Rath Packing Common Offered Publicly

Kidder, Peabody & Co. and associates on April 3 offered, subject to prior subscription rights of common and preferred stockholders, 200,000 shares of common stock (par $10) of Rath Packing Co. at $33.75 a share.

Common stockholders of record March 29, 1945, are given the prior right to subscribe at $33.75 a share for the shares of new common stock in the ratio of one additional share for each 3½ common shares held. The company also is offering holders of its 30,000 outstanding shares of 5% cumulative preferred stock the right, during the same period, to subscribe at the same price for shares not subscribed for by common holders. The subscription privilege expires April 9, 1945.

THE PUBLIC NATIONAL BANK
AND TRUST COMPANY OF NEW YORK

Main Office, 37 Broad Street

CONDENSED STATEMENT OF CONDITION

March 31, 1945

RESOURCES

Cash and Due from Banks		$80,525,666.43
U. S. Government Securities		253,268,726.24
State and Municipal Securities		6,056,568.59
Other Securities		2,686,357.09
Loans and Discounts		101,579,618.65
Customers' Liability for Acceptances		696,025.83
Stock of the Federal Reserve Bank		501,000.00
Banking Houses		1,963,176.72
Other Real Estate		40,143.66
Accrued Interest Receivable		834,487.62
Other Assets		267,127.52
		$448,418,898.35

LIABILITIES

Capital	$7,700,000.00	
Surplus	9,000,000.00	
Undivided Profits	4,117,374.09	$20,817,374.09
Dividend Payable April 2, 1945		165,000.00
Unearned Discount		268,621.49
Reserved for Interest, Taxes, Contingencies		3,472,354.08
Acceptances	$1,763,949.34	
Less: Own in Portfolio	1,062,165.89	701,783.45
Other Liabilities		207,405.55
Deposits		422,786,359.69
		$448,418,898.35

Securities carried at $38,854,654.64 are pledged to secure U. S. Government War Loan Deposits of $36,875,662.22 and other public and trust deposits, and for other purposes as required or permitted by law.

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Great Britain's Post-War Problems

(Continued from first page)

and £50 million. She met this, in the main, by the sale of foreign assets. What brought about so drastic a change in her trading position? Two things. First, a sharp decline in the world markets for her traditional lines of exported goods. For instance, her exports of cotton and wool textiles fell from £268 million to £104 million; of coal and coke from £78 million to £41 million; and of iron and steel and manufactures thereof from £74 million to £48 million. Second, the failure of British industrialists to maintain a fair share of world trade in new and expanding markets. There was an increase of about £20 million in the exports of machinery, road vehicles, and electrical goods. This was quite insufficient to offset the decline in the traditional exporting industries, which bore the brunt of recurrent depressions, and carried the main load of unemployment.

Since the outbreak of the present war the economy of Great Britain has undergone further marked change, and, in some aspects, deterioration. She is no longer a creditor, but a debtor nation. In 1940, under the cash-and-carry arrangement, she was obliged to realize over £1,000 million of her foreign assets in order to pay for the raw materials and goods she required for the purpose of waging war. So far as the U. S. A. is concerned this process ceased with the introduction of Lend-Lease. But Great Britain has continued to borrow heavily for war purposes from countries within the sterling area. At the conclusion of hostilities the sterling balances in London, representing British short-term indebtedness to the Dominions, India, Egypt, and the Argentine, will amount to something in the neighborhood of £4,000 million. They will exceed the total of British foreign assets. In the meantime they are blocked.

What will the position of Great Britain be in respect of her balance of payments after the war? Here we enter the realm of speculation. We do not yet know with any degree of accuracy what our losses will be in the fields of foreign investment, shipping, and banking and insurance services. We may, however, legitimately assume that our invisible exports from all sources will in no circumstances fall below £150 million per annum. (E. F. Schumacher, a cautious statistician, estimates them at £180 million.) This means that, in order to obtain the same quantity of imports as she did before the war, Great Britain will have to increase her export of goods from a net figure of £400 million to £600 million, or approximately fifty per cent.

As against this we have to put an annual increase in home food production, achieved during the war, of £200 million; and the certainty of a greatly expanded industrial production if anything like full employment is achieved after the war. While this will involve larger imports of some raw materials, it will also mean that a smaller proportion of the total national output will have to be devoted to the purpose of export. These important considerations are usually omitted from the pictures of Britain's post-war economic position painted by the professional jeremiahs.

Two Major Problems

Great Britain will therefore have two major economic problems to face and solve when the war is over. The problem of how to obtain from abroad a sufficient quantity of food and raw materials to maintain her standard of life, and to ensure the smooth functioning, at a high level of activity, of her available factors of production. And the problem of the sterling balances in London. Both will resolve themselves if the basic problem of exports is successfully tackled. For it is with goods alone that Britain can discharge her past obligations, and pay her way in the future.

In considering this question, it is necessary to bear in mind that an entirely new conception of the purpose of trade now dominates economic thought in Great Britain. To build up an export surplus is no longer regarded as an intrinsically desirable objective. On the contrary, it is held to be unneighborly conduct, and harmful to the world economy as a whole. For export surpluses as such do nothing to increase the real wealth of the world, or to decrease the total volume of unemployment. They merely enable one country to export its own unemployment to others, which get into unpayable debt as a result. This leads in turn to frozen assets in the form of gold or weak currencies, to stagnation, to depression, to war. In the contemporary British view the fundamental purpose of trade is the mutually advantageous exchange of goods between countries, with the object of raising the general standard of living; in other words, to increase the real wealth of the world by the application of the principle of the international division of labour, which makes a given quantity of work more productive. Value for value should therefore be the underlying principle governing all trade, and a balance of payments the aim.

In order to achieve a balance of payments after the war, Great Britain will have not only greatly to increase her home production, but also to make considerable changes in her national economy. She must cease to be a predominantly mercantile country, and become, to at least as great an extent, agrarian and industrial. The transformation will be as important and far-reaching in its effects as the industrial revolution itself. In the long run, it will mean the development of a better balanced and healthier society.

As has already been pointed out, British home food production has increased by £200 million since the war. This can be maintained after the war by a well planned system of mixed rotation farming, and in all probability increased still further, as good arable land now used for airfields becomes available. There will be a swing-over from cereals and sugar beet to dairying and to the production of high quality meat, fruit and vegetables. The fishing industry will also be developed and extended. These are foods of the highest nutritional value. What will Britain's import requirements of food be, under the new conditions? Wheat, sugar, cocoa, and—in more limited quantities than hitherto—frozen beef and mutton, bacon, cheese, and butter, all of which can be obtained (if necessary) within the British Empire, or from countries such as Holland, Denmark, and the Argentine, which have long catered for her special needs, and to whom her market is essential. So far as raw materials other than food are concerned, cotton, wool, rubber and most of the basic metals can also be obtained within the Empire. The picture begins to look brighter already.

