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President Truman Pledges Efforts To End War and Preserve Peace

Upholds "Unconditional Surrender" of Germany and Japan, and Continuation of Present Grand Strategy. Supports United Nations Parley and U. S. World Leadership. Will Work to Improve Lot of Common Man. Addresses Armed Forces.

President Harry S. Truman, in his first official address to Congress, appeared at a joint session of Congress on April 16 and delivered a speech in which, after eulogizing the late President Franklin D. Roosevelt, he promised to carry out the policy to continue the war until the unconditional surrender of Germany and Japan, and to build up a world organization for permanent peace. He called for unity of all elements toward these ends and pledged himself to uphold United States leadership in world affairs and to work with other nations to repress aggression and to promote harmonious political and commercial relationships.

President Truman

The complete text of the address follows:

Mr. Speaker, Mr. President, Members of Congress:

It is with heavy heart that I stand before you, my friends and

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The Job Ahead

By PRESIDENT HARRY S. TRUMAN*

President Truman, Speaking as Vice-President on April 7, States the Principal Job Ahead Is Full Employment. Says It May Be Necessary for the Government to Assist Private Business in This Objective by Tax Reductions, Special Subsidies and Sound Business Loans. Estimates That There Will Be Ample Opportunities for Employment of Service Men, and, as Long as We Utilize Our Plants, Resources, Manpower and Skills Intelligently, There Should Be No Fear for Future in Human Endeavor. Calls for Government Assistance in the Full Cooperation of Capital, Labor and Agriculture, So That America May Again Lead the World Back to Tolerance and Understanding.

All Americans must unite and support our national leader in order to achieve victory in the difficult job ahead. Whenever they are strongly united for a good cause, victory goes to the aggressive champions of the people's welfare.

We Americans are especially fortunate in having as our political leader one of the greatest living statesmen in the world—President Franklin Delano Roosevelt!

*An address by President Truman at the Grover Cleveland Dinner of the Erie Democratic Committee, Buffalo, N. Y. April 7, 1945.

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On Future Economic Prospects

By WALTER E. SPAHR

Professor of Economics, New York University
Executive Secretary, Economists' National Committee on Monetary Policy

Economist Takes to Task the Many Forecasters of Post-War Economic Prospects and Holds There Is No Evidence From History to Justify the Assertion That After this War, There Will Be No Serious Reactions. Contends a Series of Post-War Strikes and Government Controls Would Hamper Business Despite Large Money Deposits and Savings. Criticizes the Use of Slogans and Unscientific Appellations, as Well as Undefined Statistical Notions, Such as National Income, National Products and National Savings and Pleads for a Strict Scientific Analysis.

Dr. Walter E. Spahr

A large proportion of current forecasts as to what our future economic condition is to be seems to fall far short of what the standards of science require. And, after all, our knowledge does not extend beyond the limits set by science.

Much of present-day forecasting (up to the inauguration of President Truman) reads quite like the prevalent forecasting of the late 1920's at which time there was a widespread belief in this country that we could and would escape a secondary and severe post-war recession. Today, it seems to be widely, if not generally, accepted that at the close of this war we need not, and probably will not, experience a post-war reaction.

A considerable portion of the current discussion of this subject is built around the desirability of the maintenance of a "national income" at a certain, usually-designated level, just as though we

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International Bank Credit and The Bretton Woods Program

By THEODOR M. VOGELSTEIN

Writer Contends That the International Monetary Fund Is Insufficient to Stabilize Currencies or Promote Normal Flow of World Trade, and Will Have to Be Supplemented. Holds That U. S. Banks Have Sufficient Resources for Ample Foreign Trade Loans if They Cooperated Nationwide for This Purpose. Maintains Foreign Credits, if Currency Risk Is Eliminated, Are of Equal Quality With Domestic Credits, and That Principal Problem for Europe Is Obtaining Long Term Credits.

This article does not wish to discuss the question whether Congress ought to accept or reject the Bretton Woods Proposals including the International Monetary Fund (I.M.F.). The vote of Congress is a question of international policy and only to a small extent depending upon the merits and faults of the proposals themselves.

Theodor Vogelstein

But it can be easily proven that the I.M.F. is unable to fulfill its aims and has to be supplemented—or if rejected, substituted—by other measures which are far bigger and more appropriate for this purpose.

I

The I.M.F., as it is planned today, not considering neutral nations like Sweden, Switzerland, etc., which may join later, is scheduled

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Fundamentals of Bretton Woods

By HON. DEAN ACHESON*
Assistant Secretary of State

Asserting That We Must Not Again Experience the International Monetary Chaos That Followed World War I, Mr. Acheson Maintains That the Fundamentals of the International Fund and the International Bank Are Simple and That the Criticisms Are Directed Against Unimportant Details. Contends That Fund Does Not Introduce a New Method of Lending or Operates Contrary to Accepted Credit Principles. Also Refutes Theory That Fund Is Too Large and That Voting Power Is Misplaced. "No Real Difference" Between U. S., British Interpretations.

There are periods in the history of mankind that are clearly marked for great achievement. The Renaissance was such a period; the 18th century was another. To this generation has been given the opportunity to shape a world in which men will be freed from the scourge of war.

Dean G. Acheson

The task before us is difficult. The world tried before and failed. We have learned from this failure that it is not enough to set up the political machinery for peace. We must also provide a sound economic foundation for enduring peace. Countries touch each other at innumerable points in their international economic relations. We must make sure that these international economic relations contribute to the well-being of all countries, and that that they do not become points of conflict which endanger peace.

The great difference in our second attempt to establish a peaceful world is the wide recognition that peace is possible only if countries work together and prosper together. That is why the economic aspects are no less important than the political aspects of the peace. That is why the Secretary of State said in his Chicago speech: "The close cooperation of the United Nations in a program for economic reconstruction and expansion . . . is fundamental to the success of the world organization. Without it the world will be able neither to recover

*An address by Mr. Acheson before the Economic Club, New York City, April 16, 1945.

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Needed: A Balanced Budget With Less Government Spending

By HON. JAMES A. FARLEY*
Former Postmaster General
Chairman of the Board, The Coco-Cola Export Corporation

Mr. Farley, After Referring to the Administration's Policy of a Business Budget in 1933 and Its Subsequent Abandonment Because of Pressure Groups, Points Out That in the Post-War Period, the "Whetted Appetities" of the Same Special Groups Will Call for a Continuation of Deficit Spending. Holds Advocates of Liberal Spending "Are Still Retained in Important Official Positions" and Warns That Their Policy Constantly Goads and Threatens Business With More Regulation. Points to Government Competition in Banking and Calls for an Economic and Tax Policy That Will Give Incentives to Private Enterprise.

I am happy and honored to be your guest speaker this evening—happy to be among my good friends of Maryland—and honored that your association should invite me to address your annual dinner meeting. To be perfectly candid, until a friend of mine suggested a possible explanation, I was not clear about why I was invited to take part in your program. My friend reminded me that as Postmaster General I had supervision of the Postal Savings System, a banking set-up which at one time was thought to be unique because its investments were limited to United States Government Bonds. "With that background of experience," my friend told me, "you are a natural to talk to bankers these days." "Bank statements," he pointed out, "are getting to look more and more like the statement of the Postal Savings System." "Your banker friends," he warned, "will want you to tell them where this trend in banking will eventually lead or, better still, how it can be reversed."

James A. Farley

These are difficult questions and I know you don't expect me to supply all the answers this evening. You will recall, I am sure, that such reputation as I may have as a forecaster of future events was gained in a field having little in common with banking. Moreover, there is a good deal of the element of chance involved in any kind of prophecy.

Our primary task, that of winning the war, is one in which Maryland already has an outstanding record. Several billions of dollars of war contracts have been filled by the industries of Maryland on schedule and according to specification, notwithstanding the labor shortage in

*An address by Mr. Farley at the Dinner Meeting of the Maryland Bankers Association, Baltimore, Md., April 12, 1945.

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Albert Knies Forming Knies & Co. in N. Y.

Knies & Co. is being formed with offices at 115 Broadway, New York City, to act as participating distributors, dealers and brokers in railroad, public utility and industrial issues.

Officers of the firm are Albert S. Knies, President; T. Stewart Harris, Vice-President, and John W. Montgomery, Secretary.

Mr. Knies was formerly manager of the foreign department and trading department of Reynolds & Co. and prior thereto was a partner in F. A. Willard & Co.

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Other Publications

Bank and Quotation Record—Mth. $20 yr.
Monthly Earnings Record—Mth...$20 yr.

NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Small Business and Disclosure

On April 12, last, Edward A. Kole, one of the attorneys for the Securities Dealers Committee, appeared before a subcommittee of the Select Committee on Small Business of the House of Representatives meeting in New York City, presided over by Congressman Eugene J. Keogh. He made certain recommendations which, in his opinion, would have the effect of making capital markets more accessible to small business.

These recommendations, all legislative in character, were three-fold:

(a) Repeal of those statutory provisions which made it impossible for Appellate Courts to set aside or modify findings of fact by an administrative body where the records showed "some" evidence to sustain such findings;

(b) A separation of functions in administrative bodies so that these would be prevented from exercising the simultaneous functions of investigator, prosecutor, judge and jury;

(c) Prohibiting the Securities and Exchange Commission and the National Association of Securities Dealers from promulgating any rules that would change trade custom and usage in the securities business, and from passing any regulation which would compel dealers to disclose inside or wholesale market prices of securities.

Although we commend Mr. Kole for his presentation before the Small Business Committee, we cannot help saying that in our opinion in some respects that presentation was inadequate.

It may be such inadequacy was due to time limitation, and if this is so, we hope that he will submit to the Committee addenda covering the subject of our criticism.

It seems to us **the economic effect of a "disclosure" rule** that would compel a dealer to supply his customer with inside or wholesale market pirces, was not adequately stressed.

Such a rule would make the investor profit conscious since the dealer's "mark-up" would be known. Consequently, dealers would tend to sell securities that could be disposed of at the least possible expense to themselves to enable them to keep their "mark-ups" down to a minimum.

That would mean concentrating on the securities of the big corporations of the country and ignoring the securities of small business. That this would be so becomes obvious when we reflect on the fact that orders for the securities of the big corporations of the country are relatively easy to obtain and in many cases can be secured over the telephone but the securities of small corporations **have to be sold.** Consequently, as things stand now, more often than not, not only does a salesman have to engage in a lengthy sales discourse on why the securities of some small corporation constitute a

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The Road to Bretton Woods

By EDWIN W. KEMMERER*

Emeritus Professor of International Finance, Princeton University

Leading Monetary Expert Contends That Bretton Woods Was Dominated by Ideas of Lord Keynes and That the Policy-Making Experts Were Little More Than Presidential Rubber Stamps. Says Difficulties Were Glossed Over by Reservations and That Motives of U. S., Britain and Russia Were at Variance. Attacks Governmental Propaganda and Holds the Fund Is Merely a Scheme of Managed Paper Currencies, Which Will Lead to International Debasement, Wars and Inflation. Pleads for Gold Standard and Warns Against Being Jockeyed Into a Grandiose Global Scheme of Managed Currency Standards.

The Bretton Woods Plan was a development from two monetary plans made public April, 1943, the Keynes Plan emanating from the Government of Great Britain and the White plan from our own Government. These two plans were similar in their purpose and their fundamentals, but differed considerably in their emphasis and details.

E. W. Kemmerer

In the summer of 1943, in response to an invitation which Secretary Morgenthau sent to 37 nations, "technical experts" from most of these nations were sent to Washington to discuss the proposals. Following these discussions a revision of the White plan was made public in July, 1943. In November our Treasury Department published a draft of a world bank plan. Out of these discussions there developed the "Joint Statement of Experts on the International Money Fund" which was published in April, 1944. This plan was formulated after many months of secret deliberation by the "technical experts" of approximately 30 countries—experts whose names, so far as I know, have never been

*An address by Dr. Kemmerer before the Economic Club, New York City, April 16, 1945.

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Post-War Home Building

By THOMAS S. HOLDEN*

President, F. W. Dodge Corporation

After Reviewing Estimates of Post-War Building, Some of Which Are Based on Needs Rather Than Probability of Accomplishment, Mr. Holden Forecasts a Post-War Non-Farm Home Production of 820,000 Units in Ten Years. Contends That Small Units Will Continue to Prevail and That Construction Will Follow Much the Same Methods as Formerly. Ridicules "Miracle Houses" and Sees No Rapid Trend Toward Pre-Fabricated Structures. Predicts Continuation of Materials Shortages for Period After War, but Estimates 300,000 New Homes Will Be Built in First Year After X-Day.

Thomas S. Holden

Quite a number of post-war housing estimates have been published, some running into rather fantastic figures. I do not propose to tell you which estimate is going to prove to be the right one, because I do not know. I think I can give you some basic facts to which you can apply your own business judgment and arrive at a figure you can use as a sensible one in making your own plans.

The National Housing Agency published last

*An address by Mr. Holden before the New Jersey Home Builders Association, Newark, N. J., April 13, 1945

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"Selling" Bretton Woods to the Country

By HERBERT M. BRATTER

Financial Writer Calls Attention to Activities of Pressure Groups to Influence Congressmen in Favor of Bretton Woods Pact, Quoting Articles in the "Daily Worker," the Louisville "Courier-Journal" and the "New Republic." He Describes the Treasury's "Selling" Program and Furnishes List of Government Speakers and Their Speeches as Well as Articles in Magazines and Other Periodicals Written by Supporters of the Bretton Woods Program.

Within a few days the House Banking and Currency Committee is expected to resume its hearings on the Bretton Woods program. When the hearings were suspended in March, prior to the Easter recess of the House, some publications which had been giving the program their ardent support reported the Administration as apprehensive that a bare majority of the committee would not go along with the International Monetary Fund proposal. Unofficial newspaper "polls" reported the Fund as being opposed by all the Republicans and two Democrats, Barry of N. Y. and Baldwin of Md. One or both of these two, it would seem, must be won over, if the Administration is to present the country with the endorsement of the House Committee.

Herbert M. Bratter

It is, therefore, significant to learn from the Daily Worker that "a major drive to change Queens Congressman William B. Barry's mind on Bretton Woods is under way in his Congressional district . . . organized by Americans United." (Americans United is the organization which sponsored last February an all day Government lecture course on Bretton Woods, attended in Washington by representatives of 106 different pressure groups.) "A delegation of leading citizens" of Queens was preparing to descend on Congressman Barry.

Another recent Bretton Woods article in the Daily Worker suggests that, since two other House Banking and Currency Committee members come from rural districts Messrs. Talle and Kilburn—their local American Farm Bureau Federation groups should bring their influence to bear on these Congressmen to vote for the Bretton Woods program without change. The article tells of Bretton Woods information "brought to the attention of" Congressmen Kunkel and Brumbaugh, who are also on the committee, and mentions the fact that "State Department people . . . have been working on the Hill."

Object to Treasury Propaganda

Two Congressmen have raised public objection to the use of public funds by the Treasury Department to have full-page photostats of newspapers containing news articles about Bretton Woods sent to them at public expense. Congressman Crawford of Michigan, one of the ranking Republicans on the House banking committee, calls this "diabolical and un-American pressure of the first order."

It is easy to see that the advocates of Bretton Woods are leaving no stones unturned.

Organized Pressure Is Sought

A columnist in the Daily Worker who writes frequently on Bretton Woods calls the legislation a matter of "world shaking significance" and says that "what appears to be lacking on a statewide scale is the organizing and unifying center for the labor movement, the farm organization, the numerous civic bodies, and financial and business groups that are for Bretton Woods" to get their members "into action in each Congressional district."

"A host of private organizations" are already at work, another writer reports. Americans United, already mentioned above, is active through its chapters from coast to coast. Another sample of its work: it has appointed in Los Angeles a committee to examine criticism of the Bretton Woods plan in a Los Angeles Chamber of Commerce publication, and reportedly will answer that criticism publicly.

The Louisville Courier-Journal, very decidedly a Bretton Woods enthusiast, carries the suggestion that opinion and pressure be "aroused" and suggests "positive lobbying activity" for Bretton Woods by the American Farm Bureau Federation as sure to

(Continued on page 1738)

James R. Buck Opens In Houston, Texas

HOUSTON, TEX.—James R. Buck has formed Buck & Co. with offices in the Esperon Building to act as underwriters and distributors and dealers in bonds and stocks for investment.

Emanuel To Admit Bradick

Emanuel & Co., 52 William Street, New York City, members of the New York Stock Exchange, will admit Albert Bradick to partnership as of May 1st.

NSTA Notes

BOSTON SECURITIES TRADERS ASSOCIATION

On April 9, 1945, the Boston Securities Traders Association brought to a close a successful winter Bowling League tournament with a dinner at the Music Box in the Copley Square Hotel and the awarding of prizes. Under the direction of Chairman Rodney M. Darling an enjoyable evening was had by all.

The final Winter Lecture Forum sponsored by the Boston Securities Traders was held April 12, 1945, in the Boston Stock Exchange Bond Room with a very interesting talk by Mr. James H. Mellen of Townsend, Dabney & Tyson on the subject "Projected Highlights of Industrial Securities Field." Several hundred members and their friends attended. The committee in charge consisted of Robert H. Adams, Arthur E. Engdahl, William J. Burke, Jr., James E. Lynch, James R. Duffy, and Robert H. Warren.

Calendar of Coming Events

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

Small Business and Disclosure

(Continued from page 1715)

desirable investment but also on occasions creating a market necessitates the preparation of circulars and statistical and other data of a costly nature.

Initially, if a "disclosure" rule were promulgated it might not affect the flotation of new security issues of small corporations but it certainly would not be long before both underwriters and investors lost all interest in stocks and bonds in this category when it dawned upon them that after once bought no satisfactory market could be found for such securities and they could be liquidated only at a big loss.

Such a rule, too, would eventually drive the small dealer in securities out of business because the large investment firms doing a volume business can afford to do business on a smaller "mark-up" basis.

In passing, we might say that when it was pointed out to an SEC official that a "disclosure" rule would make for an "dog eat dog" competition he is reported to have said, "Well, what of it? Isn't competition the essence of free enterprise?"