Turning to industrial production, if there was no hope of Britain recapturing her traditional export markets for coal, textiles, ships and (heavy) iron and steel after the last war, there is still less hope of her being able to do so, permanently, after this one. Nevertheless she must produce goods which are wanted abroad in order to live. What goods? Clearly those in the production of which the practical skill and experience of her scientists and workers give her an undoubted superiority. Do they exist? They do. The following examples may be given. Chemicals, electrical equipment, precision machinery including machine tools, rayons, fine cotton piece goods, leather goods, Scotch woolens, plastics, pharmaceutical products fine paper, cutlery, pottery, glass, herrings, whisky, chocolates, aluminum, magnesium. These are, in the main, specialized goods of high quality. Their great advantage, from the export point of view, is that they produce the maximum amount of foreign exchange per unit of labour.

Economic Controls and Reciprocal Agreements

In order to reestablish her agriculture and her export trade on a sound basis, to achieve the necessary balance of payments, and to ensure that she obtains the necessary raw materials, Great Britain will undoubtedly exercise a measure of control over the import of food and raw materials and over the export of capital. These controls came into existence with the war but are likely to be retained as a permanent feature of her national economy. They will be designed to ensure that internal demand for the necessities of life, including the necessities of the export trade, is satisfied before the demand for luxuries is met.

With this object primarily in view, they will be used to negotiate reciprocal trade agreements. Such agreements will relate both to the quantitative and qualitative exchange of goods. They will include long-term bulk purchase contracts, and payments agreements which will enable countries which export raw materials to choose the goods they want in exchange. Exporters both in Great Britain and in the countries with which these agreements are made will thus be paid in their own currency by an appropriate Government agency, instead of having to collect payment from abroad; and importers, instead of having to remit payment in a foreign currency, will discharge their obligations in their own currency to the same agency. Great Britain is in a strong position to negotiate such agreements. She has a great internal market. In accepting food and raw materials in considerable quantities for this market she has the right to ask for the acceptance of her own manufactured goods in payment. Indeed, she can make payment in no other way.

To the charge that this is "bilateralism," the following answers can, and will, be made. First, there is nothing to prevent these agreements being extended on a regional basis through clearing unions between countries which have complementary trade requirements. Second, clearing and payments agreements of the kind envisaged automatically provide the finance of international trade. Third, so far, at any rate, as raw materials are concerned, there must be some control of production and distribution, and a purposive direction of trade, if the chaos which prevailed in the 30's is to be averted in the future.

Modern productive capacity imposes limitations of its own. Between the two world wars we made surpluses a menace by leaving them to the uncontrolled interplay of supply and demand on unregulated markets. As L. S. Amery, the Secretary of State for India, recently observed: "The unregulated and unbalanced flow of international trade on *laissez faire* principles may, like the unregulated flow of water, prove disastrous to all concerned. Deluge and drought, boom and slump, over-production side by side with under-consumption, are in each case the natural concomitants of leaving water or trade and investment to find their own level."

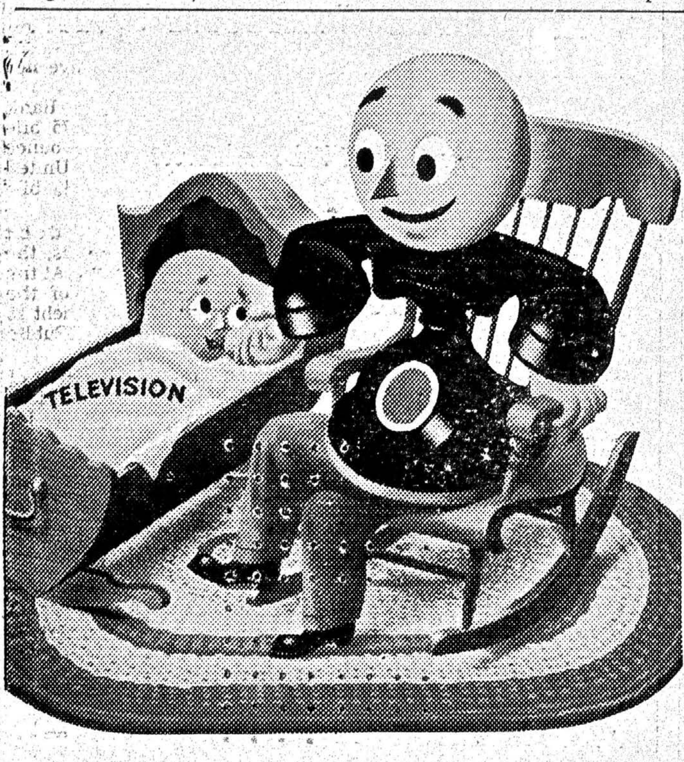
Fourth, planned national economies cannot exist side by side with international economic anarchy.

Great Britain is dependent for her existence upon imports. If she is to carry out the full employment policy to which all her political parties are pledged, she will have to plan both her production and her trade. Lastly, it should be borne in mind that import controls are not, like tariffs, necessarily restrictive in character. They can, and under conditions approaching full employment will, be used for the purpose of increasing consumption and therefore production.

The Sterling Balances

There remains the problem of the sterling balances in London. There are three methods by which Great Britain can deal with these, either singly or in combination. She can continue to block them indefinitely, until her general economic position clarifies and improves. She can fund them. Or she can trade them within the sterling area. The first course would deleteriously affect her credit. The second course is desirable, but subject to definite limitations. For instance, it is impossible for Britain completely to unfreeze any substantial proportion of these balances because she does not possess a sufficiency of gold or foreign exchange to meet the interest charges which would subsequently be required of her.

She may reasonably expect to scale down the totals by lease-lend or mutual-aid agreements with her creditors, and to replace the balance of the current short-term debt by a long-term debt which would permit of gradual repayment over a considerable period at a slightly higher rate of interest. But these interest charges can only be paid in goods. It is therefore to the third cause that she must ultimately resort for a satisfactory and permanent solution of the problem. At the end of the war the countries owning the sterling balances will have many urgent needs they will want to satisfy. In so far as these needs are satisfied within the sterling area, they will be content to keep their balances in London. In so far as Great Britain satisfies her import requirements within the sterling area, and confidence in sterling remains, then these imports will simply become a set-off against her exports leaving only the difference in terms of uncompensated export. This uncompensated export she will be able not only to take care of, but also use to prime the pump for her future trade. Before the war Germany



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used the pulling power of her own market to exploit the peoples of Europe and force them to take goods they didn't want. After the war Great Britain can use her market, and her position as the financial center of the sterling area, for quite a different purpose, and by methods far removed from those employed by Dr. Schacht.

She can enable those countries which possess sterling balances (1) to export raw materials to all industrial countries, including herself, within the sterling area, and (2) to purchase, over a comparatively large field, and with a wide range of choice, the capital and manufactured goods of which they will stand in need.

To sum up. Britain can only solve the twin-problem of her balance of payments and the sterling balances in London by trading the two assets she will possess after the war — her productive capacity and her home market. In order to do it she will have to reduce her imports and increase her exports to an extent which cannot at present be estimated with any degree of accuracy; and to plan her overall production and trade. Before the first world war the ratio of her imports to her income was around 35%. At the outbreak of this war it had fallen to 21%. After the war the ratio of both imports and exports to her total national income may well be stabilized around 15%. This, at full employment, would impose no undue strain on her national economy.