Obviously, this SEC man doesn't realize that "free" means just that and includes lack of any compulsion on a merchant in securities, fountain pens, vegetables or what not, to reveal to a customer his cost or wholesale price. Were he not "free" in this respect the American system of free enterprise could not survive and America as we know it would no longer exist.

One thing that Mr. Kole didn't refer to at all, is the current activities of the NASD and the SEC concerning salesmen.

Statistical data is being gathered, we believe, as a preliminary to decreasing securities salesmen's compensation.

If the pay which dealers give to their salesmen is chopped, salesmen will then concentrate on the disposal of securities of big business and will be indifferent to those of small business.

On the whole, insofar as making capital markets accessible to small business, the set up of the Securities and Exchange Commission and the National Association of Securities Dealers, which is becoming more and more an arm of the Commission, does not present an inviting picture.

The bureaucratic controls exercised by the Commission, its mounting usurpation of power, the exercise by it of legislative function, its power in certain instances to sit in review of its own activities, the mental attitude that it exhibits toward the securities business indicating a belief it is dealing with a diseased body—adding all these together we have little reason to hope that the Securities and Exchange Commission—as now constituted and with its present abuse of power, will be of any assistance to small business.

The least that should be done by Congress to insure small business being readily able to raise capital through the sale of securities is to enact legislation that will prohibit the SEC from promulgating a "disclosure" rule and from changing trade custom with respect to mark-up practices as it has been doing and which is responsible, in our opinion, in no small measure for there being a third less firms and branch offices in the investment field than was the case a few years back.

So far as the NASD is concerned, it should be deprived by Congress of the right to have a monopolistic rule prohibiting its members from giving discounts to non-members. It would then be a really voluntary association.

Dealer-Broker Investment Recommendations and Literature

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

Amott - Baker Realty Bond Price Averages—Tabulation of 200 Eastern real estate issues on which the Amott-Baker price averages are based—**Amott, Baker & Co., Inc.**, 150 Broadway, New York 7, N. Y.

Domestic Airlines—Earnings for 1944 and outlook—**Eisele & King, Libaire, Stout & Co.**, 50 Broadway, New York 4, N. Y.

Effect of Debt Retirement and Refunding Operations Upon the Longer-Term Outlook for Railroad Equities—Memorandum—**H. Hentz & Co.**, 60 Beaver Street, New York 4, N. Y.

Florida Bonds, Quotations and Information—Tabulation—**Clyde C. Pierce Corp.**, Barnett Building, Jacksonville 1, Fla.

How Soon Will Taxes Be Reduced?—Memorandum on Federal budget and its influence on the stock market—**H. Hentz & Co.**, 60 Beaver Street, New York 4, New York.

ICC Comment on 1945 Railroad Operations—A summary—**Vilas & Hickey**, 49 Wall Street, New York 5, N. Y.

Leading Banks and Trust Companies of New York—Comparative figures as of March 31, 1945—**New York Hanseatic Corp.**, 120 Broadway, New York 5, N. Y.

Monthly Stock and Bond Summaries—May be had at a cost of $72 each per year, or a total of $144 a year for the complete service which includes two cloth bound volumes and ten paper bound issues—a special free trial offer is available—**National Quotation Bureau**, 46 Front Street, New York, N. Y.

Oil in War and Post-War—Memorandum on the oil industry with statistics on some of the leading units—**Thomson & McKinnon**, 231 South La Salle Street, Chicago 4, Ill.

Outlook for Oil—Discussion of current position of oil stocks as related to the intermediate and post-war outlook for the petroleum industry—**E. F. Hutton & Co.**, 61 Broadway, New York 5, New York.

Place for Common Stocks in the Investment Portfolio—No. 200 in Oliphant's Studies in Securities—**Jas. H. Oliphant & Co.**, 61 Broadway, New York 6, N. Y.

Railroad Equipment Industry—Descriptive circular—**Hirsch & Co.**, 25 Broad Street, New York 4, New York.

Road to Serfdom—A condensation from the book by Friedrich A. Hayek, reprinted from the April Reader's Digest—**B. S. Lichtenstein & Co.**, 99 Wall Street, New York 5, N. Y.

What's Bearish About Peace?—An article prepared by **John J. O'Brien & Co.**, 231 South La Salle Street, Chicago 4, Ill.

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

Aetna Life Insurance—Descriptive memorandum—**Charles W. Scranton & Co.**, 209 Church Street, New Haven 7, Conn.

Also available are memoranda on **American Hardware Corp., Scovill Manufacturing Co., Torrington Co., Connecticut Light & Power Co., Connecticut Power Co., Hartford Electric Light Co., United Illuminating Co.**

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.

Associated Electric Co.—New analysis in light of recent events—**Peltason, Tenenbaum Co.**, Landreth Building, St. Louis 2, Mo.

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.

Canadian Pacific RR.—An analysis—**Wechsler & Co.**, 120 Broadway, New York 5, N. Y.

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

Central Iron & Steel—Bulletin on recent developments—**Lerner & Co.**, 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Kingan & Co.** and **Riverside Cement.**

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.

L. A. Darling—A "post-war baby"—Complete analysis—**Allman, Moreland & Co.**, Penobscot Building, Detroit, Mich.

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

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

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 Industries Co.—Detailed discussion of position and outlook—**Mercier, McDowell & Dolphyn**, Buhl Building, Detroit 26, Mich.

Also available is a report on **National Stamping Co.**

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.

Also available are circulars on **Western Light & Telephone** and **United Printers & Publishers.**

M. A. Hanna Co. and **Hooker Electro Chemical**—Engineering field reports available—**Herzog & Co.**, 170 Broadway, New York 7, N. Y.

Interstate Aircraft & Eng. Co.—Descriptive circular—**Hirsch & Co.**, 25 Broad Street, New York 4, New York.

La Plant-Choate Manufacturing Co., Inc., originator of the Bull-

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Carley Joins Staff Of Bennett, Spanier

CHICAGO, ILL.—Bennett, Spanier & Co., 105 South LaSalle Street, announce that William M. Carley has joined their firm. Mr. Carley has been in the investment business for seventeen years, for eight years of which he headed his own firm of Carley & Co.

H. Miller With Strauss

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Hilda B. Miller has become associated with Strauss Bros., Board of Trade Building. Miss Miller was previously with Thomson & McKinnon and Shields & Co.

Case of Avery & Co., Decided

New York Curb Exchange Exonerated

In a sweeping decision just rendered by the New York Supreme Court for New York County, Mr. Justice Shientag held that Avery & Company had failed to establish any cause of action against the New York Curb Exchange.

The action was based upon the alleged claim that two of the partners of the firm were illegally suspended from the Exchange, and that the Curb Exchange wrongfully ordered the dissolution of the firm, and upon the further assertion that after the dissolution, the Curb Exchange wrongfully refused to permit a member firm of the Exchange to employ Avery individually as its registered representative.

Court Criticizes Certain Rules and Practices of the Exchange

In the course of his opinion, Judge Shientag said:

"The participation in the trial of Governors who were also members of the Committee on Stock Transactions which preferred the charges is a matter which has given the court deep concern."

"So far as voluntary associations such as the Curb Exchange are concerned, the court is not at all impressed with the wisdom of permitting dual participation or with its necessity;***"

The court then goes on to point out that when the rules of a voluntary association are followed, the courts will not interfere with disciplinary action taken against a member solely because the charges are preferred by a member of the governing board which is to try the case.

Trial Methods Authorized by Agreement

Indicating that he was critical of the attitude of several of the members of the Board in connection with Avery's application for employment with a member firm after his firm had been dissolved, Mr. Justice Shientag nevertheless said that the great majority of those who voted against the application did so in good faith and were actuated by proper motives.

Holding that the punishment in this case, where concededly the accused were without knowledge of the wrongful conduct of their firm, was severe, Judge Shientag said that the result was warranted by the provisions of the Constitution to which they subscribed directly, and to which their firm also bound itself.

When interviewed, the attorney for Mr. Avery indicated that the decision would be appealed.

Broker-Dealer Recommendations

(Continued from page 1718)

dozer and other earth-moving machines—Descriptive circular—**Scherck, Richter Co.**, Landreth Building, St. Louis 2, Mo.

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.

Marmon Herrington, International Detrola, Leece Neville, American Barge Line, Foote Bros. Gear & Machine Corp., and **Steel Products Engineering** — Memoranda — **Straus & Blosser**, 135 South La Salle Street, Chicago 3, Illinois.

Matthiessen & Hegeler Zinc Co.—Four-page brochure—**Comstock & Co.**, 231 South La Salle Street, Chicago 4, Ill.

Merchants Distilling Corp. and **Standard Silica Corp.**—Recent analysis—**Faroll & Co.**, 208 South La Salle Street, Chicago 4, Ill.

Morris & Essex 3½s of 2000—Descriptitve circular — **Adams & Peck**, 63 Wall Street, New York 5, New York.

National Candy Co.—A pamphlet describing the business, entitled **"An Investment in the Corn Products Industry"** — **Newhard, Cook & Co.**, 4th & Olive Streets, St. Louis 2, Mo.

National Candy Co.—Analytical discussion—**O. H. Wibbing & Co.**, 319 North Fourth Street, St. Louis 2, Mo.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, 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.

Pfaudler Co. — Recent analysis discussing outlook for the company which manufactures glass lined and stainless steel tanks and equipment — **Caswell & Co.**, 120 South La Salle Street, Chicago 3, Ill.

Pickering Lumber Corp.—Analytical circular — **White & Co.**, Mississippi Valley Trust Building, St. Louis 1, Mo.

Pittsburgh & Lake Erie RR. Co.—Memorandum on outlook — **B. W. Pizzini & Co.**, 25 Broad Street, New York 4, N. Y.

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

Public National Bank & Trust Company—Analysis and current notes—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

Reed Drug Co.—Discussion of class A convertible stock for income and possible appreciation, and the common stock as a speculation—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

San Diego Gas & Electric Co.—Discussion of income possibilities —**Maxwell, Marshall & Co.**, 647 South Spring Street, Los Angeles 14, Calif.

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 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.

Serrick Corp. class A—Current bulletin—**Sills, Minton & Co., Inc.**, 209 South La Salle Street, Chicago 4, Illinois.

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.**

TACA Airways SA.—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; Mohawk Rubber Co., and **P. R. Mallory.**

Wellman Engineering Co.—Descriptive circular — **Simons, Linburn & Co.**, 25 Broad Street, New York 4, N. Y.

Wilmington Chemical Corporation—Descriptive circular—**Hill, Thompson & Co., Inc.**, 120 Broadway, New York 5, N. Y.

York Corrugating Co. — New statistical report — **First Colony Corporation**, 70 Pine Street, 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.

Raymond Revell With Comstock & Company

CHICAGO, ILL. — Raymond F. Revell has returned to La Salle Street and is now associated with Comstock & Co., 231 South La Salle Street, in their trading department. In the past Mr. Revell was with Apgar, Daniels & Co.

Johnson With PaineWebber

(Special to THE FINANCIAL CHRONICLE)

ASHLAND, WIS. — J. Edwin Johnson has become associated with Paine, Webber, Jackson & Curtis. Mr. Johnson for the past nine years was connected with the Union National Bank of Ashland.

Business Man's Bookshelf

Along the Line in Illinois—Industrial Development Dept., Nickel Plate Road, Cleveland 1, Ohio —paper.

Banking—Albert Griffin—Monograph No. 53 in a series of Vocational and Professional Monographs—Bellman Publishing Company, Inc., 6 Park Street, Boston 8, Mass.—paper—$1.00.

Economic Stability in the Post-War World—The Conditions of Prosperity after the Transition from War to Peace—Report by the League of Nations—Serial No. 1945, II.A.s—Columbia University Press, New York City—paper (without index) $2.50; cloth (with index) $3.00.

Home Applicance Financing—Credit Requirements and Operating Procedure—Consumer Credit Department, American Bankers Association, 22 East 40th Street, New York 16, N. Y.—paper.

Kansas Manufacturing in the War Economy 1940-1944—L. L. Waters—Industrial Research Series No. 4, University of Kansas Publications, Lawrence, Kansas—paper.

National Budgets for Full Employment—National Planning Association, 800 Twenty-first Street, N. W., Washington 6, D. C.—paper —50c.

Bond Club of Chicago To Hear Wm. Burden

CHICAGO, ILL. — The Bond Club of Chicago will hold a luncheon on Friday, April 20, at 12:15 p.m. in the Red Lacquer Room of the Palmer House. Guest speaker will be The Hon. William A. M. Burden, Assistant Secretary of Commerce. His subject will be, "The Place of Aviation in Our Post-War Economy."

Because of the broad general interest of the subject, members of the club may invite guests. The fee of two dollars for each guest should accompany reservations.

Real Estate Securities

Series F-1 Mortgage Certificates Representing 100% Ownership in 89 First Mortgages and 19 Fee Owned Properties Present an Interesting Picture for Analysis. Is Final Liquidation Near at Hand?

In 1935 when the Trustees were appointed by the Supreme Court of New York State to take over the 121 properties securing the New York Title and Mortgage Company, Series F-1 Certificates, the status of the assets taken over was quite varied as shown by the following classification:

First Mortgages Owned	34	$7,283,286.67
Fee Owned Properties	43	8,773,575.00
Properties Operated Under Rent Assignment	38	10,238,225.00
Properties Operated by Receivers	6	1,590,000.00
	121	$27,885,286.67

The following classification as of December 31, 1944 shows a very different picture:

First Mortgages Owned	89	$18,725,458.39
Fee Owned Properties	19	3,494,508.30
	108	$22,219,966.69

It is interesting to note from the above schedules that total assets have decreased more than $5,600,000 and that only 19 properties remain to be sold. Some properties have been sold for all cash and others for cash and purchase money mortgage, however, 13 of the original assets have been fully liquidated. Total assets sold to December 31, 1944 for which cash and purchase money mortgages were received were liquidated at 85.32% of original cost.

The fee owned properties still held and the book cost thereof is shown by the following schedule:

1	12-Story Elevator Apts.	$511,176.63
2	6-Story Elevator Apts.	518,600.00
8	5-Story Walk Up Apts.	1,472,181.67
3	Garage Properties	316,600.00
1	Theatre and Hall Prop.	455,000.00
2	Taxpayers	154,250.00
2	Vacant Parcels	66,700.00
19		$3,494,508.30

The investment in mortgages as of December 31, 1944 was mainly in the following classification of properties:

65	6-Story Elevator Apts.	$14,000,000
13	5-Story Walk Up Apts.	2,000,000
6	Loft Buildings	1,500,000

As the mortgages are in good standing and are being amortized, we believe it reasonable to assume that they are salable to institutions seeking an outlet for their mortgage funds. Should the remaining 19 properties be liquidated on a basis of 85% of cost and the mortgages around 90, the proceeds would be sufficient to distribute about 87% on the present $840.00 unpaid principal of each original $1,000 Certificate. This is in comparison to the present market of around 70.

Cunniff & Co. To Form; NYSE Members

Melvin Cunniff will acquire the New York Stock Exchange membership of George S. Elsaesser, as of April 26th, and will form Cunniff & Co., with offices at 41 Broad Street, New York City, in partnership with Jack Slifka. Mr. Slifka was a partner in Fagan & Co., in which Mr. Cunniff was a partner in the past.

R. M. Wright Opens Owns Office in N. Y.

R. M. Wright announces that as of April 23 he will open offices at 42 Broadway, New York City, to engage in the securities business. Mr. Wright was previously manager of the wholesale department of F. H. Koller & Co., Inc.

Walter V. Kennedy Is With Coffin & Burr

Coffin & Burr Incorporated, 70 Pine Street, New York City, announce that Walter V. Kennedy is now associated with them.

Mr. Kennedy was formerly manager of the Bond Department for A. M. Kidder & Co. and prior thereto was with Newman Bros. & Worms in a similar capacity. In the past he was with A. C. Allyn & Co., Inc.

Early Defeat of Japan Seen by General Hines

The Army's former Chief of Staff, General John L. Hines, said that he thinks the Japanese may give up its fight soon after Germany is beaten, it was made known in Associated Press dispatches from Cincinnati on April 12, which gave other comments of General Hines as follows:

"The Japanese War may end sooner than many people suspect," he said. "I wouldn't be surprised if they gave up shortly after the German collapse."

The Securities Salesman's Corner

By JOHN DUTTON

Regardless of all else, the basis for success in the business of selling securities rests upon the salesman's ability to develop a close, friendly and confidential relationship with his clients. We have mentioned this many times in this column and despite all the other things which we have believed to be of interest to securities men, this subject keeps cropping up again as the most worthwhile and beneficial topic which we can discuss.

Confidence, confidence, confidence; it's the foundation of every worthwhile endeavor. Doubly so in the business of selling securities. How few people there are who know a good security from one that is unsound. Even fewer know something about values, or timing, or even understand the economic system in which they live and earn their living. Those of us who spend our lifetime dealing with the realities of profit and loss, acquainting ourselves with scientific progress in many fields, studying the manipulations of politicians, and analyzing business and economic trends, are often prone to OVERESTIMATE THE KNOWLEDGE ALONG THESE LINES WHICH IS POSSESSED BY OUR CUSTOMERS. Incidentally, a finished and efficient securities salesman is never a show-off or a super egotist. He knows too much about the vagaries of life to indulge in such a vulgar show. On the contrary, his very modesty and understanding prompts him to be charitable toward others and this also prompts him to overestimate his client's knowledge of securities.

This trait of overestimating the lay public's knowledge can handicap an otherwise capable salesman. To prove this point just think about the times in your own life when you have bought things about which you knew nothing. Or the times when you needed professional assistance, such as a doctor, lawyer, engineer, accountant or even a garage or radio mechanic? Just how much do you know about all of these things? What did you do? Did you try to analyze all the details of curing a sickness or of winning your lawsuit, or did you **gratefully** TURN THEM OVER TO YOUR DOCTOR OR LAWYER? You did this because you had confidence in someone else to help you do something you knew you were not equipped to do. THAT IS THE SAME WAY MOST PEOPLE FEEL WHEN THEY BUY SECURITIES, EVEN IF THEY WON'T TELL YOU SO.

The world is begging for people in whom it can believe, trust and rely. Investors don't want you to tell them why they should buy a particular security BY GOING INTO ALL THE BURDENSOME DETAILS WHICH MAY BE OF INTEREST TO YOU BUT TO THEM ARE ONLY A BORE. They don't want to argue with you—they want you to do the things which will cause them to believe in you.

What are the things that you must do to create confidence? Well, there are many things that must be done, but they all rest upon certain traits of personality. Personal integrity, sympathy for the other fellow's position, a desire to uphold high moral standards of conduct in your own personal life, your own deep conviction that a man is put in this world to help others by doing his task well whatever it may be, modesty regarding your own personal affairs, a personal interest in your fellow man that shines out of a man's personality and is obvious to any observer, doing the things you promise to do **when** you have promised them; IN OTHER WORDS—PERFORMANCE. These are some of the fundamental parts of a man's makeup THAT BEGET CONFIDENCE.

Such a salesman makes friends of his customers. When he talks with them he is non-technical in his conversation. He is not condescending nor is he too forward or too personal. HE FINDS OUT WHAT THEY ARE TRYING TO DO. IN HIS DESIRE TO HELP HIS CUSTOMERS DO A BETTER JOB FOR THEMSELVES AS FAR AS THEIR FINANCIAL AFFAIRS ARE CONCERNED, HE SKILLFULLY LEADS THEM TO TELL HIM ABOUT THEIR PROBLEMS AND EVEN THEIR WORRIES, PLANS AND AMBITIONS. Even the most astute investor with years of practical business experience can see at a moment whether a salesman has background, knowledge and experience which is BACKED UP BY THAT INTANGIBLE SOMETHING WHICH BEGETS CONFIDENCE. You can't put your finger on it but it is there—WHEN A MAN HAS LIVED AND SEEN LIFE AND AS A RESULT HAS BECOME A BETTER MAN FROM HIS EXPERIENCES, IT SHOWS IN HIS MANNER, IN THE THINGS HE SAYS AND EVEN IN HIS FACE. Poise comes from an inner coordination of a well-adjusted personality. Poise begets confidence. The man who has it is at peace with his world, has found his job, has found that his job is good; and it is so because he makes a point of achieving as great an efficiency in his work as it is possible for him to accomplish.

It is the man who takes pride in his job that develops this confidence on the part of his customers that leads to the top in this business as well as all others. He does the little things that count. He remembers that the other fellow wants to rely upon him and knowing this HE MAKES IT EASY FOR HIM TO DO SO. He does the things and says the things which make his customers say to themselves, "I'm glad I've got someone in whom I can rely." These are the men who are carrying the load today in the securities business. We need many, many more of them in the years ahead. We need men who will think of retailing securities as one of the finest vocations for public service that exists in this country. And it IS SUCH A BUSINESS!

Post-War Home Building

(Continued from page 1715)

November a study of the country post-war housing needs. The study contains estimates of the number of new non-farm dwelling units that should be produced in the 10-year period 1946 through 1955 in order to accomplish certain purposes.

The primary need is obviously, the need for accommodating new nonfarm families, for families who migrate from farms, for servicemen's households to be established or re-established, and for undoubling of families. NHA estimates this primary need at 6,300,000 units for the 10-year period, or an average of 630,000 units a year.

If we assume this figure is correct for the primary need, anything you add to it represents your guess as to how many new units will be built as replacements of old units which will be destroyed, demolished or abandoned.

Demolition rates in the past have been fairly small. NHA states that from 1920 through 1939 they averaged about 40,000 units a year for the whole country. About half of these were destroyed by fire, flood and storm, the other half were deliberately torn down for one reason or another.

If you add this prewar demolition rate of 40,000 units a year to the primary need of 630,000 units, the resulting figure is 670,000 units a year, which you might call the reasonably certain post-war housing market. Whatever you add to that figure represents your bet as to how much the post-war replacement market will exceed the prewar replacement market.

For example, F. W. Dodge Corporation's estimate is 820,000 dwelling units a year for 10 years. That means that our guess on the replacement market is 190,000 annually in the post-war period, as compared with 40,000 annually in the prewar period. The widely publicized estimate of a million units a year would call for a replacement rate of 370,000 units.

The NHA study estimates total housing needs for the 10-year period at 12,600,000 units, or a production rate of 1,260,000 units a year. To realize this, a replacement rate of 630,000 units a year would be required, instead of the customary 40,000.

It should be pointed out emphatically that NHA did not publish these figures as forecasts, although many people have apparently interpreted them as such. They are estimates of needs, not market predictions.

NHA says, in effect, that it is highly desirable for many reasons to get rid of all the substandard housing in the country by 1965. To do this, we should eliminate half the substandard units by 1955. The number of nonfarm units to be scrapped in the next 10 years, in order to accomplish this purpose, would be 6,135,000 units over and above the 200,000 likely to be destroyed by fire, storm and flood.

Everyone, including the NHA, will agree that stepping up the replacement rate from 40,000 units a year to 630,000 units a year is a major undertaking. Desirable as the goal may be, I do not know who can at this moment predict with certainty that it will be attained.

Scrapping 610,000 houses a year means writing off capital assets at the rate of about a billion dollars a year; that estimate is my own. That is a sizable annual loss for our national economy to absorb; a billion dollars still looks like a lot of money to me. A replacement market of the size indicated in the NHA needs estimate is not going to just happen; it will have to be created by various kinds of positive action.

To be sure, the houses scheduled for the scrapheap are the least valuable in the country's inventory. More than a third of the units to be replaced, according to the NHA study, rented under $10 a month in 1940; another third from $10 to $19 a month. A full 90% of all the units rented under $30 a month. The NHA counted as substandard housing units to be replaced, for purposes of its study, all units units everywhere reported in the 1940 census as needing major repairs and all units in metropolitan districts reported as lacking private baths.

It can be pointed out that census enumerators reported opinions, not necessarily facts, in reporting needs for major repairs. They had no way of knowing or indicating whether such houses could be economically repaired or whether baths could be installed in any of the houses lacking them. The point of this is that the higher rents of the post-war period may very well encourage owners of some of these substandard houses to repair and modernize them, meeting a substantial portion of the estimated need that way. In other words, the NHA estimate of replacement needs may prove to be somewhat on the high side.

Many houses will be demolished to make way for nonresidential improvements, and the number demolished for this reason may be greater than in prewar times. By reason of our new financing of home mortgages, property owners have accustomed themselves to think in terms of depreciated values. Many owners of substandard properties will have to stand losses incurred by abandonment or demolition of houses that cannot be economically repaired and modernized. Local governments may adopt and enforce minimum standards for occupancy that would require either modernization or abandonment.

Replacement Rates to Be Increased

As indicated by our conservatively optimistic estimate, previously quoted, I think all these forces are likely to increase replacement rates over prewar. However, I do not think it will be possible to achieve the replacement rate estimated as desirable by NHA without subsidy programs of one kind or another for public housing and slum rehabilitation by Federal, State or local governments. Until we see such programs in effect we cannot count on the NHA's estimated replacement needs becoming an active replacement market.

I have analyzed these post-war residential building estimates at some length, because their number and variety has been confusing and because I think you, as business men, undoubtedly want a realistic basis for judging their value to you.

As state earlier, our post-war estimate is an average of 820,000 new nonfarm dwelling units a year during the first 10 years following the war. Ten-year average production in that amount would undoubtedly include several million unit years. As in all the estimates, dwelling units include single-family houses, housekeeping units in two-family and multi-family buildings, and new units created by converting or subdividing space in existing buildings. I would expect about two-thirds of the new units to consist of single-family houses.

I estimate roughly that the post-war market demand in the State of New Jersey will be for approximately 20,000 new nonfarm units a year.

Home ownership should increase greatly in the post-war decade; it usually does in periods of prosperity. In addition to the home-ownership incentives of our present-day home-mortgage financing, there are further incentives in the loan privileges for veterans contained in the GI Bill of Rights. I expect house building for owner occupancy, including houses built to owners' order and houses built by operative builders for sale, to revive before rental housing. Rental housing will not be undertaken until after rent ceilings are lifted, after investors know what post-war rents and construction costs will be, and after they know what income taxes, individual or corporate, they will have to pay.

The post-war residential building revival will, as we all know, take some time to get under way. Government controls will not be completely relaxed directly after X-Day. It has been stated that war production will then be cut back about 20%; a 20% cutback on war production will not permit unlimited civilian production. Many essential building materials will be short, principally lumber and fabricated metal equipment items. Even though price controls are likely to be continued until Japan is beaten, doubts about future construction cost trends may cause some people to hesitate about making commitments. The manpower situation may be spotty, with certain kinds of skilled building labor short in certain localities; right now there is a shortage of architectural and engineering draftsmen.

Upsurge in Repair and Modernization

Everyone expects to see the first upsurge of revival in the repair and modernization field. It is likely, in case restrictions are lifted on a piecemeal basis, that moderate-priced houses will be favored on account of present shortages. I expect houses in medium-price ranges to predominate in the early phases of the building revival. It is my guess that the number of new dwelling units that can be built in the first 12 months after X-Day will approximate 300,000 for the whole country. On the basis of our general regional allocation of housing market potentials for the post-war period, this would indicate 7,000 to 7,500 units for New Jersey in that first year.

Post-war prosperity and the increased house building activity that we all anticipate will tend to increase large-scale house-building operations; not, I believe, to the extent of causing large-scale operations to dominate the market.

An illustration from a pre-war year has a bearing on this point. The typical prewar house-building operation was fairly small scale. Analysis of a record of 110,800 single-family houses built in the year 1938, showed that 16% of the total houses were built by 279 large operators, large operators in this survey being defined as those who built more than 30 houses during the year. An equal percentage of the total was built by 17,351 builders who turned out just one house each during the year. Middle-sized operators, averaging not quite five houses each, turned out 68% of the total. In that year there were not many spots of concentrated housing demand calling for large-scale projects.

A different situation existed when the war housing program came along. Mass migration of workers created large concentrated housing demand in war production centers, and large-scale operations became necessary. Since war housing was limited to buildings to cost less than $6,000 with land, there will likely be hereafter concentrated markets in many of those centers for houses over the war-housing maximum. However, if the post-war housing market is to be sustained, if the high production estimates for the postwar period are realized, and very particularly if a huge replacement market develops, it will be necessary for home builders to continue their efforts to serve the low-cost market. Improvements and cost-reducing procedures will be a vital factor in sustaining the small-house market after the first wave of meeting urgent shortages is over.

No Miracle Houses

There is scarcely any need at this time to review the furore of a year and a half ago about the post-war miracle house, or to recount the debunking of that particular post-war dream. That was about the time when Elmer Twitchell, homespun philosopher, frequently quoted in H. I. Phillips' column in the New York Evening "Sun," remarked that all the post-war plans he had seen were blue prints either for a better world or a super cuckoo-clock. In 1943 the architectural and building magazines and the building-product manufacturers had to debunk the miracle house, and a very thorough job they made of their debunking. When it got to the point, about mid-summer 1944, when miracle houses had disappeared from all public prints except whisky ads, realism had finally come out on top.

Our own latest check on post-war building potentials was a survey among building-product manufacturers, who were asked to tell us about the materials and equipment they would offer in the post-war market. The replies we received from 255 presidents or other top executives from as many representative companies were listed in detail and also summarized in the December, 1944, issue of "Architectural Record."

(Continued on page 1739)

Michigan Brevities

With a single exception, the largest bank stock offering in the history of the country, the $32,000,000 sale of National Bank of Detroit common by a syndicate headed by Morgan Stanley & Co., was an outstanding success. At this writing, about 90% of the offering has been placed by the underwriters.

It covered 759,550 shares of common at $42 a share and represented the holdings of General Motors Corporation in the bank, plus its share of 250,000 new shares which have been offered to present stockholders in a ratio of one for four, plus any additional shares which shall be unsubscribed by other stockholders. The rights expire May 2.

Walter S. McLucas, Chairman of the bank, has already reported that the underwriters have paid in the $10,000,000 in new capital.

From a Detroit angle, perhaps the outstanding news in the offering was the number of shares taken in Detroit and Michigan.

Hardest-hit city in the world during the banking holiday, Detroit's two big banks—the First National and Guardian National Bank of Commerce—never did reopen and thousands of stockholders paid in the double liability.

The manner in which the stock in the National Bank of Detroit was taken was a testimonial to the soundness of the bank and the policies of Walter McLucas, who came to Detroit from Kansas City to head the institution.

* * *

All Griswold Street mourned the death of Clark C. Wickey, Executive Vice-President of the Detroit Stock Exchange, late last month. Mr. Wickey, one of the best known figures in Detroit brokerage circles, joined the exchange back in 1923 and at one time was prominently mentioned for the post of paid President.

He played an important part in the organization of both the Better Business Bureau of Detroit and the Association of Stock Exchange Firms.

* * *

An Eastern group headed by Floyd Odlum has been one of the heavy buyers of Hudson Motor Car Company stock in recent weeks, reportedly accumulating upwards of 50,000 shares.

The annual Hudson meeting is May 20, and at that time Odlum's group will reportedly ask that David Baird, Vice-President of Marsh and McLennon, be placed on the Board.

A Dutch group, which holds nearly 200,000 shares, will also ask representation, it is understood.

Other large Hudson holders are the Webber family (Detroit's J. L. Hudson Department Store owners) and Mrs. Roy Chapin, sisters of WPB's Carsten Tiedeman, who is now a director.

* * *

Sale of F. L. Jacobs Co.'s holdings in the Air Track Manufacturing, College Park, Md., to Aerodynamic Research Corp., was announced by President Rex C. Jacobs. He stated that the sale price was $637,000.

The individual purchasers of the subsidiary, which manufactures radio landing systems for airplanes and a variety of other war products, were Dr. Robert I. Sarbacher, who resigned recently as Vice-President of Maguire Industries, and Robert H. Bailey, official of the First National Bank of Farmingdale, L. I.

Air Track, it is understood, has a backlog of about $12,000,000 of war business on its books and plans for the future include manufacture of electronics and radar. Dr. Sarbacher, scientist and Dean of the Graduate School of Engineering at Georgia Tech., was also consultant to Air Track.

The subsidiary was formed by Jacobs in February, 1939, a year after the Jacobs company had acquired W. I. T. Manufacturing for 19,750 shares of its common stock. Assets of W. I. T. were transferred to Air Track.

NY Stock Exchange Reports Debit Balance

As of the close of business on Saturday, March 31, total customers' net debit balances reported by member firms of the New York Stock Exchange carrying margin accounts, was $1,034,012,245. Of that amount, $109,270,238 represented credit extended to customers on U. S. Government obligations. The total of $1,034,012,245 includes all securities accounts, commodity accounts and all other accounts. It does not include debit balances in accounts held for other firms which are members of national securities exchanges, or "own" accounts of reporting firms, or accounts of partners of those firms.

Cash on hand and in banks, reported by firms carrying customers' margin accounts, exclusive of balances segregated under the Commodity Exchange Act, totaled $241,397,193.

Customers' free credit balances, as reported by member firms carrying margin accounts, amounted to $553,329,498. This figure does not include credit balances in regulated commodity accounts, or free credit balances held for other firms which are members of national securities exchanges, nor does it include free credit balances held for the accounts of reporting firms or of partners of those firms.

SEC Policy on Security Liquidation by Stockholders

The Securities and Exchange Commission on April 7 issued a statement of its general policy regarding requests for the acceleration of the effective date of registration statements covering securities registered in whole or statements covering securities to be distributed for the account of selling stockholders. The Commission considers that the statutory standard is not met in cases where the selling stockholders does not bear his equitable proportion of the expense of registration, and for that reason will not order acceleration in such cases."

in part for distribution for the account of selling stockholders. The text of the Commission's statement follows:

"Section 8 (a) of the Securities Act of 1933 provides that 'the effective date of a registration statement shall be the twentieth day after the filing thereof or such earlier date as the Commission may determine, having due regard to . . . the public interest and the protection of investors.' In passing upon request for acceleration of the effective date of

Donald Babbitt With Baker, Simonds & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—Donald G. Babbitt has become associated with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange. Mr. Babbitt in the past was a partner in D. G. Babbitt & Co. and was a partner and manager of the municipal department of Rathbun & Co.

Connecticut Brevities

There were three sales of municipals within the past month—the greatest number of offerings in this type of security in some time. The prices paid moved to new all-time highs. Heading the list were the Milford School bonds. On April 11, Day, Stoddard & Williams paid the Town of Milford 100.267 for $75,000 bonds carrying a coupon rate of ½ of 1%. The bonds were not reoffered publicly.

The Town of Bloomfield recently sold $150,000 bonds to Cooley & Co. for 100.1426 for a .90% coupon. The bonds mature $8,000 annually April 1, 1946 to 1955 inclusive, and $7,000 each year April 1, 1956 to 1965 inclusive, and were reoffered at prices ranging from a .35% basis to 99¼. These bonds were issued to finance the cost of changing the fiscal year and placing the town on a pay-as-you-go basis.

Also, on April 12, the City of New Britain sold $100,000 Sewer bonds due $10,000 each year May 1, 1947 to 1956 inclusive, to Tyler & Co., Inc. of Boston for 100.299—the bonds to carry a coupon rate of .70%.

* * *

Gross revenue of The Hartford Times, Inc., for the year ended December 31, 1944 was $2,453,357 compared to $2,348,743 for the preceding year, while the net was $288,682 and $296,514 respectively. On a per share basis, earnings on the 5½% preferred stock were $12.23 against $12.56 in 1943, while the common showed $2.24 against $2.32. Fixed charges were covered 5.84 times against 5.76 times.

* * *

The Farrel Birmingham Company reported net profit for the year ended December 31, 1944 of $1,266,719 compared with $1,272,014 or $7.92 against $7.95 a year ago. Approximately $250,000 was added to earned surplus, bringing the total of $2,600,000.

* * *

The Fafnir Bearing Company of New Britain showed net income for the year 1944 totalling $781,076. In addition the company has $1,000,000 in a War Contingency Reserve. Earnings were $4.88 against $13.23 a year ago. Hart & Cooley, Inc., a holding company which owns 50% of the capital stock of Fafnir Bearing, showed net income of $491,744 against $477,135 in 1943, or $6.15 per share compared to $5.96 respectively.

* * *

At their recent annual meeting the directors of New Britain Gas Light Co. elected A. H. Scott president and general manager.