Essential U. S. Cooperation

What will be the effect on the relationship between Great Britain and the U. S. A.? Many people on both sides of the Atlantic fear the prospect of an intensive trade war. Not so the present writer, who recently caused some astonishment in the House of Commons by declaring that, if anybody wanted to play that game, we should put a stop to it by walking off the field. For the days of ruthless international competition for markets are gone. As Bertrand Russell has pointed out, the recognition of war as the ultimate means of competition has dissolved the liberal marriage of competition with pacificism, which was always an ill-assorted union. "When two countries," continues Russell, "are in no degree competitors as regards the products interchanged, that is to say when each is incapable of producing what it buys, commerce is felt to be beneficial to both, and the effects for which Cobden hopes do really take place. . . . But as soon as one country sells to another goods which the other is capable of producing, the anger of competitors becomes more intense than the gratification of customers, and friendship is turned into enmity."*

For several years after the war, world demand for the products of both American and British industry will be so great that we shall be unable to satisfy it. Great Britain will be short of foreign exchange, and will therefore have to accord priority to imports which are necessary to enable her to achieve capacity production. But this will not apply to certain other European countries which, although devasted by war and desperately short of capital equipment, possess considerable quantities of gold and dollar assets. Moreover, the two great industrial nations which systematically undercut us in the world markets prior to the war will have been eliminated. For some time there will be a boom, during which reconstruction on an unprecedented scale will be carried out, and no question of competition—ruthless or otherwise—will arise. It is what is going to happen after that that causes anxiety to the British.

They intend to continue to plan their trade and investment policies. They do not intend to lower their standard of living in order to reduce costs, which, in an era of planned expansion, will no longer be the decisive factor in trade. "To depress standards of living," said **The Times** in a recent leader, "or fail to raise them, in pursuit of the will-o'-the-wisp of a free competitive market, means a return to those policies of restricted consumption and hence of restricted production and mass unemployment, which led the world to chaos and to war."

The British know well enough that the greater the internal prosperity and the export trade of the United States are, the greater will be their own prosperity, and the easier their economic problems to solve.

What they fear, and it is best to say so quite frankly, is that the United States will fail to carry out a long-term policy of deliberately planned expansion, and revert to complete *laissez faire* This, they think, would lead sooner or later to a slump, to unemployment, and to another attempt on the part of American finance capital to cure it by building up an export surplus—in other words by giving away goods and services (through the medium of loans), and refusing (by means of high tariffs) to take payment in return. They vividly remember the smash which marked the culmination of this policy in 1929, when the supply of dollars for foreign use was reduced, almost overnight, by five billion, with disastrous effects upon the world economy as a whole.

Suggested U. S. Policy

What Great Britain wants from the United States after the war is not loans but effective economic cooperation. She would like to see the tremendous productive capacity and economic power of the U. S. A. devoted, not to cutthroat international competition, but to the reconstruction of countries shattered by war, and the development of backward areas all over the world, including parts of her own Empire. Cooperation between Great Britain and the United States is indeed an essential condition of world recovery. In order to secure it, it would seem to be desirable to negotiate a separate economic agreement, the basis of which would be an undertaking by both countries to do everything in their power to maintain a high level of internal prosperity and employment. For, in the final analysis, all else depends on that. As Professor Hansen rightly says, in his latest work, "America's Role in the World Economy": "In a full-employment society it will be much easier to reduce tariff barriers and remove quantitative restrictions on imports.

"In a full-employment society subsidization of exports, whether directly or by currency depreciation, will not be tolerated. In a full-employment society emphasis will be placed not upon exports but upon imports."

A secondary objective of such an agreement would be the achievement, over a period, of a balance of foreign trade. This would be distinct from international investment for the purpose of capital reconstruction and development, and would not exclude foreign loans, provided adequate arrangements were made for their subsequent repayment, both by the debtor and the creditor nation.

Finally, there is the clamant need of Great Britain for foreign exchange, and of the United States for long-term expansion overseas, if their available factors of production are to be kept running at a high level of activity.

As has already been said, and it cannot be sufficiently emphasized, Great Britain will have no desire to borrow dollars after the war. She is well aware that you don't get out of debt by incurring further debt. She wishes, and intends, to pay her way. But it has been suggested to the present writer by a prominent American economist that, apart altogether from the international monetary fund and bank contemplated in the Bretton Woods Agreement, it might be possible to arrange for a credit of $5 billion to be placed at the disposal of the British Government, free of interest, for the immediate purposes of reconstruction. provided a sterling credit of equal amount was made available for American businesses to develop new enterprises within the British Empire. The truth of the matter is that all sorts of exciting possibilities and prospects are open to those who have the vision to see them, and also the courage to face the realities of the new world upon the threshold of which we stand. Whether we grasp or drop the opportunities which confront us remains to be seen.

*Bertrand Russell: "Freedom and Organization."

Status of France's Foreign Debt

(Continued from page 1487)

on the one hand Canada had never abolished the gold clause, and on the other, the Issue Contract of the Loan called specifically for payment in Canadian gold dollars of the standard, weight and fineness of the Canadian gold dollar of 1927.

However, the service of the loan was continued in Canadian paper dollars since the French Ministry of Finance did not recognized the jurisdiction of a foreign court in such matters.

Proceedings were then instituted in France. Nevertheless, in April 1940, the 1st Chamber of the Court of Appeal ruled similarly that French National Mail Co. and the Government had to make payments on the loan in Canadian gold dollars of 1927. The reasons adduced mentioned that neither by law nor in practice had Canada ever abolished the gold clause for contracts inside or outside Canada. The French National Mail Co. as well as the French Government lodged an appeal with the Supreme Court; present information fails to reveal a decision by this court. However, in 1941, the French National Mail Co. professed to know that if the 1940 judgment were not reversed, the French Ministry of Finance would not object to making payments of the loan in gold. The holders residing in France would then be able to sell their coupons or matured bonds to the Bank of France at the official rate of the Canadian gold dollar, which today is about Frs. 85.

After the payment of the May 1, 1940 coupon, the service of the loan in France and abroad was interrupted; holders domiciled in France could not any longer sell their coupons to the Bank of France at the official rate of Canadian paper dollars. The official reason given for this default was the following: "Vichy made it known that it did not wish to give more favorable treatment to holders residing in France than to holders residing abroad, since no funds could be paid in Canada."

At the present time, the French National Mail is the only loan guaranteed by the Government, the service of which is suspended in France as well as abroad. It is to be noted that this is the only French loan guaranteed by the Government and payable in Canadian dollars, and to our knowledge also the only one which has been the cause of litigation involving the French Government.

There are two other small French foreign loans: the Midi Railways and the Paris Orleans Railways. These bonds are payable in French francs or in U. S. paper dollars at the Paris cable rate of exchange. They were issued in the United States at a time when the U. S. dollar was no longer convertible into gold. At present, the amount of those bonds in circulation is estimated at Fr. 20 millions and Fr. 10 millions respectively, the majority of the bonds having been repatriated to France before the war.