* * *

The income account of the Bridgeport Gas Light Company for the year ended December 31, 1944 showed net income of $264,959 against $268,849 a year ago. Earnings per share on the capital stock were $1.46 and $1.48 respectively.

* * *

The Connecticut Gas & Coke Securities Co. showed net income of $448,355 for the year ended December 31, 1944 as compared with $434,087 a year ago. Earnings per share on the $3 preferred stock were $2.25 against $2.18 in 1943, while the common showed a deficit of 50c a share against a deficit of 54c.

* * *

The consolidated income account of the Greenwich Water System showed net income of $198,788 for the year 1944 against $210,325 the previous year. Earnings per share on the 6% preferred were $7.76 and $8.21 respectively.

* * *

Net income of the New Haven Railroad was $14,071,121 for the year ended December 31, 1944 against $22,901,437 in 1943. Fixed charges were covered 2.16 times compared with 2.76 times the preceding year, while overall charges were covered 1.68 times against 2.18 times respectively. The preferred stock showed earnings of $28.70 per share and the common stock $6.77 per share.

* * *

Plume & Atwood Manufacturing Company reported net income of $164,289 for the year ended December 31, 1944 as compared with $196,478 the previous year. Earnings per share on the capital stock were $3.04 and $3.64 respectively.

* * *

The April 2 bulletin published by the State Bank Commissioner listed fifty-seven railroad bond issues which have been added to the investments legal for savings banks in the State of Connecticut. Among the issues certified are included certain obligations of the following roads: Atlantic Coast Line Railroad Company, the Baltimore & Ohio Railroad Company, the Chicago, Burlington & Quincy Railroad Company, the Illinois Central Railroad Company, the Kansas City Southern Railway Company, the New York Central Railroad Company, the Northern Pacific Railway Company and the Pennsylvania Railroad Company.

Ball, Burge & Kraus Promotes Robbins; Adds Rank, O'Malley

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, OHIO. — Ball, Burge & Kraus, Union Commerce Building, members of the New York and Cleveland Stock Exchange, announce that William T. Robbins is now manager of their trading department. Mr. Robbins, who became associated with the firm in 1944 was formerly a partner in Robbins, Gunn & Co., and did business as an individual member of the Cleveland Exchange.

Malcolm S. Rank has become associated with the firm in Columbus. He has recently been an examiner with the State of Ohio Division of Securities. Prior thereto he was vice-president and trading manager for The Ohio Company and BancOhio Securities Co.

Patrick A. O'Malley, for many years with Hornblower & Weeks, has been added to Ball, Burge & Kraus' staff in Cleveland.

SEC Statement on Modifying Restrictions On Publication of Financial Statements

The Securities and Exchange Commission desires to call attention to the provisions of War Department Circular 74*, dated March 7, 1945, relating in part to a modification in the restrictions on publication of operating or financial statements by companies engaged in war production. The text of that portion of the circular concerning this subject follows:

II—Military Information.—

1. Companies engaged in war production are enjoined from publishing operating statements or other financial reports which would indicate any of the following data concerning production under classified War Department contracts: rates of production, total production, or production processes.

2. There is no objection, however, to companies showing their total earnings and total production by dollar value, subject to the following conditions:

a. Approximate production by number, quantity, or dollar value, of a particular article under a classified contract will not be disclosed. (It will be conclusively presumed that the approximate production rate of a particular article is shown if that article comprises more than 75% of the company's production.)

b. Future operational plans or intentions will not be directly or indirectly disclosed.

c. Special restrictions on the publication of total production by dollar value have not been imposed by the responsible procurement agency because of the extreme secrecy of particular contracts. (Procurement agencies of the War Department are directed to inform the contractors if the extreme secrecy of any contract makes undesirable publication of any or all of the data listed in paragraph 3.)

3. Subject to the above restrictions companies may issue—

a. Quarterly statements showing by total dolalr value the following:

(1) Volume of unfilled orders at the beginnning of the period.
(2) New orders booked during the period.
(3) Cancellation, adjustments, and cut-backs during the period.
(4) Orders filled during the period.
(5) Volume of unfilled orders at the close of the period.
(6) Finished goods on hand.
(7) Work in progress.
(8) Raw materials and supplies (one item).

b. Quarterly statements of total earnings.

c. Annual reports and prospectuses showing by percentage how much of the total dollar sales was derived from goods manufactured through the use of facilities which will not require substantial reconversion for peacetime use, provided the percentage is not within 25 points of the percentage relationship of any particular classified product's dollar value to the total dollar value of all goods sold by the company.

4. Special reports covering any period shorter than 3 months and any questions concerning the application of these instructions to particular facts will be referred to the Director, Bureau of Public Relations, War Department, Washington 25, D. C., who when necessary will consult with the procurement or other agencies concerned.

5. Section IV, Circular No. 407, War Department, 1944, pertaining to the aforementioned subject, is rescinded.

*"Effective until 7 September 1946 unless sooner rescinded or superseded."

Bell & Howell Common And Preferred Offered

An underwriting group headed by Harriman Ripley & Co., Inc., on April 18 offered 30,000 shares of the Bell & Howell Co.'s 4¼% cumulative preferred stock ($100 par), and 150,000 shares ($10 par) common stock. The preferred was priced at $103.50 a share and the common at $15 a share.

Net proceeds from the sale of the preferred stock will be added to the company's general funds. It is planned that the company purchase in the immediate post-war period from the Defense Plant Corporation the Lincolnwood, Ill., plant now being operated under lease, at approximately $1,950,000.

The common stock offered is outstanding and was sold to the underwriters by certain stockholders including J. H. McNabb, President. None of the proceeds from the common shares will be received by the company.

Associated with Harriman Ripley & Co. in the offering of both the preferred and common shares are Lehman Brothers; Kebbon, McCormick & Co.; A. G. Becker & Co., Inc.; William Blair & Co.; Bacon, Whipple & Co.; Paul H. Davis & Co., and Hemphill, Noyes & Co.

Russell Gooding V.-P. Of O. H. Wibbing Co.

ST. LOUIS, MO.—Russell H. Gooding has been elected vice-president of O. H. Wibbing & Co., Security Building, members of the St. Louis Stock Exchange. He has been with the firm and its predecessors for ten years.

Dobbins With Slayton Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—Lester C. Dobbins, previously with Pratt & Whitney, is now affiliated with Slayton & Co., Inc., 111 North Fourth Street, St. Louis, Mo.

To Admit Himme

Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York City, members of the New York Stock Exchange, will admit George Himme to partnership on May 1st. Mr. Himme became associated with the firm in December 1944.

Missouri Brevities

North American Company Ordered to Divest St. Louis County Gas

North American Company has been ordered to divest itself of the St. Louis County Gas Company, a wholly owned subsidiary. North American, in requesting that it be permitted to retain the gas company as an additional system along with the integrated electric system of Union Electric of Missouri and its subsidiary, argued that severance of the electric and gas properties would result in the loss of substantial economies arising from joint ownership, such as common executive officers and directors, offices, and tax savings made possible through consolidated returns.

The SEC stated that, in their opinion, it was highly unrealistic to expect vital competition between the two types of service when controlled by the same interests; that the tendency of joint control is to favor that business in which it is most interested and which is most profitable.

Laclede Gas Light Co., whose common stock was recently sold to the public, is expected to have an interest in acquiring the property.

National Candy Company

National Candy continues to feature trading activity on the St. Louis Stock Exchange having sold at new high levels in recent sessions. An interesting pamphlet describing the company's business, and entitled "An Investment in the Corn Products Industry," has been prepared by Newhard, Cook & Co., St. Louis. Copies are available to dealers.

Recent Underwriting Activities

Several Missouri dealers were members of the underwriting group headed by **Blyth & Co., Inc., of New York** offering $80,000,000 **Pacific Gas & Electric** first and refunding mortgage 3s due 1979. Included were **Newhard, Cook & Co.; Smith, Moore & Co.; Stifel, Nicolaus & Co., Inc.; Stix & Co.,** and **G. H. Walker & Co.**

Kidder, Peabody & Co. and **Huff, Geyer & Hecht of New York** and **G. H. Walker & Co. of St. Louis** offered 75,000 shares of **American Automobile Insurance Company** common stock.

Morgan Stanley & Co. of New York headed an underwriting group offering 250,000 shares of **Anderson Clayton & Co.** common stock. Missouri dealers included **Stern Brothers & Co. of Kansas City and Newhard, Cook & Co.** and **G. H. Walker & Co. of St. Louis.**

Goldman Sachs & Co. of New York headed the underwriting group which offered 150,000 shares **May Department Stores** $3.75 cumulative preferred stock. Missouri dealers included **Dempsey, Tegeler & Co.; Edward D. Jones & Co.; Newhard, Cook & Co.; Reinholdt & Gardner; I. M. Simon & Co.; Smith, Moore & Co.; Stifel, Nicolaus & Co.; Stix & Co.,** and **G. H. Walker & Co., all of St. Louis,** and **Stern Brothers & Co. of Kansas City.**

Halsey, Stuart & Co. Inc. headed the underwriting group offering $50,000,000 **New York Power and Light** first mortgage 2¾s, 1975. Missouri dealers included **Metropolitan St. Louis Company; Newhard, Cook & Co.; Reinholdt & Gardner; I. M. Simon & Co.; Stifel, Nicolaus & Co.,** and **Stix & Co., all of St. Louis,** and **Baum, Bernheimer Company** and **Stern Brothers & Co. of Kansas City.**

Morgan Stanley & Co. of New York headed by the underwriting

(Continued on page 1731)

Railroad Securities

Chicago & North Western 5% Preferred

Of all Section 77 reorganizations, both those already completed or in process of emerging from reorganization, that of the North Western was one of the most severe, fixed debt being reduced 70.53% and fixed interest charges reduced 75.08%.

This is well known in financial circles. Net so well known is the extent to which charges have been reduced since completion of reorganization last July, through application of large working capital balances, through debt reduction and through interest savings from refunding the old 1st 4s. Such reductions in both senior obligations and interest charges have been almost as severe as in the earlier reorganization. Since last July all but $6,224,000 of the $48 million RFC loan has been paid off and funds have currently been reserved for the payment of the RFC loan on July 1st. Through payment of these RFC loans valuable collateral has been released, chiefly its holdings of the 100% owned Superior Coal Co., and when the RFC loan is finally liquidated next July North Western will obtain full possession of all of its Omaha holdings, consisting both of the bonds, owned 100%, and the equity, 93.66% owned. These Omaha holdings are now a valuable asset.

As a result of payment of the RFC debt a capitalization considered virtually impervious to depression influences was further streamlined through non-issuance to the RFC of the following securities:

$7,783,180 1st mortgage 4s, 1989
12,114,530 income 4½s, 1999
15,543,462 5% preferred ($100 par)
23,259,863 common ($100 par)

The results of the non-issuance of these securities, together with retirement of the RFC debt has resulted in a startling metamorphosis in the company's capitalization. This is clearly delineated by tabulating the capitalization of all three companies, the first being that of the old company prior to reorganization, the second that of the company as reorganized by the ICC and the third the existing capitalization after the financial changes referred to:

TABLE I
Chicago & North Western—Capitalization

	Old Company	As proposed originally by I. C. C.	As of 2-1-45 (see text)
Equipment Trust Obligations	$11,678,000	$19,590,000	$21,076,000
Other Fixed Interest Obligations	362,658,465	90,698,462	54,000,000
Total Fixed Debt	$374,336,465	$110,288,462	$75,076,000
Contingent Interest Debt	None	105,058,904	89,651,000
Total Fixed and Contingent Debt	$374,336,465	$215,347,366	$164,727,000
	Shares	Shares	Shares
Preferred Stock	223,950	1,069,960	914,526
Common Stock	1,584,402	1,077,997	816,302

That further debt reduction is probable is suggested by analysis of the balance sheet as of Dec. 31, 1944. At that time current assets totaled $71.5 million, current liabilities $51.3 million, so that working capital amounted to only $20.2 million. However, special reserve funds not listed under current assets, totaling $28,215,000, were available for both capital improvements and/or debt retirements. Of the $28.3 million, $23.3 million was segregated in the Capital Fund, the bulk of which was invested in U. S. Government securities. These working capital figures do not include those of the controlled Omaha. Working capital of the latter amounted to $6.64 million as of Jan. 31, 1946.

Since the First Mortgage bonds recently refunded on a 3% coupon basis are selling at 101¾, and the Income 4½s at 90 are limited in appreciation by their call price of 101⅛, the investor is obviously now turning to the 5% Preferred stock, selling currently at 62, at which level the excellent yield of 8.06% is afforded.

There are currently outstanding 914,526 shares of this Preferred ($100 par value). The dividend is cumulative only to the extent earned. The preferred participates with the common up to $1 after the common pays $5 and is convertible into the common share for share. These provisions are of slight importance to the investor as of today, although they do represent a valuable call for the post-war era in the event that railroad earnings should, as is thought in some quarters, duplicate those of the late 20s. As a plain preferred, ignoring the convertible or profit-sharing features, its value is indicated by applying past earnings for selected years to its present capitalization and for purposes of comparison projecting estimated post-war earnings in a so-called normal year.

TABLE II
Earnings as Applied to Current Capitalization

	1939	1941	1943	1944	Post-War Estimate
	(000 omitted)				
Available for Fixed Charges	$7,255	$19,995	$31,755	$24,345	*$16,000
Fixed Charges	2,039	2,039	2,039	2,039	2,039
Balance avail. for Income Bonds	$5,116	$17,956	$29,716	$22,205	$13,961
Income Interest	4,034	4,034	4,034	4,034	4,034
†Available for Preferred	$256	$12,996	$24,756	$17,346	$9,001
Preferred Dividend	4,572	4,572	4,572	4,572	4,572
Available for Common	----	$8,424	$20,184	$12,774	$4,429
Times Interest Earned 1st mtge. 3s	3.56x	9.81x	15.57x	11.94x	7.85x
Times Int. Earned inc. mtge. 4½s	1.29x	4.45x	1.37x	5.53x	3.46x
Overall Interest Coverage	1.19x	3.29x	5.23x	4.01x	2.63x
Earned per sh. on 914,526 pfd. shs.	$0.28	$14.21	$27.06	$18.97	$9.84
Earned per sh. on 816,302 com. shs.	----	$10.32	$24.72	$15.64	$5.42

*After Federal Income Taxes. †After deducting sinking fund of $270,000 for new 1st mortgage 3s and $656,000 for 2nd mortgage income 4½s.

N. B.—This table gives no effect to Capital Fund of $2.5 million annually nor to the incidence of Federal Income Taxes in years prior to 1943. As a credit against Capital Fund there will be allowed the amount charged to the newly established depreciation of ways and structures account (1-1-1943) which should offset most, if not all, of this Capital Fund.

Earnings during these years did not include those of the Omaha which during the war period have averaged approximately $3 million annually and which under normal conditions post-war might well average $1 million annually. Since Oct. 1, 1944 the Omaha has paid to the North Western, the parent company, approximately $9.4 million, in part representing principal on open account indebtedness and the balance interest accrued in the company's account prior to reorganization.

The earnings table indicates adequate coverage during the war period and a coverage of almost two times in our estimated post-war year, without giving effect to further debt retirement from excess cash resources presently on hand. With the pressure of investment funds making possible refundings at lower yields, the investor must of necessity turn to stocks of this character if he is to obtain a high yield reasonably well protected. We believe the stock attractive for investors in a position to undertake a moderate risk.

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)
COLUMBIA, S. C.—**Holt F. B. Watts** has joined the staff of **Kirchofer & Arnold, Inc.**, Insurance Building, Raleigh, N. C.

(Special to THE FINANCIAL CHRONICLE)
WATERVILLE, MAINE—**Mrs. Beatrice L. Tyler** is with **R. H. Johnson & Co.**, 30 State Street, Boston, Mass.

President Truman Chooses Two Aides

Two young men to fill key positions in the White House staff were selected by President Truman on April 17, said Associated Press dispatches from Washington on April 17, which also had the following to say about the appointments:

Matthew J. Connelly, 37-year-old investigator for Congressional committees and recently Mr. Truman's executive secretary, was appointed as his confidential secretary.

The important post as secretary in charge of press and radio relations went to James Leonard Reinsch, 36-year-old radio executive from Atlanta, Ga.

At separate news conferences, the new secretaries said that they first met President Truman during his Senate career, Mr. Connelly as chief investigator for the War Investigating Committee in 1941 and Mr. Reinsch in 1943 while he was testifying on radio legislation at hearings by a Senate committee, of which Mr. Truman was a member.

Mr. Connelly was born Nov. 19, 1907, at Clinton, Mass., and Mr. Reinsch June 28, 1908, at Streator, Ill. The latter spent most of his life in Chicago and other Illinois cities until he became associated with the radio stations of former Gov. James M. Cox of Ohio, of which he was managing director at the time of his appointment. He started with Mr. Cox in 1934, when he went to Dayton, Ohio, to set up station WHIO of The Dayton Daily News for Mr. Cox. The other stations are WIOD of The Miami Daily News and WSB of The Atlanta Journal.

President Truman's First Press Meeting

President Truman held his first press conference on April 17 and expressed his desire to confer with leaders of the United Nations, endorsed the Bretton Woods international financial agreements, declared for a continuation of the reciprocal trade policy, and said he would support the San Francisco conference of the United Nations from Washington but would not attend it personally, it was made known in a special dispatch from Washington on April 17 to the New York "Times" by Bertram D. Hulen, who also said:

Speaking crisply and frankly to the correspondents at the White House on both foreign and domestic issues, the President also declared that the curfew and other restrictions, including the ban on horse racing imposed by James F. Byrnes when he was Director of War Mobilization, would be continued.

International Bank Credit and The Bretton Woods Program

(Continued from first page)

to start with participations of $8,800 millions. Of this total $2,750 millions are to be subscribed by the U. S. A. and $300 millions by Canada, both of which are supposed to become creditors of the fund. This leaves $5,750 millions for the potential debtors. The I.M.F. allows each country to draw 25% of its quota per annum but never more than the full quota. In other words, if all countries but the U.S.A. and Canada were to use the fund to the utmost, the credit in the first year could not amount to more than $1,437.5 millions and the same increase in the second year; bringing the debit balance to $2,875 millions or practically exhausting the total of the two supposedly solitary creditors.

In no case could the total of debit balances (exclusive of loans against gold which we can neglect) surpass $4,400 millions, i.e., the debit balances are naturally limited to an equal amount of credit balances of other countries.

But much more informative than these global figures are the data for the various nations and groups of nations. As far as I can see these detailed figures have not been put into the right light.

	—In Million Dollars— Maximum Debit Per Annum	Maximum Total Debit
British Empire Excluding Canada—		
United Kingdom	$325.00	$1,300
Australia	50.00	200
New Zealand	12.50	50
Union of South Africa	25.00	100
India	100.00	400
	$512.50	$2,050
Western and Northern Europe—		
France	$112.50	$450
Netherlands	68.75	275
Belgium	56.25	225
Luxembourg	2.50	10
Norway	12.50	50
Iceland	0,25	1
	$252.75	$1,011
Eastern Europe—		
Czechoslovakia	$31.25	$125
Poland	31.25	125
Yugoslavia	15.00	60
Greece	10.00	40
	$87.50	$350
Latin America—		
Bolivia	$2.50	$10
Brazil	37.50	150
Chile	12.50	50
Colombia	12.50	50
Costa Rica	1.25	5
Cuba	12.50	50
Dominican Republic	1.25	5
Ecuador	1.25	5
El Salvador	0.625	2.5
Guatemala	1.25	5
Haiti	1.25	5
Honduras	0.625	2.5
Mexico	22.50	90
Nicaragua	0.50	2
Panama	0.125	0.5
Paraguay	0.50	2
Peru	6.25	25
Uruguay	3.75	15
Venezuela	3.75	15
	$122.375	$489.5
Philippines	$3.75	$15
Russia	$300.00	$1,200
China	$137.50	$550
Africa and the Middle East—		
Egypt	$11.25	$45
Iran	6.25	25
Iraq	2.00	8
Ethiopia	1.5	6
Liberia	0.125	0.5
	$21.125	$84.5

In other words, the fund allows the United Kingdom $325 millions per annum "overdraft," to use the English term, and all western and northern continental Europe another $250 millions. All Latin America about $125 millions, ranging from very small sums, as for instance, $1.25 millions for Guatamala to $37.50 millions for Brazil.

Nobody can believe that these amounts will in any way suffice to stabilize currencies or bring about a normal flow of international trade.

Russia, with a gold production of about $200 millions per annum and normally self-sufficient in foodstuffs and many commodities, is financially better able to carry a large loan than many other countries. With Russia the credit becomes a pure question of political confidence.

The Chinese question is too obscure for somebody who is not familiar with the Far East to be discussed. Certainly her needs are far greater than the meager loan facilities of the I.M.F.

The economic needs of each of the 44 countries who will be members of the I.M.F. cannot be discussed here in detail.

II

The man in the street is always impressed if one talks of millions, whether of millions of dollars or millions of tons of steel or millions of bushels of wheat. But even the expert reader may wish to have a yardstick for the figures of the potential credits which we have enumerated.

The true yardstick is the extent of foreign trade. In 1937 world foreign trade amounted to about $25 billions (paper dollars at $35 per ounce gold) in import as well as export. In 1929 the trade was about one-third higher in old gold dollars of $20.67 per ounce. The less than $1.5 billion credit lines open in the first year of the I.M.F., therefore, amount to not more than 6% of the former foreign trade. At the present level of commodity prices this percentage is considerably less, and if one speaks of the accumulated import needs of the world, these credits constitute an almost fantastically small proportion of the goods to be moved from one country to another.

In olden times, i.e., before 1914 and to a certain extent in the inter-war period, Britain and the European continent and after 1918 also the U.S.A. financed most of the foreign trade at least for a three months period, in many cases of processing raw material or selling finished consumer goods to importers for six or nine months. Naturally there were oil companies sending their goods to their own subsidiaries or General Motors selling their cars in foreign markets which did not need any outside financing. If they borrowed short term money they did so on their general credit and not on the special export transaction.

Now some four billion dollars is the minimum which would be needed for the simple three months reimbursement credits of the world's international trade and eight billion dollars would be a legitimate amount, including the period of transforming commodities into finished goods and of marketing imported merchandise.

But let us investigate the position of the individual nations. We repeat that Britain cannot draw more than $325 millions from the I.M.F. in the first year. Her normal import was about four billion dollars; her export two to two and one-half billion. Financing both sides for only three months would give her $1.5 billions in the first year. This would at least solve part of her immediate problems. Extending the import credit to six months in the following year would add another billion dollars.

The figures for Belgium and The Netherlands give a similar picture on a smaller scale. France, who is intrinsically in a sounder economic condition than any other belligerent European nation, could be easily enabled to finance her foreign trade to a much greater extent than the $112 millions of the I.M.F. would provide in the first year.

III

When we say that the foreign trade of these countries could be financed by private banking, we presuppose the functioning of international finance, if not exactly in the old style, in a manner not less efficient than the methods of our fathers.

In order to find the right viewpoint for the future organization of world credit, one has to go back not to 1939, not to 1930 or even 1928, but to the period before the first World War. This was in fact the last period in which surpluses and deficits of international payments were easily settled by normal banking transactions. The system, while not at all perfect, worked so smoothly that it was called the "Automatism of Reaching an Equilibrium." As most economic phenomena, it was far from automatic action. It worked on the basis of certain objective facts through the psychological reactions on a few hundred bankers, some hundred thousand businessmen and millions of capitalists.

What were the fundamental facts of this pre-world war period?

(1) The western and central European countries had an active balance of payments (before capital transactions) and were able and willing to increase their foreign investments or credits almost year by year. The U.S.A., while still a debtor country, was not only increasing its domestic wealth in a quick pace but the ratio of foreign assets and liabilities was improving rapidly.

(2) The rich European countries owned large amounts of international securities which were dealt at various stock exchanges (Russian, Italian, Austrian, Turkish bonds, American bonds and shares). While the United States held few of such securities its own railway and industrial bonds and shares had a large market all over Europe. They could be sold or given as collateral in London and Paris, in Brussels and Amsterdam, in Berlin and Zurich.

(3) The currencies of the principal nations were on a gold basis. But even the countries which experienced currency trouble paid their regular commercial and banking debts in the gold currencies which they had borrowed.

(4) There was rightly no fear of political or social revolutions and wrongly no fear of a great war. Certainly no idea of a world war like the first one and even less of the dimensions of the present war.

On the basis of these facts, the leading financial centers had developed a favorable attitude toward international transactions. The bankers and businessmen of most European countries were willing to trust many foreign debtors not less than their own fellow-citizens either for obligations in the creditors' (or another gold) currency or for contracts in paper currencies which could easily be swapped, i.e., sold forward in the big financial centers. While economists studied Lord Goschen's Theory of Foreign Exchange and his exposition of the dollar fluctuations during the Civil War, as well as the fall of the ruble, and while the new generation of bankers listened attentively at the open fireplace to the stories of elderly London bankers about their experiences with Greece or Latin America around 1890, the European banker and capitalist looked favorably upon obligations of foreigners. In fact, the London market was more open for international credits and investments than for the financing of many British industries.

What will be the situation after this war is ended? Among the creditor nations, aside from the U.S.A., we will see Switzerland and Sweden with a good deal of international tradition. Other nations with an international credit balance may spend it quickly for their imports which will mean either a further strengthening of the American balance sheet or, if and when Europe can export enough, a help for England, Belgium, Czechoslovakia, etc. But one can certainly not expect a regular foreign financing from Argentina or India. Their wish to import capital goods or hoard gold and silver is too great to allow substantial help to other nations for any length of time. They may have a surplus of foreign assets under the war restrictions of foreign commerce but they do not produce a regular capital surplus for such purposes.

Any plan for the period of transition and beyond that has to provide capital (or credit) from nations with an international business mind. If you have this mind you need very little government organization. If it is lacking, either government must substitute for private enterprise or international trade will be restricted to a cash basis.

IV

It will need a good deal of adaptation to the creditor psychology if America is to fulfill her part in this international financing which, by the way, directly and even more indirectly has turned out to be an excellent business for Britain and other European countries.

Some part in the financing could be played by the American exporter and importer. Aside from the big manufacturing companies with foreign subsidiaries (oil, motors, shoe machinery, etc.) and the large importers of metals and certain other commodities, the American businessman so far has not been willing to undertake any credit risk outside his own country or at the utmost outside the North American continent. He wants to buy delivered U. S.

port, payment after arrival. He wishes to sell, payment in U. S. A. —at the latest against shipping documents, preferably before. If this worked, as long as there were other rich countries to undertake the financing, it will hardly do for the future. It will not give a chance of extending American business whenever a European merchant is at hand who buys and pays f.o.b. and sells at three to nine months' credit.

But the main task of financing foreign trade not only American export and import but the international commerce between the other nations can only fall on the banks of this country and of the few other creditor nations. Never in the world has there been anything comparable to the combined resources of the American commercial banks and never has there been so little opportunity for employing these funds in domestic credits in view of the enormous cash resources accumulated by industrial and railway companies.

This would make it easy to provide several billion dollars for foreign trade credits if the American banking system were one of a few large banks with branches all over the country. But with our legal system of local or at best state-wide banks, another approach to the problem is needed. It is true that the greatest banks of New York, Chicago, San Francisco show absolutely much higher deposits than any of the big five in England, the Credit Lyonnais, the Credit Suisse. But compared with the total of America, even the Chase, the National City and the Bank of America, do not represent the financial power of this country in a degree comparable to the Midland or Barclay, the Amsterdam'sche or the Societe Generale de Belgique.

Until now the business of foreign credits was practically confined to half a dozen New York banks, one Boston bank and perhaps the two leading Chicago institutions. It is impossible to find three billion dollars for foreign trade credits from these few banks which, despite their giant figures, hardly add up to 20% of the total American deposits. But it would be easy enough to gather such amounts if Philadelphia and San Francisco, Detroit and Pittsburgh, and many other cities including the other New York banks, down to the ones with a few million dollars capital and twenty to fifty million dollar deposits, take their share in the business.

Theoretically, this could be achieved by special syndicates or by bill brokers just as the domestic business was transacted in olden times, and to a certain extent still is. But in practice, it would not work—just as little as it worked at home in 1907 when the Westinghouse Electric, with an excellent balance sheet, had to ask for a moratorium because a few dozen small banks did not renew the hundred thousand dollar loans they were happy to offer a few months before—and again a few months later. There seems to be no other way to harness the full financial power of America for foreign business but to organize special banks for this purpose with the important local banks as stockholders and as buyers of acceptances of these new institutions. This seems the only method compatible with the present organization of American finance. In Britain, before 1914 and even in the inter-war period, a great share of this business was taken up by the merchant bankers whose acceptances were sought as prime paper by everybody who wished to employ cash reserves (insurance companies, building societies and many foreign institutions and capitalists). There is no use trying to duplicate their role as acceptance houses in this country. Legal, as well as psychological objections would retard such development for many years.

There is nothing in the Federal Reserve law which would prevent the banks to organize such special institutions for foreign trade and to become their shareholders and purchasers of acceptances.

The Chase, City, Guaranty, First Boston, etc., have to decide themselves whether they wish to become the leaders in such nationwide organizations or prefer to continue their foreign business independently, leaving it to the New York banks of smaller but still very large size and the out-of-town banks to organize these special institutions. But, irrespective of the form and method, the financing of world trade is waiting for the full cooperation of American banks. If they fail to give this cooperation, foreign trade will be restricted almost entirely to cash transactions and the small credits the neutrals and the impoverished belligerents can offer.

V

Can one expect, can one advise the American banks to enter this field on a big scale? Are the risks bearable or is the aversion of typical American bank presidents against anything foreign justified?

One ought to distinguish between two different risks which are quite apart from each other: the ordinary credit risk, and the currency risk.

The Bretton Woods proposal for the I.M.F. knows only one debtor in every country; the state itself or its designated agency, the central bank of issue. It could not be otherwise. An organization of 44 governments cannot be expected to investigate the prospective debtor and even less to employ permanent controls of his status and his dealings. Private banks, with branches or representatives abroad, are able to judge the quality of loans, the way the debtor conducts his business and lives up to expectations. They may grant revolving import loans to the Imperial Chemical or the Margarine Unie upon the merits of their business. Except for the very best customers they may ask for a guarantee of a British or Dutch bank. In most cases, they may do the business joint account with the Midland, the Amsterdam'sche or the Credit Lyonnais.

There is no reason why these loans should turn out to be of a lesser quality than the credits given to domestic borrowers. Even during the great depression domestic debtors did not prove any better than foreign ones. There were decent people who got broke or at least illiquid in every country. And there were reckless borrowers and crooks here as well as abroad. The individual credits, even with a guarantee of domestic banks of the debtor country will turn out to be better placed than the lump sum credits of the I.M.F., the use of which can very rarely be scrutinized, despite the clauses of the Bretton Woods agreement.

Confining these international credits to normal imports would greatly reduce the danger that they would be used for long term investments. The provisions of the I.M.F. are clearly insufficient in this respect and would allow "Ruritania" to purchase industrial equipment on short term import credits. The private banker could see that capital goods except for replacement should be excluded from this financing and left to long term arrangements.

VI

But there is another risk which has become predominant and, as has been pointed out before, existed only to a very small degree before 1914 and even before 1931. that is the risk of currency restrictions.

Contrary to popular opinion, the short term loans granted to continental European countries during the twenties were in the average not badly placed. While certainly every reduction of credit means business restriction they could have been repaid and in fact were to a considerable extent paid off by a decrease in inventories and accounts receivable. Perhaps this could not always be accomplished within the period of the loans but it was done on a pretty good scale—even if this deflation had the result of aggravating the depression.

But if Siemens or the I. G. Farben had to pay ten million dollars and were able and willing to do so either from dollar balances they held here or from their new export or by asking the Reichsbank for dollars against marks at 4.2 to the dollar or at 8.4 or whatever quotation—the transfer was stopped by order of the government on July 13, 1931. It was the same as if some debtor in America wanted to settle his debt of gold dollars of the old weight and fineness or in guilders as he had promised to his bondholders and was not allowed by the American government with the later approval of the Supreme Court to pay anything but paper dollars.

It is futile to pretend that the banks under present world conditions can shoulder this currency risk for large amounts. The only question is whether one crosses that bridge when one gets there or provides for the emergency beforehand.

On July 13, 1931, when Germany stopped all payments to foreign countries, the Bank of England had to intervene on behalf of the merchant bankers and some banks with considerable frozen assets on the continent. There was no previous provision for this case. The British simply adapted the measures taken on Aug. 4, 1914, to the new situation.

Probably not only Britain but many other countries could act in this informal way again, if necessary—as they live very well without a written constitution. It would not work in this country.

One cannot even for a minute imagine the Federal Reserve Board asking the holders of acceptances of private institutions to take renewal drafts for the time being, in fact in many cases for an unlimited period. The friendly "advice" of the Federal Reserve System would not have the desired result as it has in London and the law could not be changed without a long delay and before utter confusion had set in.

For this country at least the provisions have to be taken beforehand, in fact right now. The credit risk of foreign short term loans — revolving, but nevertheless in every single case short termed—is bearable for the banks if the currency risk is insured by the government, at least the excess risk above a certain sum or a certain percentage.

This point seems to be the basis for a compromise, even more so for a full cooperation between the banks and the government regarding Bretton Woods.

The I. M. F. as it is planned today does certainly not offer any inducement to grant private credits. It discriminates in favor of cash sales against the merchant or the bank which finances the import to a debtor country. When the annual quota is exhausted there is nothing left for the creditor and he has no priority in the following year against a new import which is being paid in cash. If the private banks supply in any one year more than the credits that the I. M. F. can furnish in three or more years there is no need to make use of the I. M. F. It would practically work "in being." Instead of a credit agency it would become a currency insurance fund for private creditors. It is true it could not immediately pay in full if after one year the banks would not renew their facilities. But there is no reason to believe that they would not do so. They even would pledge themselves beforehand to continue the loans on a revolving basis. But in the worst case the government could easily step in. If the granting of an import credit is noted in the books of the I. M. F. as giving priority to later imports, the government or its agency, whatever it may be, would do not more than advance the repayment for a moderate period, certainly not longer than three to four years.

Nobody is more aware than the writer of this article that even the large amount of three to five billion dollars which the banks of this country, Canada, the neutrals and perhaps some newly rich countries can provide are insufficient to finance the recovery of the world. But it will certainly be a better way to overcome the difficulties of the first year than the present proposals for the I. M. F. and it seems the only method to prevent the cessation of most international credits for fear that the I. M. F. would not supply the funds for repayment.

The real solution for the difficulties of Britain and western Europe can only be found in long term credits for which the International Bank for Reconstruction is certainly not sufficient. But this question has to be dealt with separately together with the problem if and when one may expect foreign credits and investments to be liquidated or even could wish to liquidate them.

Soher, Morrill & Cullen To Be Partners in Walston, Hoffman Co.

SAN FRANCISCO, CALIF.—Hubert J. Soher, Clifton W. Morrill, and Daniel J. Cullen will become partners in Walston, Hoffman & Goodwin, 265 Montgomery St., members of the New York and San Francisco Stock Exchanges, as of May 1st.

Mr. Cullen and Mr. Soher were previously partners in H. R. Baker & Co., with which Mr. Morrill was associated as assistant sales manager.

T. L. Watson To Admit

T. L. Watson & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, will admit Sylvester F. Hennessey to partnership on May 1st.

Mutual Funds

Sales Helps Are Getting Better All the Time

The trend toward sound, factual, "reason why" sales material in the investment company field has progressed to the point where the combined output of the various sponsors constitutes a veritable **"library" of business and financial information.**

This week the honors go to **Lord, Abbett** for that sponsor's new series of sales folders on **Union Trusteed Funds, American Business Shares** and **Affiliated Fund.** The new series is presented in a distinctive three-fold container which affords an attractive display of the new folders.

There is a separate folder for each of the five **Union Trusteed Funds, American Business Shares** and **Affiliated Fund.** And they are all models of simple, understandable sales presentation of the funds themselves. A separate brochure entitled "Fund Data" gives condensed data and portfolio information on each of the seven funds.