Toward the end of 1941, Vichy suspended payments on these two loans in the United States, although payments continued in France.

French bonds, like all the bonds of countries which were wholly or partially occupied by the enemy, can only be traded in with Form TFEL-2 attached by the Federal Reserve Bank, in accordance with Presidential Order of April 10, 1940.

II. Loans Issued in Great Britain

Vichy having severed diplomatic relations with Great Britain in July 1940, all payments on French bonds issued in that country were stopped.

Payments on the following loans are still held in abeyance:

1. The English portion of the Rente 4% 1917-18 issue, payable in French francs. In France, this loan has now been called for redemption, and is convertible into perpetual Rente 3% 1945.
2. The French Railroad bonds payable in Sterling.
3. The Seine Department loan payable in Sterling.

III. Loans Issued in Switzerland and in the Netherlands

In July 1940, the Germans set up in Paris an Office for the Control of Securities and Currencies. The securities were classified in various categories to each of which, different regulations applied. Banks, brokers, notaries, trust officers, etc., were compelled to block all **foreign** securities held on account as well as those deposited in vaults rented by their customers.

Later on, the securities of countries brought entirely under German control were released.

The French foreign loans were to be considered as foreign securities. When the Paris Stock Exchange was reopened, the German Office reversed this ruling, and, in the occupied zone, the French foreign loans were treated like French domestic bonds.

In fact, in the so-called "free" zone, Vichy always continued to pay the coupons and redeem bonds of the foreign debt, in French francs, with the sole exception of the French National Mail issue.

At the instigation of the German Office of Control, Vichy decided to pay certain coupons on a number of loans issued in Switzerland: the 3¾% and 4% Dutch Guilders loan, issued in the Netherlands and Switzerland, payable in Guilders or Swiss francs or U. S. dollars or French francs, in Switzerland or in the Netherlands; the Alsace Lorraine and Midi Railways bonds, issued in French francs in Switzerland, payable in Switzerland at the cable rate of exchange on Paris; the Morocco Railways, issued in Switzerland in Swiss francs and Dutch guilders, payable in Swiss francs, guilders or French francs at the holder's option.

When, in 1941, Vichy called for redemption of the Auriol Loan (the 4½% 1937 with dollar and sterling exchange guaranteed), it provided for the payment of the bonds held in Switzerland in Swiss francs at the official rate of exchange; each French franc 4.50 of Rente, issued at Fr. 100, was redeemed at Fr. 197 in France, and in Switzerland at Swiss francs 19.70.

These measures supported the value of the French foreign loans traded on Swiss markets; but in the final analysis, it was the Germans who benefited therefrom.

In Switzerland, French loans, as well as certain other foreign loans were handled under two headings: with and without affidavit of Swiss Ownership as of Sept. 1, 1939. There was a sizeable margin between the "with" and "without" affidavit quotations. Certain persons did not hesitate to submit false documents purporting to show that certain bonds of doubtful origin were under Swiss ownership since before the outbreak of hostilities in Europe. It is in this manner that certain affidavits were sworn to. . . . There occurred quite a scandal when it was discovered that the affidavits attached to the Royal Dutch shares were, in the great majority, false documents. At that time, it was suggested that all Swiss Ownership affidavits be abolished on most foreign securities.

The Germans, of course, and also certain cheats, brought to Switzerland large quantities of French foreign bonds. These bonds had been repatriated before the war, and had been bought or stolen from nationals of countries occupied by Germany.

These securities were then sold "with" or "without" Swiss Ownership affidavit, the proceeds accruing to the persons engaging in these dealings.

The funds obtained by the sale of these securities could easily be transferred from Switzerland to Argentina.

During 1941, payments on French loans in Switzerland were completely stopped and have not been resumed since.

The gold reserve of the Bank of France amounts to Fr. 75 billions, which at $35 per fine ounce makes $2 billions. (The United States gold reserve is $20½ billions.)

The French internal debt amounts to Fr. 1,632 billions; the foreign debt Fr. 18 billion. At the official rate of exchange of the dollar, the French Public debt is $33 billions. (The U. S. Public debt is $241 billions.)

The borrowing possibilities of the French Government in foreign countries are, therefore, far from exhausted.

The resumption of payments on all French foreign loans in the United States, Canada and Great Britain should not present the French Provisional Government with any great difficulties.

As regards a settlement with Switzerland, the question is entirely different: in no case would France enter into an agreement which would directly or indirectly favor German interests in any way.

Plan Structure of Revised World Court

Sponsors of Security Conference to Formulate Set-Up

According to an Associated Press dispatch of March 27 the State Department has invited representatives of the "Big Three" of the Yalta Conference to meet in Washington on April 9, to consider a revised draft of the Permanent Court of International Justice, which was set up after the last war. There are, however, but two minor changes in the present set-up reported to be under consideration: First, the League of Nations is to be substituted by the new United Nations international organization, and, secondly, provision is to be made for amendment of the World Court statute. The question of admitting neutrals, not participating in the United Nation Security Pact, is left undecided, but it is expected that eventually they will be asked to join. There is the further question as to whether the instrument for the enforcement of the Court's decisions is to be the new International Security Council, as set up in the Dumbarton Oaks charter, or is to be left to old treaty setting up the Court.

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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, 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.

Bids Invited—Bids for the purchase of the issue will be received by the corporation at Room 1840, 15 Broad St., New York 5, N. Y. up to 11 a.m. EWT April 10. The successful bidder must specify the coupon rate.

FOOD MACHINERY CORPORATION on Feb. 17 filed a registration statement for 107,010 shares of common stock (par $10).

Details—See issue of March 29.

Offering—Stock will be offered to common stockholders of record April 6 in ratio of one share for each four shares held. Subscription warrants expire on April 18. Unsubscribed shares will be sold to underwriters. 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.

Underwriters—Kidder, Peabody & Co. and Mitchum Tully & Co.

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, 3⅜% 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. on March 19 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.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to 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.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

SUNDAY, APRIL 8

CENTRAL ILLINOIS ELECTRIC & GAS CO. on March 20 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).

Details—See issue of March 29.

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.

MONDAY, APRIL 9

MAY DEPARTMENT STORES CO. on March 21 filed a registration statement for 150,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of March 29.

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

Underwriters—Goldman, Sachs & Co., and Lehman Brothers are principal underwriters.

TUESDAY, APRIL 10

CORNING GLASS WORKS on March 22 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.

Details—See issue of March 29.

Underwriters—Harriman Ripley & Co., Inc. and Lazard Freres & Co., with names of others to be filed by amendment.

WEDNESDAY, APRIL 11

REEVES-ELY LABORATORIES, INC., (formerly Reeves Sound Laboratories, Inc.) on March 23 filed a registration statement for 550,000 shares of 30-cent cumulative convertible preference stock ($4 par).

Details—See issue of March 29.

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

Underwriters—H. M. Byllesby & Co., heads the underwriting group, with names of others to be supplied by amendment.

ANDERSON, CLAYTON & CO. on March 27 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.

Details—See issue of March 29.

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

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.

ATLANTIC CO. on March 23 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).

Details—See issue of March 29.

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.

Underwriter—Courts & Co., Atlanta, is names as underwriter.

VIRGINIA ELECTRIC & POWER CO. on March 23 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.

Details—See issue of March 29.

Underwriters—The bonds will be sold at competitive sale and the names of the underwriters filed by amendment.

SATURDAY, APRIL 14

KENDALL CO. on March 26 filed a registration statement for 40,000 shares of $4.50 cumulative preferred stock, Series A (no par).

Details—See issue of March 29.

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

Underwriters — First Boston Corp. is named principal underwriter, with names of others to be filed by amendment.

MONTANA-DAKOTA UTILITIES CO. has filed a registration statement for $7,500,000 first mortgage bonds 3% due April 1, 1965, and $2,500,000 first mortgage 2% serial bonds due 1946-53.

Address—831 Second Avenue South, Minneapolis, Minn.

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

Proceeds—Net proceeds, together with other funds will be applied to redemption of $10,085,000 first mortgage bonds.

Underwriters—Arrangements to be filed by amendment.

Registration Statement No. 2-5652. Form S-1. (3-26-45).

DEWEY AND ALMY CHEMICAL CO. has filed a registration statement for 25,000 shares of $4.25 cumulative preferred stock.

Address—62 Whittemore Avenue, Cambridge, Mass.

Business—Diversified line of chemical specialties and of natural and synthetic rubber products.

Offering—Offering price to public $102.50 per share.

Proceeds—$772,500 will be used for redemption at 103 of $750,000 15-year 3½% sinking fund debentures due July 15, 1957; approximately $1,500,000 will be used for construction and acquisition of additional facilities; balance will be added to working capital.

Underwriters—Paine, Webber, Jackson & Curtis 10,000 shares, and Estabrook & Co., First Boston Corp., Hornblower & Weeks, Lee Higginson Corp., and F. S. Moseley & Co., 3,000 shares each.

Registration Statement No. 2-5653. Form S-1. (3-26-45).

BELL & HOWELL CO. has filed a registration statement for 30,000 shares of cumulative preferred stock 4¼% series ($100 par) and 150,000 shares of common (par $10). Common shares are outstanding and are being sold by six stockholders.

Address—7100 McCormick Road, Chicago, Ill.

Business—Manufacture of precision-made motion picture cameras, projector equipment, etc.

Offering—The offering prices of the preferred and common stock to the public will be filed by amendment.

Proceeds—Net proceeds will be added to corporation's general funds.

Underwriters—Harriman Ripley & Co., Inc., head the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5654. Form S-1. (3-26-45).

SUNDAY, APRIL 15

WILCOX-GAY CORP. has filed a registration statement for 198,800 shares of common stock (par $1). Of the total 18,800 shares are issued and outstanding and are being sold by Chester M. Wilcox, president and treasurer.

Address—Charlotte, Mich.

Business—Manufacture of radio and electronic devices.

Offering—The offering price will be filed by amendment.

Proceeds — Additional working capital. The registration also covers 30,000 shares covered by option warrants granted to Kobbe, Gearhart & Co. and if warrants are exercised, proceeds will be added to working capital.

Underwriters—Kobbe, Gearhart & Co., Inc., and Carr, Chapin & Co.

Registration Statement No. 2-5655. Form S-1. (3-27-45).

McQUAY - NORRIS MANUFACTURING CO. has filed a registration statement for 20,000 shares of 4¼% cumulative preferred stock ($100 par).

Address—2320 Marconi Avenue, St. Louis, Mo.

Business—Manufacture and sale of certain engine parts for automobiles, trucks, tractors and aircraft, etc.

Offering—Shares are being offered for subscription to holders of common stock at rate of one share of preferred for each 17 shares of common held of record April 10. Subscription rights will expire April 23. Subscription price will be filed by amendment. Unsubscribed shares will be purchased by underwriters and sold to the public.

Proceeds—Part of proceeds will be used to pay promissory notes of $1,000,000 maturing April 26, 1945, and balance will be added to general funds to meet working capital requirements.

Underwriters—Shields & Co., is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5656. Form S-1. (3-27-45).

CALIFORNIA WATER & TELEPHONE CO. has filed a registration statement for 107,000 shares of $1.20 cumulative preferred (par $25) and 9,672 shares common ($25 par).

Address—San Francisco, Cal.

Business—Operating water and telephone utility.

Offering—New preferred will be offered for exchange to holders of 100,000 shares of 6% cumulative ($25 par) preferred on share for share basis. Unexchanged shares and the 7,000 additional shares of preferred and 9,672 shares of common will be offered through underwriters at prices to be filed by amendment.

Proceeds—To redeem $25 par 6% cumulative preferred, for completion of dam and for working capital.

Underwriters — Blyth & Co., Inc., is named principal underwriter.

Registration Statement No. 2-5657. Form S-1. (3-27-45). Originally filed in San Francisco.

MONDAY, APRIL 16

INVESTORS SYNDICATE OF AMERICA, INC., has filed a registration statement for 12 series of investment certificates of the installment payment type having a total face value of $158,000,000.

Address—Roanoke Building, Minneapolis, Minn.

Business—Investment company.

Proceeds—For investment.

Underwriters — Investors Syndicate is named principal underwriter.

Offering—At market.

Registration Statement No. 2-5658. Form A-1. (3-28-45).

YORK CORP. has filed a registration statement for $4,400,000 first mortgage sinking fund bonds, due April 1, 1960. Interest rate will be filed by amendment.

Address—Roosevelt Avenue, York, Pa.

Business—Industrial and commercial refrigeration and air conditioning.

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

Proceeds—Net proceeds, together with moneys from general funds will be applied to redemption of $4,450,000 first mortgage sinking fund bonds, 4¼% series due Oct. 1, 1958, at 105 and accrued interest.

Underwriters—Principal underwriters are Union Securities Corp. and Stone & Webster and Blodget, Inc., others to be filed by amendment.

Registration Statement No. 2-5659. Form S-1. (3-28-45).

TUESDAY, APRIL 17

SIGNODE STEEL STRAPPING CO. has filed a registration statement for 54,000 shares 5% cumulative preferred stock, and 40,000 shares common stock, $1 par.

Address—2600 North Western Avenue, Chicago, Ill.

Business—Steel strapping and metal seals and small tools and machines in connection with their use.

Offering—Company is offering to holders of 33,264 shares of preference stock the right to exchange such stock for 24,948 shares of 5% cumulative preferred stock on basis of one share of 5% cumulative preferred for 1⅓ shares of preference stock and accrued dividends to July 15, 1945. Underwriters have agreed to purchase the 40,000 shares of common stock and such of the 54,000 shares of 5% cumulative preferred as are not exchanged for outstanding preference stock and offer them to the public at prices to be filed by amendment.

Proceeds—Corporation will use proceeds from sale of the 5% cumulative preferred which are not exchanged and the 40,000 shares of common to redeem on or before June 1, 1945, $840,000 debentures, Series A, and also to redeem on July 15, 1945, at the redemption price of $37.50 per share plus accrued dividends all shares of preference stock which may then be outstanding. Balance of proceeds estimated at $940,000 will be added to the general funds of the company.