Along with this new material, **Lord, Abbett** announces that **Abstracts** will hereafter be issued in letter-page dimensions and that a new **Investment Bulletin** will be issued each week in which the sponsor will seek each time to present "some specific fact or thought favoring the purchase of investing company shares."

George Putnam Fund

The quarterly report of the **George Putnam Fund** shows net assets at a new high of $12,350,000 on March 31, 1945. During the first quarter of this year the trustees continued the policy adopted in the last quarter of 1944 of reducing the common stock portion of the Fund. As a result, the proportion so invested was only 45% of the total on March 31, 1945, compared with 59% on Dec. 31, 1944 and 63% on Sept. 30, 1944.

No Young Cars

Further assurance that the automobile industry can look forward to several years of prosperity is found in an article which **Hugh W. Long & Co.** has reprinted from the Cleveland Trust Company Bulletin. "There are no young cars—49% of cars are middle aged, 51% of cars are ancient" states the bulletin. "Doesn't this mean peacetime production of new cars by the million? Through a single investment in **Automobile Industry Series of New York Stocks, Inc.** you can now become part-owner of twelve selected automotive companies—leading manufacturers of automobiles, trucks, tires and auto parts."

Common Stocks for Income

The two most recent issues of **Keynotes** are devoted to the advantages of common stocks as income producers under current conditions. In one issue the earnings and dividends of the 50 common stocks in the Barron's average are charted through the period from 1936 to 1944 and it is shown that a much smaller percentage of earnings has been paid out in dividends during the war years. Thus, earnings of these stocks in 1944 were 70% higher than in 1938, whereas dividends were only 22% higher. "The yield on the average dividend paid during the full nine-year period, at current price of 92, would be 5.1% or twice the return on high grade bonds."

The latest issue of **Keynotes** presents charts showing the assets and earnings of the 40 stocks held in **Keystone Common Stock Fund "S2."** These 40 companies had a net equity of $6,151,600,000 available for their common stocks which were selling in the market on April 1, 1945 at $3,934,700,000. "In other words, each dollar of market value has behind it $1.56 of net assets." Moreover, dividend payments for 1944 averaged $2.33 a share or only 60% of the year's average earnings of $3.89 a share. Average price of their shares on April 1 was 40, so that they are still available at approximately 10 times earnings.

Salable Merchandise

Distributors Group, in a letter to dealers, points out that "the shares of **Group Securities, Inc.** are eminently salable regardless of general investment activity."

To prove this statement, the sponsor compares the gain in dealer sales of Group Securities with the gain in New York Stock Exchange volume during the first quarter of 1945 over the same period of last year. Sales of Group Securities were up 126.1% as compared with a gain of 56.6% in New York Stock Exchange volume. Another comparison is made between the monthly trend of sales during the first three months of this year. During that time, sales of Group Securities were maintained at record levels while New York Stock Exchange volume was declining 29%.

"The big reason," states **Distributors Group,** "why shares of Group Securities are so highly salable is simply this:

"Group Securities' unique method permits dealers to concentrate sales effort in the currently undervalued groups. And when good securities are undervalued, they can always be sold to intelligent investors."

An Income Plus Program

National Securities & Research Corp. refers to **National Preferred Stock Series** as "an income plus program." Stocks included in this fund must measure up to three tests of value:

1. Favorable post-war outlook for business and profits to sustain dividends.
2. Improving capital position brought about by refunding or retirement of bonds ahead of preferreds, by repurchase, or retirement operations with respect to outstanding preferred issues.
3. Cash payment in full or part of accumulated dividends or recapitalization plans to eliminate dividend accumulations through payment in stock.

Memorandum on Steel

The close normal relationship between steel industry stock prices and steel production is pictured in a chart preferred by **Manhattan Research Associates,** research advisers to **New York Stocks, Inc.** This chart is published by **Hugh W. Long and Company** as part of a study on the **Steel Industry Series** of New York Stocks, Inc. It covers the fifteen year period from 1929 to 1944.

Practical application of the chart can be made in looking ahead to post-war steel production. Assuming that 70 million tons of steel—a conservative estimate—will be produced in post-war years, and that excess profits taxes are removed, steel stock prices post-war should be 50% higher than current levels.

Is the Market Too High?

Broad Street Sales Corp. in the current issue of **Items** sets out to answer the question as to whether the market is currently too high. "Too high in relation to what?" asks the memorandum which then goes on to show the relative position of various economic and financial factors today as compared with Dec. 31, 1939. The comparison points strongly to the conclusion that the market at its present level of only 2% above the Dec. 31, 1939 level is certainly not out of line.

"Sail and Ballast"

For a swell story on the importance of "balance" in a well-constructed investment program, we recommend the current portfolio review of the **George Putnam Fund** entitled, "Sail and Ballast."

"A big racing yacht must carry sail enough to drive her forward; but also ballast enough to keep her right side up and under control." The trustees of the George Putnam Fund believe that a good investment program must contain the same elements of balance.

Mutual Fund Literature

The Parker Corporation—Memorandum showing portfolio changes of **Incorporated Investors** in the first quarter. . . . **National Securities & Research Corp.**—Current information folder for April on National-sponsored funds; also portfolio memorandum showing changes made during March. . . . **Distributors Group**—Current monthly investment report; current portfolio folders on **Low Priced Shares, General Bond Shares** and **Railroad Bond Shares.** . . . **Estabrook & Co.**—Memorandum on chemical stocks in reference to **Chemical Fund.** . . . **Selected Investments Co.**—Current portfolio memorandum on **Selected American shares;** current issue of "These Things Seemed Important." . . . **Calvin Bullock**—Current issue of the Bulletin. . . . **George Putnam Fund**—Revised booklet, "What Is the Putnam Fund?"; current Portfolio News showing changes during the first quarter. . . . **Lord, Abbett**—Composite Summary for April covering the Lord, Abbett investment companies. . . . **Hugh W. Long & Co.**—Current portfolio folder on **Manhattan Bond Fund;** memorandum on the **Railroad Industry Series of New York Stocks, Inc.**

Dividends

Dividend Shares, Inc.—A quarterly dividend of 2¢ per share payable May 1 to stockholders of record April 14.

President Truman Pledges Efforts To End War and Preserve Peace

(Continued from first page)

colleagues, in the Congress of the United States.

Only yesterday, we laid to rest the mortal remains of our beloved President, Franklin Delano Roosevelt. At a time like this, words are inadequate. The most eloquent tribute would be a reverent silence.

Yet, in this decisive hour, when world events are moving so rapidly, our silence might be misunderstood and might give comfort to our enemies.

In His infinite wisdom, Almighty God has seen fit to take from us a great man who loved, and was beloved by, all humanity.

No man could possibly fill the tremendous void left by the passing of that noble soul. No words can ease the aching hearts of untold millions of every race, creed and color. The world knows it has lost a heroic champion of justice and freedom.

Tragic fate has thrust upon us grave responsibilities. We must carry on. Our departed leader never looked backward. He looked forward and moved forward. That is what he would want us to do. That is what America will do.

So much blood has already been shed for the ideals which we cherish, and for which Franklin Delano Roosevelt lived and died, that we dare not permit even a momentary pause in the hard fight for victory.

Calls for Unity

Today, the entire world is looking to America for enlightened leadership to peace and progress. Such a leadership requires vision, courage and tolerance. It can be provided only by a united nation deeply devoted to the highest ideals.

I call upon all Americans to help me keep our nation united in defense of those ideals which have been so eloquently proclaimed by Franklin Roosevelt.

I want in turn to assure my fellow Americans and all of those who love peace and liberty throughout the world that I will support and defend those ideals with all my strength and with all my heart. That is my duty and I shall not shirk it.

So that there can be no possible misunderstanding, both Germany and Japan can be certain, beyond any shadow of doubt, America will continue the fight for freedom until no vestige of resistance remains!

We are deeply conscious of the fact that much hard fighting is still ahead of us.

Having to pay such a heavy price to make complete victory certain, America will never become a party to any plan for partial victory

To settle for merely another temporary respite would surely jeopardize the future security of all the world.

Unconditional Surrender

Our demand has been, and it **remains—Unconditional Surrender!**

We will not traffic with the breakers of the peace on the terms of the peace.

The responsibility for the making of the peace—and it is a very grave responsibility—must rest with the defenders of the peace, the United Nations. We are not unconscious of the dictates of humanity. We do not wish to see unnecessary or unjustified suffering. But the laws of God and of man have been violated and the guilty must not go unpunished. Nothing shall shake our determination to punish the war criminals even though we must pursue them to the ends of the earth.

Lasting peace can never be secured if we permit our dangerous opponents to plot future wars with impunity at any mountain retreat—however distant.

In this shrinking world, it is futile to seek safety behind geographical barriers. Real security will be found only in law and in justice.

Help the Common Man

Here in America, we have labored long and hard to achieve a social order worthy of our great heritage. In our time, tremendous progress has been made toward a really democratic way of life. Let me assure the forward-looking people of America that there will be no relaxation in our efforts to improve the lot of the common people.

In the difficult days ahead, unquestionably we shall face problems of staggering proportions. However, with the faith of our fathers in our hearts, we fear no future.

On the battlefields, we have frequently faced overwhelming odds—and won! At home, Americans will not be less resolute!

We shall never cease our struggle to preserve and maintain our American way of life.

At this very moment, America, along with her brave Allies, is paying again a heavy price for the defense of our freedom. With characteristic energy, we are assisting in the liberation of entire nations. Gradually, the shackles of slavery are being broken by the forces of freedom.

All of us are praying for a speedy victory. Every day peace is delayed, costs a terrible toll.

The armies of liberation today are bringing to an end Hitler's ghastly threat to dominate the world. Tokyo rocks under the weight of our bombs.

Grand Strategy to Continue

The grand strategy of a United Nations' war has been determined—due in no small measure to the vision of our departed Commander in Chief. We are now carrying out our part of that strategy under the able direction of Admiral Leahy, General Marshall, Admiral King, General Arnold, General Eisenhower, Admiral Nimitz and General MacArthur.

I want the entire world to know that this direction must and will remain—**UNCHANGED AND UNHAMPERED!**

Our debt to the heroic men and valiant women in the service of our country can never be repaid. They have earned our undying gratitude. America will never forget their sacrifices. Because of these sacrifices, the dawn of Justice and freedom throughout the world slowly casts its gleam across the horizon.

Our forefathers came to our rugged shores in search of religious tolerance, political freedom and economic opportunity. For those fundamental rights, they risked their lives. We well know today that such rights can be preserved only by constant vigilance, the eternal price of liberty!

San Francisco Conference on Schedule

Within an hour after I took the oath of office, I announced that the San Francisco Conference would proceed. We will face the problems of peace with the same courage that we have faced and mastered the problems of war.

In the memory of those who have made the supreme sacrifice—in the memory of our fallen President—**WE SHALL NOT FAIL!**

It is not enough to yearn for peace. We must work, and if necessary, fight for it. The task of creating a sound international organization is complicated and difficult. Yet, without such organization, the rights of man on earth cannot be protected. Machinery for the just settlement of international differences must be found. Without such machinery, the entire world will have to remain an armed camp. The world will be doomed to deadly conflict, devoid of hope for real peace.

Fortunately, people have retained hope for a durable peace. Thoughtful people have always had faith that ultimately justice **must** triumph. Past experience surely indicates that, without justice, an enduring peace becomes impossible.

In bitter despair, some people have come to believe that wars are inevitable. With tragic fatalism, they insist that as wars have always been, of necessity, wars will always be. To such defeatism, men and women of good will must not and can not yield. The outlook for humanity is not so hopeless.

During the darkest hours of this horrible war, entire nations were kept going by something intangible—hope! When warned that abject submission offered the only salvation against overwhelming power, hope showed the way to victory.

Hope has become the secret weapon of the forces of liberation!

Aggressors could not dominate the human mind. As long as hope remains, the spirit of man will **never** be crushed.

Work with Other Nations

But hope alone was not and is not sufficient to avert war. We must not only have hope but we must have faith enough to work with other peace loving nations to maintain the peace. Hope was not enough to beat back the aggressors as long as the peace-loving nations were unwilling to come to each other's defense. The aggressors were beaten back only when the peace loving nations united to defend themselves.

If wars in the future are to be prevented the peace-loving nations must be united in their determination to keep the peace under law. The breaking of the peace anywhere is the concern of peace-loving nations everywhere.

Nothing is more essential to the future peace of the world than continued cooperation of the nations which had to muster the force necessary to defeat the conspiracy of the fascist powers to dominate the world.

While these great states have a special responsibility to enforce the peace, their responsibility is based upon the obligations resting upon all states, large and small, not to use force in international relations except in the defense of law. The responsibility of the great states is to serve and not dominate the peoples of the world.

To build the foundation of enduring peace we must not only work in harmony with our friends abroad, but we must have the united support of our own people.

Even the most experienced pilot cannot bring a ship safely into harbor, unless he has the full cooperation of the crew. For the benefit of all, every individual must do his duty.

Asks Support of United Nations Pact

I appeal to every American, regardless of party, race, creed, or color, to support our efforts to build a strong and lasting United Nations Organization.

You, the Members of Congress, surely know how I feel. Only with your help can I hope to complete one of the greatest tasks ever assigned to a public servant. With Divine guidance, and your help, we will find the new passage to a far better world, a kindly and friendly world, with just and lasting peace.

With confidence, I am depending upon all of you.

To destroy greedy tyrants with plans of world domination, we cannot continue in successive generations to sacrifice our finest youth.

In the name of human decency and civilization, a more rational method of deciding national differences **MUST** and **WILL** be found!

America must assist suffering humanity back along the path of peaceful progress. This will require time and tolerance. We shall need also an abiding faith in the people, the kind of faith and courage which Franklin Delano Roosevelt always had!

U. S. World Force

Today, America has become one of the most powerful forces for good on earth. We must keep it so. We have achieved a world leadership which does not depend solely upon our military and naval might.

We have learned to fight with other nations in common defense of our freedom. We must now learn to live with other nations for our mutual good. We must learn to trade more with other nations so that there may be—for our mutual advantage—increased production, increased employment and better standards of living throughout the world.

May we Americans live up to our glorious heritage.

In that way, America may well lead the world to peace and prosperity.

At this moment, I have in my heart a prayer. As I assume my heavy duties, I humbly pray to Almighty God, in the words of Solomon:

"Give therefore thy servant an understanding heart to judge thy people, that I may discern between good and bad; for who is able to judge this thy so great a people?"

I ask only to be a good and faithful servant of my Lord and my people.

Addresses Armed Forces

On Tuesday night (April 17) President Truman spoke over the radio to the armed forces. This address as recorded and transcribed by the New York "Times" follows:

To the Armed Forces of the United States throughout the world:

After the tragic news of the death of our late Commander in Chief in was my duty to speak promptly to the Congress and the armed forces of the United States.

Yesterday I addressed the Congress. Now I speak to you.

I am especially anxious to talk to you, for I know that all of you felt a tremendous shock, as we did at home, when our Commander in Chief fell.

All of us have lost a great leader, a far-sighted stateman and a real friend of democracy. We have lost a hard-hitting chief and an old friend of the services. Our hearts are heavy. However, the cause which claimed Roosevelt also claims us. He never faltered—nor will we!

I have done, as you do in the field, when the Commander in Chief falls. My duties and responsibilities are clear. I have assumed them. These duties will be carried on in keeping with our American tradition.

As a veteran of the first World War, I have seen death on the battlefield. When I fought in France with the Thirty-fifth Division I saw good officers and men fall and be replaced.

I know that this is also true of the officers and men of the other services, the Navy, the Marine Corps, the Coast Guard and the Merchant Marine.

I know the strain, the mud, the misery, the utter weariness of the soldier in the field. And I know too his courage, his stamina, his faith in his comrades, his country and himself.

We are depending upon each and every one of you.

Yesterday I said to the Congress and I repeat it now:

"Our debt to the heroic men and valiant women in the service of our country can never be repaid. They have earned our undying gratitude. America will never forget the sacrifices. Because of these sacrifices the dawn of justice and freedom throughout the world slowly casts its gleam across the horizon."

At this decisive hour in history it is very difficult to express my feeling. Words will not convey what is in my heart.

Yet, I recall the words of Lincoln, a man who had enough eloquence to speak for all America. To indicate my sentiments, and to describe my hope for the future, may I quote the immortal words of that great Commander in Chief:

"With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right, let us strive on to finish the work we are in; to bind up our nation's wounds; to care for him who shall have borne the battle, and for his widow, and his orphan—to do all which may achieve and cherish a just and lasting peace among ourselves, and with all nations."

Brundage, Story & Rose Admit Warren Clark

Brundage, Story & Rose, 90 Broad Street, New York City, investment counsel, announce that Warren Clark has been admitted as a general partner in the firm. He has been engaged in research work for the firm for the last two years, and was formerly associated with Brown Brothers, Harriman & Company and Goodbody & Company. A graduate of Williams College and of Harvard University Graduate School of Business Administration, Mr. Clark is a member of the American Statistical Association, Analysts Club, Bankers Club of America, the Economic Club and the New York Society of Security Analysts.

Eric Etherington Is With Bear, Stearns

Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other exchanges, announce that Eric Etherington is now associated with them in the Public Utilities Research Department. Mr. Etherington until recently was with the Philadelphia office of E. H. Rollins & Sons, covering utilities for the Company's Eastern offices, and previously had been associated with Goodbody & Co. and Bonbright & Co.

Public Utility Securities

Analyzing Utility Earnings

While most utility earnings statements are highly standardized and easy to interpret, a number of irregularities have crept into the picture in recent years, due mainly to holding company liquidation programs and variations in the treatment of tax items. Accordingly, it is frequently essential to "look behind" the published earnings ratios and per share figures to see whether they really mean what they appear to.

In studying the "coverage" figures for bond interest, peculiar results sometimes appear in the services, and on checking it will be noted that fixed charges have been swollen by the inclusion of heavy amortization items or charge-offs, in addition to the usual less important amortization of bond discount, etc. At present there is considerable difference of opinion and practice in the handling of these charge-offs. If they are in the nature of extra depreciation, they should go "above the line"—be deducted before arriving at the balance available for interest. On the other hand, if they are important adjustments of plant account, they should go down into profit and loss account. But the companies and the commissions have varying views, and the financial services do not always make the proper adjustments which are necessary to arrive at correct "coverage" figures. Incidentally, it is quite important to note whether bond interest coverage is before or after Federal taxes. It is frequently stated both ways, especially in comparisons of new offerings with other issues.