Underwriters—Kebbon, McCormick & Co., is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5660. Form S-1. (3-29-45).

ELECTROMASTER, INC. has filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Address—1803 East Atwater Street, Detroit, Mich.

Business — Peacetime business is the manufacture of electric ranges, electric water heaters, electric tea kettles, etc.

Offering—Offering price to the public is $8 per share.

Proceeds—All of the proceeds will go to Nash-Kelvinator Corp. as the selling stockholder.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

Registration Statement No. 2-5661. Form S-2. (3-29-45).

UNION TRUSTEED FUNDS, INC., has filed a registration statement for 235,533 shares of capital stock in five funds.

Address—63 Wall Street, New York City.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriters—Lord, Abbett & Co., Inc., is named principal underwriter.

Registration Statement No. 2-5662. Form A-1. (3-29-45).

LEAR, INC., has filed a registration statement for 450,000 common shares 50 cents par value. Of the total 50,000 shares are being sold by the trust created by William P. Lear for his children.

Address—501 Young Street, Piqua, Ohio.

Business—Radio equipment, etc.

Offering—Stock will be sold to the public at $5 per share.

Proceeds—For additional working capital and reconversion purposes.

Underwriters—Kobbe, Gearhart & Co.

Registration Statement No. 2-5663. Form S-1. (3-29-45).

WEDNESDAY, APRIL 18

HARSHAW CHEMICAL CO. has filed a registration statement for 43,000 shares of common stock (no par).

Address—1945 East 97th Street, Cleveland, Ohio.

Business — Manufacture and sale of chemicals and chemical products chiefly for industrial consumption.

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

Proceeds—Will be added to company's funds available for corporate purposes. Part of the proceeds may be used for the expansion of facilities and erection of a new plant when conditions permit.

Underwriters—Field, Richards & Co., and McDonald & Co., both of Cleveland, are named principal underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5664. Form A-2. (3-30-45).

WHITE COUNTY WATER CO. has filed a registration statement for $276,000 first mortgage 4% refunding bonds.

Address—114 East Arch Street, Searcy, Arkansas.

Business—Furnish of water.

Offering—Price to the public 100.

Proceeds—To be used to provide for payment of $250,000 first mortgage bonds at 106 plus accrued interest to June 1, 1945.

Underwriters — Pyramid Life Insurance Co., Little Rock, Ark.

Registration Statement No. 2-5665. Form S-1. (3-30-45).

WELLS-GARDNER & CO. has filed a registration statement for 160,000 shares of common stock, par $1. The shares are issued and outstanding and are being sold for the account of seven stockholders.

Address — 2701 North Kildare Avenue, Chicago.

Business—Radio receiving sets and radio parts and supplies.

Offering—Price to the public is $8.25 per share.

Proceeds—The proceeds go to the selling stockholders.

Underwriters—Paul H. Davis & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago, are named principal underwriters.

Registration Statement No. 2-5666. Form S-1. (3-30-45).

FIDELITY FUND, INC., filed a registration statement for 350,000 shares of capital stock, par $5.

Address — 35 Congress Street, Boston, Mass.

Business—Open-end diversified investment company.

Offering—At market.

Proceeds—For investment.

Underwriting—Paul H. Davis & Co., Chicago, is the sole principal underwriter.

Registration Statement No. 2-5667. Form A-2. (3-30-45).

NU-ENAMEL CORP. has filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Address—8 South Michigan Avenue, Chicago, Ill.

Business—Enamels, paints, varnishes, etc.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Proceeds—Net proceeds will be added to general corporate funds and pending specific allocation, some may be used to carry inventory, increase bank balances and to pay current liabilities.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

Registration Statement No. 2-5668. Form S-1. (3-30-45).

GRAYSON SHOPS, INC. (of California) has filed a registration statement for 175,000 shares of common stock (par $1), including 75,000 shares to be purchased upon the exercise of warrants.

Address—498 Seventh Avenue, New York City.

Business—Operates a chain of 26 retail shops for the sale at retail of women's ready-to-wear apparel, etc.

Offering—Price to public will be filed by amendment.

Proceeds—To be used as additional working capital and may be applied, as conditions permit, to the purchase of inventory for existing stores, expansion of present stores and opening of new stores.

Underwriters—Emanuel & Co., New York, is principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5669. Form S-1. (3-30-45).

MUTER CO. has filed a registration statement for 133,000 shares of common stock, par $1. Of total 108,000 shares are being offered to the public, of which 18,000 shares are by company and 90,000 shares by a stockholder. The statement also covers 25,000 shares upon exercise of stock purchase warrants entitling holder to purchase common stock within two years of offering date at $7.50 per share.

Address—1255 South Michigan Avenue, Chicago, Ill.

Business—Manufacture of radio parts.

Offering—Public offering price of the 108,000 shares is $5 per share.

Proceeds—Company will use proceeds for additional working capital. Balance of proceeds goes to selling stockholder.

Underwriters—Hicks & Price, Chicago, is named principal underwriter.

Registration Statement No. 2-5670. Form S-2. (3-30-45).

TRUSTEED FUNDS, INC., has filed a registration statement for 1,667 plans A, 1,667 plans B and 900,000 theoretical units.

Address—33 State Street, Boston, Mass.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriters—Trusteed Funds, Inc., is named sponsor. The trust is called the Commonwealth Fund Indenture of Trust Plans A and B.

Registration Statement No. 2-5671. Form C-1. (3-30-45).

GEORGIA POWER & LIGHT CO. has filed a registration statement for $2,500,000 first mortgage bonds series due 1975.

Address — 101 Fifth Street, South, St. Petersburg, Fla.

Business—Public utility.

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

Proceeds—Net proceeds, together with other funds, are to be applied to redemption at 103½ of $2,500,000 first mortgage bonds 5% series due 1978.

Underwriters—The bonds are to be sold under the Commission's competitive bidding rule and names of underwriters will be filed by amendment.

Registration Statement No. 2-5672. Form S-1. (3-30-45).

WALTHAM WATCH CO. has filed a registration statement for $3,881,040 convertible 5% income debentures (subordinated) due May 1, 1975 and 244,000 shares common stock, class B (no par).

Address—221 Crescent Street, Waltham, Mass.

Business—Manufacture of fine watches, etc.

Offering—The securities are being offered to stockholders pursuant to a plan of recapitalization subject to plan being approved by stockholders. Holders of presently outstanding 32,342 shares of 6% preferred, par $100, would receive for their shares, with all accumulated dividends, $120 of debentures. Plan also provides that each share of class A stock will receive 10 shares of class B and that each share of present class B will be split two for one. Capitalization after consummation of the plan would consist of $3,881,040 of debentures, convertible into class B stock at $25 per share, and 327,737½ shares of class B common stock, which would be the sole equity stock.

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Purpose—For recapitalization.
Underwriters—Union Securities Corp. and A. C. Allyn & Co., Inc., are named principal underwriters, with others to be named by amendment.
Registration Statement No. 2-5673. Form S-1. (3-30-45).

EXPRESO AEREO INTER-AMERICANO, S. A., has filed a registration statement for 300,000 shares of common stock.
Address—Calle Industria 508, Havana, Cuba.
Business—Operation of two passenger and cargo airlines in Cuba and a cargo airline from Havana to Miami, Fla.
Offering—Price to public is $3 per share.
Proceeds—Will be used for the acquisition of flying equipment, the purchase of spare engine parts and shop equipment, for the acquisition and development of ground facilities, and for additional working capital.
Underwriters—Van Alstyne, Noel & Co. is named principal underwriter.
Registration Statement No. 2-5674. Form S-2. (3-30-45).

LOS ANGELES TRANSIT LINES has filed a registration statement for 429,200 shares of common stock (par $10). All of the shares are outstanding and are being optioned to underwriters by American City Lines, Inc.
Address—1060 South Broadway, Los Angeles, Cal.
Business — Unified street railway and motor coach system in Los Angeles.
Offering—Offering price to public will be filed by amendment.
Proceeds—Proceeds will go to American City Lines, Inc. (Dela.) which owns 1,079,911 shares or approximately 99% of the common stock, of which 429,200 shares are subject to options to underwriters. Exercise of all such options would reduce the holdings of American City Lines to 650,711 shares or 59%. The price to be paid by the underwriters will be filed by amendment.
Underwriters—Blyth & Co., Inc.; Bateman, Eichler & Co.; Alex. Brown & Sons; Hill, Richards & Co.; W. C. Langley & Co.; Lazard Freres & Co.; Laurence M. Marks & Co.; Mason Bros.; Pacific Co. of California; Reynolds & Co.; Shuman, Agnew & Co.; William R. Staats Co.; Stein Bros. & Boyce; Wertheim & Co., and Dean Witter & Co.
Registration Statement No. 2-5675. Form S-1. (3-30-45).

LASALLE YELLOWKNIFE GOLD MINES, LTD., has filed a registration statement for 314,512 shares, par value $1.
Address—414 Bay Street, Toronto, Can.
Business—To explore and develop mining claims.
Offering — Of total registered 200,000 shares consist of a new series of shares and will be sold at $1 per share. There is also included in the registration 114,512 shares which were sold to United States residents prior to registration, and concerning which an offer of recision is to be made.
Proceeds—For acquisition of property, exploration work, etc.
Underwriters — Company proposes to market its own securities.
Registration Statement No. 2-5676. Form S-3. (3-30-45).

THURSDAY, APRIL 19

LAKE SUPERIOR DISTRICT POWER CO. has filed a registration statement for 133,500 shares of common stock, par $20. The stock is issued and outstanding and is owned by North West Utilities Co. which will offer the stock for sale at competitive bidding. North West is a part of the Middle West Corp. holding company system, and sale of Lake Superior is part of the program for liquidation of North West.
Address—101 West Second Street, Ashland, Wis.
Business—Public utility.
Offering—Price to the public will be filed by amendment.
Proceeds—The proceeds will be received by North West which will apply them for investment in additional shares of common stock of Wisconsin Power & Light Co.
Underwriters—Names will be filed by amendment.
Registration Statement No. 2-5677. Form S-2. (3-31-45).

GENERAL WATERWORKS CORP. has filed a registration statement for 10,000 shares of 5% preferred stock, cumulative (par $100).
Address—211 West Fifth Street, Pine Bluff, Ark.
Business—Operation of water distribution systems.
Offering—Price to the public is $100 per share.
Proceeds—Will be used to pay off $280,000 notes payable and current indebtedness incurred in the retirement on April 16, 1945, of 890 shares of the previously issued 6% preferred stock at $100 per share, and the balance for general corporate purposes.
Underwriters — Butcher & Sherrerd, Phila., Robert Hawkins & Co., Boston, and Southern Securities Corp., Little Rock, Ark.
Registration Statement No. 2-5678. Form S-1. (3-31-45).

MILLER-WOHL CO., INC., has filed a registration statement for 30,000 shares 5% cumulative convertible preferred stock (par $50) and 50,000 shares of common (par $1). Of the stock registered 15,000 shares of preferred and 50,000 shares of common are issued and outstanding and are being sold by four stockholders.
Address—112 West 38th Street, New York City.
Business—Operates chain of 65 stores selling women's wearing apparel, of which 52 are in Middle West and 13 in the South.
Offering—The price to the public will be filed by amendment.
Proceeds—From its part of proceeds company will use $500,000 for payment of a promissory note and balance to pay in part the cost of opening additional stores.
Underwriters—The principal underwriter is Allen & Co.
Registration Statement No. 2-5679. Form S-1. (3-31-45).

AIRCRAFT RADIO CORP. filed a registration statement for 100,000 shares of common stock, par $1. All of the shares are issued and outstanding and are being sold for the account of certain stockholders.
Address—708 Main Street, Boonton, N. J.
Business—Manufacture of radio communications apparatus for military and naval aircraft.
Offering—Price to the public will be filed by amendment.
Proceeds—Go to the selling stockholders.
Underwriters—F. Eberstadt & Co. is principal underwriter.
Registration Statement No. 2-5680. Form S-2. (3-31-45).

H. K. PORTER CO., INC., has filed a registration statement for 50,000 shares of cumulative preferred stock, 5% series, $50 par, with non-detachable common stock purchase warrants attached, and 45,000 shares of common, $5 par. The 45,000 shares of common are issued and outstanding and are being sold by T. M. Evans, president.
Address—1932 Oliver Building, Pittsburgh, Pa.
Business—Industrial locomotives, cutting and machining of metal, etc.
Offering—Offering price to the public will be filed by amendment.
Proceeds—Of the proceeds $764,610 will be applied to the redemption on June 1, 1945, of all of the 7,282 outstanding shares of 4% preference stock at $105 per share; $1,250,000 will be loaned to the Mt. Vernon Car Manufacturing Co. to enable such subsidiary to reduce its outstanding indebtedness and the balance will be added to general working capital.
Underwriters—Blair & Co., Inc., is named principal underwriter, with names of others to be filed by amendment.
Registration Statement No. 2-5681. Form S-1. (3-31-45).

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.

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.

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.
Bids Asked—Proposals for the purchase of the bonds will be received up to 11 a.m. EWT on April 9, at Company's Office, 121 West St., Rutland, Vt., the successful bidder to name the interest rate.

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.

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.
Exchange Offer—Company is offering to holders of outstanding 35,000 shares of 7% preferred stock and 43,731 shares of $6 preferred stock, the opportunity to exchange such shares for new 4½% preferred stock, on a share for share basis, together with a cash dividend adjustment which, together with dividends receivable on the new preferred stock, will give each stockholder accepting the exchange offer, a dividend at the rate of 7% per annum or $6 per annum as the case may be, up to the respective redemption dates of the unexchanged 7% preferred stock or $6 preferred stock.
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.

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.

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.
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.

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.

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.
Underwriters—None named.

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.

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.
Bids Asked—Proposals for the purchase of the bonds will be received at office of Commonwealth & Southern Corp., 20 Pine St., New York 5, N. Y., before 12 noon EWT, April 9, the successful bidder to name coupon rate.