The same difficulty arises with respect to "overall" coverage of fixed charges and preferred dividends. This overall coverage figure has now become a standard yardstick for comparing preferred stocks but apparently all the financial services do not realize this yet, for some of them continue to publish only the share earnings figures, or the number of times the preferred dividend (alone) is covered by net income.

But the real pitfalls lie in the statement of share earnings on the common stocks of holding companies. For example, American Water Works' consolidated earnings for the 12 months ended Sept. 30 were reported as 54 cents a share, while a footnote indicated that this was before a special tax adjustment credit. But the report for the calendar year apparently threw this tax adjustment "upstairs" and the same service reported share earnings at \$1.36 or about 2½ times as large as the previous figure. There is not space here to go into the accounting problems involved, but the point remains that when a Wall Street house, and later a financial research organization, called attention to the new earnings figures, the stock enjoyed a sharp advance. Careful students might have noted the same facts in the September statement.

Holding company earnings figures sometimes show puzzling changes. Several years ago it was feared that Standard Gas would only earn about half its interest charges if proposed tax changes occurred. Instead, the tax laws were amended and Standard Gas benefited considerably by some of the technical provisions, so that the prior preferred stock has gained some tenfold in price. Here again careful study of tax changes would have proved highly advantageous to the stockholder.

On the other hand, earnings of several other holding companies—American Light & Traction, Electric Power & Light and American Power & Light have declined. On analysis, it is evident that the declines were due to the sales of certain properties for cash. Since the cash was not reinvested, earnings naturally declined. The same factor—retention of about \$56,000,000 cash—tends to explain the present poor earnings of Electric Bond and Share.

Another factor which the analyst must watch for is big tax savings due to mergers, property sales, refunding operations, etc. It is usually customary to offset these savings by a "charge in lieu of tax savings," but this is not always done. Thus Puget Sound Power & Light in 1943 reported share earnings of \$2.21 a share on the new common stock due to such tax savings. For the 12 months ended February, 1945, earnings were \$1.97, and this is still included an item "Federal income tax reduction credit" of \$935,142, or about 43 cents a share. The adjusted share earnings would appear to be in the neighborhood of \$1.54.

On the other hand, the earnings of Engineers Public Service have been mounting rapidly and the price of the stock has similarly advanced. For the calendar year 1944 \$2.50 a share was reported compared with \$1.75 in 1943 and 94 cents in 1942. Most of the gain appears to be legitimate, resulting from the substantial advantages gained from merger-refunding operations of Virginia Electric (which acquired Virginia Public Service from the Associated Gas System on an advantageous basis). These gains have appeared in the published figures only gradually, whereas a pro forma income account on the new basis would have immediately revealed the potential earning power. Here again there are a number of important tax changes which cannot be discussed in detail. It may be noted, however, that 1944 earnings as reported by one service contained an income tax credit resulting from amortization of facilities allowable as war emergency construction, amounting to \$1,067,652 or about 56 cents a share. Should this item be included in the earnings?

Another less important difficulty is the question whether the post-war tax refund should be excluded from earnings. One service now reports earnings in two ways, with and without the refund. Without the refund, for example, Engineers' earnings would be reduced from \$2.50 to \$2.34.

Obviously, there is a wide field for exploration of values in these earnings statements.

OUR REPORTER'S REPORT

Underwriting bankers could find no complaint with the response of investors to new issues brought to market this week. In fact, celerity with which several major deals, including Erie Railroad's \$79,500,000 of new bonds, moved out afforded silent but none-the-less conclusive testimony that recent slow issues likewise were being cleaned up nicely.

Tuesday proved one of the biggest days thus far this year from a standpoint of public offering of new securities producing well over \$100,000,000 of such issues for the investor, institutional and individual alike.

To say that Erie's huge undertaking was a "quickie," as the trade terms a fast mover, would be pretty much of an understatement. Sold in three series, with one group taking \$33,900,000 of series F and \$40,000,000 of series G as 3⅛s, and another group acquiring the \$5,500,000 of series G as 2s, the successful syndicates proceeded immediately to reoffering.

The two larger and long-term issues were shaped up within a few minutes of announcement of the opening of the books and were in brisk demand in the open market above the offering price of 100.65.

For the issuer this business provided funds for the retirement of \$74,212,500 of series B 4s outstanding in the hands of the public and \$5,500,000 of serial 3⅛% notes maturing in 1953. It means, likewise, a saving of some \$721,000 annually in interest charges.

Corning Glass Works

Scarcely less impressive than the reception given the Erie bonds was that accorded the preferred and common stocks of Corning Glass Works, in the amounts of 50,000 shares and 412,340 shares, respectively.

The junior equity, especially, stood out by its performance, perhaps enhanced by reason of the fact that this was the first opportunity the public has had to buy into the hitherto closely held security.

Offered at \$25 a share the stock bolted ahead to rule at a premium of a full 4 points on the bid side and it was reported that allotments were scaled down to as little as 20% in order to assure wide distribution. The preferred, likewise, ruled at a premium of around 2 points at times.

Busy Days Ahead

Notwithstanding the heavy outpouring of new securities in recent weeks, the banking fraternity and dealers realize that they have not yet finished the job ahead in the corporate field before the turn to on the next War Loan Drive.

There is a host of new issues in prospect for the next fortnight and the roster offers a pretty well diversified assortment with a large utility, two large rail and one industrial offering in prospect.

B. F. Goodrich Co. is nearing the end of its hibernation period on \$35,000,000 of new first mortgage bonds which will replace outstanding 3s and 4¼s.

Virginian Railway is scheduled to open bids on an offering of \$60,000,000 of new first lien 3 per cents next Tuesday, barring any change in plans, and the New York, Chicago & St. Louis Railroad (Nickel Plate) has applied for permission to issue \$58,000,000 of refunders.

On the final day of the month Virginia Electric Power Co. is slated to sell in competitive bidding \$59,000,000 of new bonds to redeem outstanding issues carrying 3, 3⅛ and 3½% coupons.

Bell & Howell Offering

Bankers yesterday brought to market another of those operations involving the wide distribution of the common stock of a company which had been held heretofore by several large shareholders.

This was a combination deal involving the sale of 30,000 shares of cumulative preferred stock, for company account, designed to raise funds for post-war needs and for the purchase from DPC of the Lincolnwood plant, Chicago, now operated under lease.

But it embraced also 150,000 shares of common stock for the account of certain big stockholders. This offering was well received by investors with both issues reported in brisk demand.

Reading Co. Awards $84,000,000 Bonds To Halsey Stuart Group

Reoffering Made at 101.87

An investment banking group led by Halsey, Stuart & Co., Inc., won the award April 12 of Reading Co.'s \$84,000,000 of new first and refunding mortgage 3⅛% bonds, Series D, due May 1, 1995. The winning bid named a price of 100.59 for a 3⅛% coupon, a net interest cost to the road of approximately 3.10%. Halsey, Stuart & Co., Inc., and a nationwide banking group of 121 members on April 13 publicly reoffered the bonds at 101.87, subject to approval of the Interstate Commerce Commission.

The Reading Co. will devote the proceeds from the financing, together with other funds, to the retirement of \$84,249,700 of outstanding higher-cost obligations.

The funded debt of the road to be publicly outstanding as of May 1, 1945, after giving effect to the present financing will total \$108,121,164, of which \$10,570,000 Reading Co.-Jersey Central collateral trust 4s, due 1951, will be called for redemption on next April 1.

Smith & Co. is Formed

(Special to THE FINANCIAL CHRONICLE)

WATERVILLE, MAINE — Donald O. Smith and Ray W. Smith have formed Smith & Company with offices at 66 Main Street. Donald Smith was previously President of Smith, White & Stanley, with which Ray Smith was also connected as Manager of the Municipal Department.

Tomorrow's Markets Walter Whyte Says—

Change in White House leadership brings rush out of money into stocks. Wild hopes based on change unwarranted. Protect profits by raising stops.

By WALTER WHYTE

An example what happens to a bull market suddenly faced with the unexpected was given you last Thursday when the world was electrified by the sudden death of President Roosevelt. The following day, Friday, prices actually advanced. And as this is being written the averages are at a new high (163).

* * *

My guess is that had the death occurred during market hours a setback would have been seen. The fact that it came after hours permitted sounder thinking to take control.

* * *

But what was more important, from a stock market point of view, is the fact that the market was in a basic bull trend. And basic trends don't change or veer overnight. It is a succession of events that bring about a change in the tide.

* * *

Last week all the signs I could see pointed to a minor correction. The averages had been across 160 and had rallied to about 157. At the 157 area resistance began to assert itself. But at worst this kind of obstacle is temporary. It just calls for the market to step back and get another grip, a stronger one, and then it is away to the races again. So even if the down-signs last week were present I saw no need to sell. On the contrary I warned that the basic position should be long.

* * *

Whether or not this advice was justified I leave you to judge.

* * *

The question now facing us is what to do from here on.

* * *

Well, first of all I don't think sentimentalism and

(Continued on page 1741)

The Job Ahead

(Continued from first page)

Our nation has become the mightiest military force in the world. With the return of peace, we should divert our wartime energies to improving our national economic structure. That is essential to remain in the vanguard of social progress. To achieve this peacetime goal, there must be useful jobs for all willing hands. This cannot be attained merely by wishing and waiting. It requires careful planning and hard work.

Every major phase of our economic life ought to be given deep study, so it may be utilized to the utmost to help assure full employment in the post-war period. Wherever necessary and desirable, the Government should give special aid to private industry to encourage the maximum amount of employment from sound business enterprises.

Surely recent world events should explode, once and for all, the myth that democracy is inherently inefficient. We have out-produced and out-fought the foes of democracy. Furthermore, we have been able to retain a healthy balance, by preserving individual rights, while promoting the general welfare. America's remarkable rise to world leadership, in practically every field of human endeavor, has been possible only in the free air of democracy.

Prosperity, like peace, is an elusive state of affairs, which can easily be lost by neglect. This world of ours is constantly changing, and, therefore, we must make endless adjustments to meet new conditions. Static measures in a dynamic world may rapidly become obsolete and dangerous. As a nation, we either go ahead or drop behind in the passing political parade. All lasting human progress requires intelligent planning and reasonable regulation for the best interest of all.

America will never again permit the callous indifference, the economic and political inaptitude of the late twenties and early thirties to return to political power. No depression will be allowed to grow, like a Frankenstein monster, ultimately threatening our entire social structure.

The present Administration has sponsored considerable social legislation to help safeguard the health, security and future of our people. These progressive legislative measure are too well known to require detailed comment. Unemployment insurance, old age pensions, maternal and child welfare are among the most important.

We also have bank deposit insurance to prevent life savings being wiped out during a hysteria of financial fears. The SEC safeguards sound securities and prevents the gross abuses in the sale of stock, which once defrauded so many of our unsuspecting people. These measures, together with new record personal savings, reduction of private debts, and extension of loans to worthy business interests, all tend to reduce the danger of future economic depressions.

Today, the American people have a far greater faith in our future. They know that no Government will be permitted to remain in power, if it neglects the essential welfare of all our people. Of course, the basic problem is to find useful employment in private industry for all willing workers. To maintain our high American standards of living, we must produce efficiently, which will lead to full employment for the benefit of all. That is our essential goal. We must not fail!

It may be necessary for the Government to assist private business in attaining this objective by tax reductions, special subsidies, and sound business loans. Public works, long delayed because of the war, should be coordinated into a scheduled program designed to produce the maximum benefits when most needed. With these, and many other economic weapons at our disposal, we would be foolish indeed if we did not use them most effectively to fight the first threat of another depression.

We hear much about the problem of returning veterans. Well, this time there surely will be no Bonus Army! Already we have created the Veterans' Bill of Rights, which contains a whole program for a modest repayment of our everlasting debt to those to whom we owe our freedom. When demobilized, the veterans know in advance they will have a cash bonus waiting. They may resume their studies at government expense, receive priorities for government positions, and many other benefits, such as special loans designed to expedite their readjustment to civilian life. This time our fighting men will not have to fight again for justice on the home front!

Fear has been expressed that when our fighting forces return, these new workers might flood the labor market and threaten us with heavy unemployment. In the first place, of the eleven million in the armed services, about five million will not be in the market for jobs immediately upon discharge from service. Over half of our service people are under 26 years of age. Therefore, at least two million of these should return to school, college, or seek vocational training.

An additional two million veterans will probably enter business, or become self-employed, such as lawyers, doctors, and farmers. Another million people will have special positions awaiting them, such as policemen, firemen, teachers and necessary government workers. Roughly this should total over five million veterans, who will not immediately be "thrown on the labor market." Of the remaining six million servicemen, approximately two million may remain in service as a career, or be replaced by others, to man our new mighty fleets and outposts guarding America. This leaves only about four million veterans available for civilian positions soon after hostilities cease.

Despite manpower shortages, our gigantic war industries and economic productive machines managed to break all records. Women workers helped to make this possible. According to an official poll, after the war about one-fifth of our 18 million women employees will be anxious to return to their homes. These three and a half million women alone may provide sufficient jobs for most veterans seeking work.

There are also a half a million persons over 65, who are entitled to retire on pensions. As did our patriotic women, they continued to work to help our war effort. Furthermore, there are about two million boys between 14 and 17 working, who should be sent back to school when war ends. In brief, about six million people may be expected to leave the nation's labor force when victory comes, while there are only about four million veterans ready to step into their places. Modern scientific discoveries should give rise to new important industries. Therefore, if our high production is maintained, or increased to meet the demands of peace, America may actually experience manpower shortages for some time in certain localities.

As a result of our record national debt, inflation has been considered by some people as the "big bugaboo" of peace. Again we can have inflation, if we do nothing to check it. However, it is most gratifying to note how prices were kept in line, and prevented from soaring as they did during the last war. Of course, everybody regrets the size of the public debt, but modern war costs are staggering.

Yet, the main consideration is that our national productive power also increased steadily to record size. Our national income and national wealth was never greater. Furthermore, we have acquired the skill and ability to do gigantic tasks for the benefit of all Americans. As long as we utilize our plants, resources, manpower and skills intelligently, there seems no sound reason why America should fear the future in any field of human endeavor. As long as we remain free and industrious our progress should be practically unlimited.

To achieve our greatest possible development, all of us must work together for the interest of our country. Capital, labor and agriculture must cooperate for the benefit of all concerned. Labor must produce efficiently to assure capital with essential profits to be distributed. Capital must pay reasonable wages to help maintain the general purchasing power, upon which prosperity depends. Government must assist both, and prevent either from taking any undue advantage.

We Americans have good reason to be proud of our remarkable achievements. In less than two centuries we have transformed a wild continent into the political, cultural and financial center of the world. Today, American energy and ideals are making themselves felt in every part of the world. America has become steadily stronger and gradually more influential in deciding the destiny of mankind on this turbulent planet.

May we Americans always live up to our glorious heritage. May we utilize our tremendous power and moral prestige only in the cause of justice. In that way, America may again lead the world back to tolerance and understanding. At this Easter Season we may hope that ultimately there will be lasting peace on earth, and universal good will toward all mankind.

Missouri Brevities

(Continued from page 1723)

group offering $26,089,000 **Ohio Edison** first mortgage 2¾s, 1975. **Newhard, Cook & Co. of St. Louis** were members.

Governor Donnelly has announced the appointment of Morris E. Osburn of Shelbyville, former Speaker of the Missouri House of Representatives, and E. L. McClintock of Cape Girardeau, an attorney, as members of the Missouri Public Service Commission. Osburn was designated as Chairman and named for a term expiring April 15, 1947. McClintock was named for a term ending April 15, 1949. Both men are Democrats. Other members of the Commission are: Charles L. Henson (Dem.-Springfield), whose term has been extended to April 15, 1951; Kyle Williams (Rep.-Albany), whose term expires April 15, 1947, and Miss Agnes May Wilson (Rep.-Trenton), whose term expires April 15, 1949. Appointments are subject to Senate confirmation.

Savs. Bank Bond Men Elect Thomas President

Franklin H. Thomas, investment analyst with Central Savings Bank, has been elected president of the Savings Bank Bond Men of New York State. Other officers elected are: Alfred C. Middlebrook of the East River Savings Bank, vice-president; George P. Montgomery, Seamen's Bank of Savings, secretary; and Frank Mullen of the Greater New York Savings Bank, treasurer.

U. S. Protests Brazil Consumption Tax

The American Embassy has filed a protest with the Brazilian Government, pointing out that the consumption tax law, in effect April 2, conflicted with the Brazilian American trade treaty, it was announced on April 4 by U. S. Ambassador A. A. Berle, it was made known in a wireless dispatch on April 4 to the New York "Times" from Rio de Janeiro, which added:

Items specifically mentioned in the treaty as exempt from taxation are included in the consumption tax law, Mr. Berle said. Moreover, imported items are taxed more highly than domestic ones.

American importers have raised the point that while the United States is considering the lowering of customs barriers, the consumption law, as far as imported articles are concerned, acts as a customs barrier, since such items are taxed when duties are paid.

Two Erie Bond Issues Totaling $79,400,000 Are Oversubscribed

Competitive bidding for $79,400,000 of Erie RR. first consolidated mortgage bonds resulted in award of $33,900,000 series F, due 1990, and $40,000,000 series G, due 2000, to an investment banking group led by Morgan Stanley & Co. on a bid of 99.389 for a 3⅛% coupon and of $5,500,000 series H, due 1953, to Halsey, Stuart & Co., Inc., and associates on a bid of 99.33 for a 2% coupon.

Reoffered by Morgan Stanley & Co. and associates at 100.65, subject to the approval of the Interstate Commercial Commission, both the series F and the series G bonds were quickly oversubscribed and the subscription books closed. Halsey, Stuart & Co., Inc., and associates set a reoffering price of 100 for the series H bonds.