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.
Withdrawal — Request for withdrawal filed March 30.

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.

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.

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.

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.

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.

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.

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.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY
New York, N. Y., March 28, 1945.
The Board of Directors has this day declared a dividend of One Dollar and Fifty Cents ($1.50) per share, being Dividend No. 129, on the Common Capital Stock of this Company, payable June 1, 1945, to holders of said Common Capital Stock registered on the books of the Company at close of business May 4, 1945.
Dividend checks will be mailed to holders of Common Capital Stock who have filed suitable orders therefor at this office.
D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

Columbia Aircraft Products, Inc.
SOMERVILLE, N. J.
March 22, 1945
DIVIDEND NO. 2
The Board of Directors of this Company at a meeting held this day declared a dividend of five cents per share on the capital stock of this Company to stockholders of record at the close of business, April 1, 1945, payable on or before April 15, 1945.
E. ALEXANDER, *Secretary-Treasurer.*

THE FLINTKOTE COMPANY
30 Rockefeller Plaza
New York 20, N. Y.
April 4, 1945
Preferred Stock
A quarterly dividend of $1.00 per share has been declared, on the $4 Cumulative Preferred Stock of this corporation, payable on June 15, 1945 to stockholders of record at the close of business June 5, 1945. Checks will be mailed.
CLIFTON W. GREGG,
Vice President & Treasurer

NATIONAL DISTILLERS PRODUCTS CORPORATION
The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on May 1, 1945, to stockholders of record on April 16, 1945. The transfer books will not close.
THOS. A. CLARK
March 29, 1945 TREASURER

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"Our Reporter on Governments"

(Continued from page 1489)

The life insurance companies followed closely behind the savings banks as sellers of the partially exempts with the principal sales being made in the 2¾% due 12/15/60/65, the 2⅞% due 3/15/55/60, the 2¾% due 6/15/51/54 and the 2¾% due 6/15/58/63. . . .

These institutions did not make any purchases of the partially exempt securities. . . . Other investors made their heaviest commitments in the 2¾% due 9/15/56/59, the 2½% due 12/15/45 and the 2¾% due 9/15/45/47. . . . The largest sales made by this group were in the 3% due 9/15/51/55, the 2⅞% due 3/15/55/60, the 2¾% due 6/15/51/54, the 2½% due 9/15/50/52 and the 4¼% due 10/15/47/52. . . .

GOVERNMENT AGENCIES

U. S. Government agencies, trust funds, and Federal Reserve Banks reported no changes in their holdings during this period. . . . It had been previously pointed out that the advance that was taking place in the partially exempts last December was on light volume. . . .

The amount of securities that changed hands during last December, as shown by the Treasury statistics used in this study, bears out that observation. . . .

ADDITIONS BY NEW YORK CITY BANKS

New York City member banks for the week ended March 28, despite prevailing high prices for Government bonds, added $61,000,000 of these securities to their portfolios, while disposing of bills, certificates and notes. . . . These institutions are still lengthening maturities, which suggests the possibility, after the war, that the Treasury may be inclined to put out consols to satisfy this demand, if it still exists at that time. . . .

PARTIAL EXEMPTS BELIEVED VULNERABLE

Some of the more astute students of the Government bond market believe that the partially exempt issues, despite the fact that they are somewhat under their highs for the year, can be sold at these levels for a trading turn. . . . Although they are fully aware that based on a 1¾% yield curve these obligations can still advance, they point out that the ending of one phase of the war, discussions of, and new tax plans, together with any weakness in the general market, as well as the fact that dealers have no desire to position these bonds at these prices, could result in a sizable shake-out in these securities. . . .

It was noted that these bonds went up on light volume and they can come down on equally light volume. . . .

WAIT AND SEE

With reference to the 1¾% yield curve, which is now being used in place of the 2% curve to figure out the prices at which the new and outstanding issues may sell in the future, there appears to be some scepticism over the validity of accepting such a yield curve until the market has demonstrated its ability to hold such a level over a longer period of time. . . . It was pointed out that all the financing that will have to be done in the future before the budget is balanced will give the market ample opportunity to fully test this new yield curve, and then it can be decided whether or not it will be the one to be used in forecasting future prices. . . .

House Votes to Extend Life of CCC for Two More Years

The Commodity Credit Corporation has had its life extended for 2 more years and its borrowing powers increased from $3,000,000,000 to $4,750,000,000 by House action, reported Associated Press advices from Washington on Mar. 27 which also said:

Early Senate concurrence was expected to send the legislation to the White House.

The agency supports farm commodity prices. Definite ceilings on commodity subsidies are written into the new legislation, including $568,000,000 under the dairy production program for the fiscal year ending June 30, 1946.

The House passed a separate bill authorizing the Defense Supplies Corp. to continue subsidy payments on flour in an amount not to exceed $190,000,000 during the fiscal year ending June 30, 1946.

St. Joseph, Mo., Banks Form $7,200,000 Credit Group

Businessmen of St. Joseph, Missouri were assured recently of adequate credit in the post-war and reconversion periods, with the anouncement of the formation of a $7,250,000 bank credit group, set up by all the banks of St. Joseph.

Announcement of the credit group was made by F. L. Ford, President of the St. Joseph Clearing House Association. St. Joseph's bank credit group is one of 28 such groups located in strategic points throughout the nation.

Purpose of the credit group is to encourage the extension of credit to St. Joseph firms, individuals or corporations in the swiftly-approaching peace era. St. Joseph's move is in line with the program sponsored by the Post-War Small Business Credit Commission of the American Bankers Association, which has pledged that "every man, firm or corporation in the United States that needs bank credit will get it, if the money is to be used for some constructive purpose that will aid the private enterprise economy of our nation."

Oppose German Slave Gangs

In a Presidential address at a conference of clerical and administrative unionists in London on March 30, William Elger urged that German labor be used equitably and not reduced to "slave gangs" in the postwar reconstruction of Europe.

United Press advices from London further said:

Mr. Elger conceded that it might be necessary to use German labor outside the country to repair the ravages wrought by German armies in such countries as the Netherlands, but he said steps should be taken to insure against the "unwarrantable use of German labor beyond its own fortress." Conditions under which such labor should be used, he said, should be settled by "consultation and in agreement with a reconstituted German trade union movement."

MacKinnon Appoints Andrews and Stevens

Donald MacKinnon & Co., 1775 Broadway, New York City, dealers in United States Government and municipal securities, announce the appointment of James A. Andrews as manager of the Municipal Department and Dell H. Stevens as manager of the Bank Investment Department.

James A. Andrews

Mr. Andrews has been in the municipal field since 1930. He headed the Municipal Bond Department of J. A. Ritchie Co., Inc., and Eli T. Watson & Co. He was associated with Whitehouse, Hudson & Co. in their Bond Department and was a member of the former firm of Clark & Andrews.

Mr. Stevens, for 12 years prior to joining J. A. Ritchie Co., Inc., in 1941, was with Moody's Investors Service as bank counsellor. Both Mr. Andrews and Mr. Stevens were vice-presidents of J. A. Ritchie Co., Inc.

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