The Erie will use the net proceeds from sale of the securities with funds in the treasury, to redeem $5,500,000 secured serial 3⅛% notes, due in 1953, and the entire $87,185,000 of first consolidated mortgage 4% Series B bonds, due in 1995, which were issued in 1941 at the time of reorganization. There is $74,212,500 of the B bonds outstanding in the hands of the public, $1,723,000 being held unpledged in the company's treasury and $11,250,000 pledged as collateral to secure the 3⅛% serial notes.

Stanley With Boettcher

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO.—Helen D. Stanley has joined the staff of Boettcher & Co., 828 Seventeenth Street, members of the New York Stock Exchange. Mrs. Stanley in the past was with Ranson-Davison Co. in San Antonio and was with W. K. Ewing & Co.

Canadian Securities

By BRUCE WILLIAMS

Canada also has suffered a tragic loss. Never was President Roosevelt's great friendship for the Dominion more clearly demonstrated, when in the hour of its greatest need, with the British Commonwealth battling alone against the triumphant forces of the Axis, he initiated in August, 1940, the Ogdensburg Agreement which virtually pledged the support of this country in the event of invasion of Canada.

Again before Pearl Harbor, President Roosevelt, in collaboration with his life-long friend, Prime Minister Mackenzie King, arranged the Hyde Park Agreement which enabled Canada to forget any temporary U. S. exchange deficiencies and to fill without impediment Canadian war requirements in this country.

United States/ Canadian relations are a glowing example to the whole world of the benefits to the common welfare which accrue from friendly, understanding collaborations in political and economic affairs. In this world of today, with distances shrunk by revolutionized rapid transport, this vivid example can serve as a universal standard. Happily for this country and the world, it can already be seen that President Truman will earnestly strive to follow the path of world cooperation.

On June 11, it will be Canada's turn to decide on its leader for the trying period ahead. In the undeviating pursuit of lofty political objectives too often the paths of earnest although lesser aims cross the main course to cause bitter frictions, and comprehension of the higher policy can come too late.

Prime Minister Mackenzie King, constant collaborator of President Roosevelt, has, during his equally long direction of Canadian affairs, suffered through the conflict of high national interest and the lesser interests of province and personalities. The passing of President Roosevelt might very well have a deep psychological effect on the Canadian electorate, and ensure that Mackenzie King will be empowered to fulfill his life-long political ambitions—unity within the Dominion with friendly cooperation between English and French-speaking Canada; the amendment and clarification of the Canadian constitution following a Dominion/Provincial conference; and the final establishment of Canada as a world power in her own right.

Turning to market affairs, the lull in activity still continued. Supply was scant and interest apathetic. Selective demand fully maintained the price level in the high grade section but the turnover was negligible. Montreals were a shade easier but Albertas were in increased demand on a closer appraisal of refunding prospects. As predicted, Premier Manning has kept the door very widely open to proposals for a fuller recognition of the provincial obligations. Reports of movements of representatives of the bondholders between Edmonton and Toronto point to an early announcement of a revised plan, more consonant with the principles laid down by Finance Minister Ilsley.

There was little interest in internal bonds but hectic conditions again prevailed in the market for gold shares and record turnovers were recorded on the Toronto Exchange. Interest centered on the older Quebec mines but after the Spring thaws it is expected that the new Yellowknife camp will recapture popular attention.

In looking to the future, the Eighth Victory Loan and the Federal Election together with the Ontario elections on June 4 still loom as the most important factors. Consequently, there is still little likelihood of an early departure from the present state of dull inactivity.

Margin Rules Are Tightened by Toronto Stock Exchange

TORONTO, ONT., CANADA—Shares selling under $2 on the Toronto Stock Exchange must not be carried by a broker on a marginal basis, effective on and after Thursday, April 19, it has been ruled by the Exchange. Existing margin contracts are not affected by the ruling, however.

Previously, stocks selling at $1 or over, and also a few specified stocks which sold under a dollar a share, could be carried on a 50% margin.

Under the new ruling, customers must deposit 40% of the purchase price on stocks selling at $2 and under $4; 33⅓% on stocks selling at $4 and under $40; and 30% on stocks selling at $40 and over.

Corning Glass Preferred & Common Oversubscribed

Public offering was made April 17, by an underwriting group headed by Harriman, Ripley & Co., Inc., and Lazard Freres & Co., of 50,000 shares of Corning Glass Works 3½% cumulative preferred stock at par, at ($100) per share, and 412,340 shares ($5 par) common stock at $25 per share. Both issues have been oversubscribed.

The preferred stock represents new financing by the company, which is contemplating a program of modernizing and expanding its manufacturing facilities and plants. The common is part of the 2,635,508 total shares resulting from a recent 4-for-1 split of the old common. The company will receive none of the proceeds from the sale of the common, which was sold to the underwriters by certain stockholders, several of them descendants of Amory Houghton, the founder of the organization.

The 3½% series stock may be redeemed as a whole or in part at $103 per share on or before April 1, 1951; at $102 per share thereafter and on or before April 1, 1954; and at $101 per share thereafter. The 3½% Series stock also is subject to redemption through operation of an annual retirement fund at $101.50 per share on or before April 1, 1951; at $101 per share thereafter and on or before April 1, 1954; and at $100.50 per share thereafter.

The annual retirement fund provides for the retirement through purchase or redemption on or before June 1 each year commencing in 1948, out of consolidated net income after preferred dividends, of 2% of the total number of shares of the 3½% Series stock theretofore issued.

This is the first time that stock ownership of Corning, one of the two large domestic producers of glass bulbs used in making incandescent lamps, radio and electronic tubes, and cathode ray tubes for radar and television, has ever been made available to the general public. The stock has been closely held by members of the Houghton family since the company was founded in 1851.

York Corporation Bonds Offered

The Union Securities Corp. and Stone & Webster and Blodget, Inc., headed a group of underwriters who offered on April 18 to the public $4,400,000 of first mortgage 3¼% bonds of the York Corp. The bonds, due April 1, 1960, will be priced at 102½ and accrued interest.

Other members of the underwriting group are: Blyth & Co., Inc.; Drexel & Co.; Kidder, Peabody & Co.; W. H. Newbold's Son & Co.; Graham, Parsons & Co.; Lee Higginson Corp.; Paine, Webber, Jackson & Curtis; Bosworth, Chanute, Loughridge & Co.; Alex. Brown & Sons; E. W. Clark & Co., and Yarnall & Co.

Net proceeds from the sale of the bonds, with other funds of the company, will be applied to the redemption of $4,450,000 first mortgage 4¼s, due in 1958, at 105.

Charles L. Churchill To Form Own Firm

Charles L. Churchill will open offices on May 1, 1945 to transact business in municipal bonds under the firm name of Churchill & Co. at 52 Wall Street, New York City.

Mr. Churchill was formerly vice-president of Churchill, Sims & Co., and prior thereto was manager of the investment department of the New York office of H. C. Wainwright & Co.

Kendall Co. Preferred Stock Being Marketed

An offering of 40,000 shares of Series A $4.50 cumulative preferred stock (no par) of the Kendall Co. was made April 18 by a group headed by The First Boston Corp., Goldman, Sachs & Co. and F. S. Moseley & Co. The price is $103 and accrued dividends.

Associated in the underwriting with The First Boston Corp., Goldman, Sachs & Co., and F. S. Moseley & Co. are: Eastman, Dillon & Co.; Paine, Webber, Jackson & Curtis; Coffin & Burr, Inc.; and Hornblower & Weeks.

Proceeds, together with other funds, will be applied by the company, a manufacturer of commercial textiles and surgical dressings, to redemption of the following outstanding securities: 29,343 shares of cumulative and participating $6 preference stock, at $110 a share and accrued dividend, on June 1; $4,500,000 3½% sinking fund debentures due Sept. 1, 1957; and $1,000,000 2¾% serial notes due 1945-47.

To provide part of the funds required for the redemption, the company has entered into contracts for the private sale of $8,600,000 3% sinking fund debentures due June 1, 1960 and $1,400,000 2½% serial notes due 1945-52.

O. C. Johnson Opens Offices in Spokane

SPOKANE, WASH. — O. C. Johnson is engaging in an investment business from offices in the Peyton Building. Mr. Johnson, who is a member of the Standard Stock Exchange of Spokane, in the past was in business for himself in Greenville, South Carolina.

Louis L. Rogers Company Opens in New York City

Louis L. Rogers has formed Louis L. Rogers Company with offices at 43 Cedar Street, New York City. The new firm will act as dealers and brokers in bank and insurance stocks, industrials and public utility issues.

Mr. Rogers was formerly with Schafer Bros. and Lehman Bros.

On Future Economic Prospects

(Continued from first page)

can do this if we only wish to do so; around our ability to carry the debt burden easily with such an income; around the alleged unwillingness of the government to permit unemployment and a recession; and so on.

Many of our forecasters are bold enough to use the word "will" in discussing what they conclude the economic future of the United States is to be. "Will," unless carefully used, is a most unscientific word, since science does not recognize any law of necessity in the continuation of any sequence of events. Science operates only in the realm of probabilities, a fact that the users of "will" either forget or do not understand.

So far as this author knows, there is no evidence to be obtained from the history of the United States that would justify asserting that after this war we can properly expect the United States to escape primary and secondary post-war reactions, the secondary usually being the more severe and devastating of the two. Such reactions have been the experience of this country thus far, and, if we escape them after this war, it will be a new experience. Although it is true that, from the point of view of science, this past regularity of post-war recessions does not mean that we might not have a new experience, the important point to stress is that, in so far as our knowledge goes, there are no good grounds for believing that we shall escape a repetition of what has been a common experience not only in this country but in others as well.

One may easily be led to conclude that we should expect to have rising prices, beginning with the close of the war, in the light of our huge volume of bank deposits and money in circulation, our extraordinarily low velocity of deposit currency, and the scarcity of civilian goods and services, provided one assumes that certain other factors do not counteract or nullify the pressures which these and similar factors tend to generate. Without having made any tabulation of a majority of current forecasts as to our economic future, this writer nevertheless has the impression that the chief stress is being laid on such factors as this great volume of money and deposit currency, the so-called savings of the people, the scarcity of goods for use in civilian activities, and so on. This point of view seems to have dominated the stock market during the several months preceding the recession, beginning March 6, and also much of the writing of economic and security analysts and forecasters during the same period, if not at present.

But there would appear to be another and an important side of this picture, not to mention still others, to which insufficient attention probably is being given. It is the possibility, if not probability, that governmental policies may take an unfortunate direction at the close of this war, unless President Truman is able to arrest the trend toward a Socialist-Labor government and to inaugurate policies much more encouraging to private enterprise than those that have prevailed in recent years.

After an economic system has made the radical adjustments which a war demands, the readjustments back to civilian activities at the close of the war are likely to be both difficult and disturbing even under a government that is most sympathetic, understanding, and helpful toward private enterprise. The answer as to whether private initiative is to have the opportunity to attempt these readjustments in such a favorable atmosphere apparently must await the unfolding of the policies of our new President.

If, for example, during this period of readjustment, labor leaders should call strikes across this country — and who can properly assert that this is improbable?— they could, apparently, lead the government, under present laws and policies, to take over the industries that are struck. If labor and the advocates of Socialism should continue to dominate the government, these industries could be literally stripped down to the point of bankruptcy, and the stock and bond markets could collapse, all in the face of this huge volume of deposits and money which, though of an extremely explosive nature, might remain inert because of the occurrence of other great disturbances or disasters. One may think of still other disconcerting possibilities such as the use of a variety of excessive and oppressive government controls following the war, and failure of the nations to devise effective means of insuring peace. The fact is that when this war is ended our economic situation seems destined to be loaded with a wide variety of explosive materials. But who can say where, or whether, the lighted match may be dropped?

In so far as reliable knowledge on this matter goes, it would seem that about all anyone can properly do is to speculate as to what may happen — stating the possibilities, and handling gingerly the probabilities, regarding what we may expect. That these possibilities are of several kinds would seem to be obvious. The number of cases of past experience on which we may draw is too few to warrant any great amount of confidence in anyone's ability to do more than guess at what we may reasonably anticipate at the close of this war. In addition to the fewness of these cases, the present situation, quite apart from the change in the Presidency, has in it many new factors which did not exist in the preceding post-war periods.

Since any estimate as to what we should expect during the post-war period can be little if anything more than guessing, the country would be served best if the forecasters would stress the fact that they do not know and cannot possibly know what the future is to bring. It is quite probable that some of the present guesses of forecasters will prove to be correct—since there is such a variety of them! But this would hardly change the fact that they are in nature guesses rather than bits of knowledge based upon evidence which, by scientific handling, has produced the conclusion reached.

It appears reasonably clear, in considering the various possibilities as to the future, that traders in the stock market are at present doing little, if anything, more than gambling. Those anticipating a post-war rise in prices may be gambling in the right direction. Nevertheless, it would seem very wise for those who do much to guide the public's thinking as to what our economic future is likely to be to consider the lack of well-grounded knowledge regarding this matter and to exercise great caution in suggesting what they think or guess the future is likely to bring during the earlier years of the post-war period.

There seems to be a strong tendency in this country, even among those who are supposed to follow the methods of science, to embrace slogans and unscientific appellations, and to accept with very little critical discrimination verbal notions and statistical data such as those alleged to have something to do with national income, national product, and national savings, various crude measures of productive activity, the number of people that some one says "must" be employed at the close of the war, such things as "full employment," "inflation," and "the inflation gap," and a fairly large number of other items of the same general nature.

Considering the fact that science requires careful definition and classification of all data under consideration, much of the current writing in the field of economic analysis and business forecasting does not measure up well on this score. The manner in which undefined or poorly-defined concepts are utilized in supposedly respectable circles, and the way in which unwarranted inferences are drawn from hand-me-down statistical data regarding the nature of which the writer or speaker probably has no reliable information, place the stamp of inferior quality on much of the current discussion of where we are and where we are going economically. It is just as important, from the point of view of science, to indicate what is not known as it is to point out what we believe existing evidence will yield in the way of truth.

The business world and the world in general should gain much if economic analysts and forecasters had a keener appreciation of, and would adhere more closely to, the standards of science. To pretend to know what one does not know is to engage in faking. To attempt to market as reliable information what is nothing but guessing or a hunch or a surmise or wishful thinking is to engage in quackery. To stay strictly within the limits of evidence, to draw no conclusions which the evidence does not warrant, to point out as clearly what is not known as what is known is to follow the path of science and is the only procedure known by which reliable guidance can be provided.

Fundamentals of Bretton Woods

(Continued from page 1714)

from the effects of this war nor to prevent the next war."

Bretton Woods is the United Nations program for international monetary and financial cooperation. It recognizes that the prompt reconstruction of devastated countries and the development of countries that lack the modern means of production are essential to the establishment of a peaceful world. It recognizes that expanded world trade is to the advantage of all countries and that this is possible only if we have an orderly monetary basis for trade.

The Bretton Woods program grows out of the experience of the 1920's and the 1930's. After the last war there were serious monetary disorders, with many currencies disrupted and some currencies completely destroyed. With considerable sacrifice, currencies were finally stabilized, some at the pre-war parity, others at a new parity, and still others through the establishment of a new monetary system. By 1929 all major currencies were back on the gold standard. This process of stabilization was undertaken unilaterally, each country determining its policy for itself. In some cases there were stabilization loans, and in other cases there were informal discussions among the heads of central banks. But the fact remains that each country regarded currency stabilization as its own exclusive business.

What were the consequences of this method of dealing with international currency problems? Many currencies were overvalued and some were undervalued. In these countries exchange rates were not satisfactorily adjusted to changed economic conditions. When depression came, the whole pattern of exchange rates became untenable. The raw material countries like Argentina, Australia, and Brazil were compelled to depreciate their currencies in 1929. In 1931, Great Britain and the rest of the British Empire, nearly all of Europe, most of South America, and Japan were forced off gold. In 1934, the United States and the rest of Latin America devalued their currencies. And finally, in 1935 and 1936, the countries constituting the gold bloc were forced to abandon gold.

If countries that departed from the gold standard had cooperated to adjust their currencies to the proper level, the world might have been saved from economic disaster. Unfortunately, each country revalued its currency to suit its own interests, and there was a strong tendency toward competitive depreciation of currencies. Even worse, a number of countries used discriminatory currency devices—exchange control, multiple currencies, bilateral clearing and other currency tricks—to secure a larger share of a shrinking volume of world trade. No wonder that between 1929 and 1932 the value of world trade fell by nearly 70 percent; and even after industrial recovery had taken place, the value of world trade in the 1930's remained 40 percent below the level of the 1920's.

Must Avoid Currency Chaos of World War I

We cannot afford to make the same mistakes in dealing with international currency problems after this war. A large part of the world, including Great Britain and the Dominions, is convinced that the difficulties of the 1920's were due to a return to the gold standard. They have stated quite bluntly that they will not return to the old gold standard. Nor is it enough to get countries to return to the gold standard, as in the 1920's. If international currency problems are dealt with by each country for itself, we must expect a repetition of the same unfortunate mistakes; and this time the consequences would be far more disastrous, for countries will employe restrictive and discriminatory practices with greater ingenuity and with increased efficiency.

The experience of the 1920's and the 1930's on international investment is equally enlightening. Throughout the 1920's this country invested freely abroad. In too many instances, loans were made without consideration of their economic soundness and of the ability of borrowing countries to meet their obligations. When the great depression came, we stopped lending almost completely, although we had an export surplus. And when the political and social disorders began in Europe, the capital flight to this country put added pressure on some currencies. After this war, we must make sure that our foreign investment is not haphazard; that loans are made only for productive projects, on reasonable terms, and within the capacity of borrowing countries to pay.

This Government has been aware of the nature of the international monetary and financial problems that would confront the world after the war. The Treasury, the State Department, and the Federal Reserve Board have been working on these problems since 1941. After two years of study within the Government, after a year of preliminary discussion among experts of some 30 countries, the United Nations met at Bretton Woods and prepared proposals for an International Monetary Fund and an International Bank for Reconstruction and Development. These proposals are now before our Congress for consideration.

Fund and Bank Are Simple

Despite the technical nature of the problems with which they deal, the Fund and the Bank are quite simple. We can summarize the fundamental principles of the Fund in four short statements. First, the members of the Fund recognize that international monetary problems are an international responsibility and they agree to deal with these problems through international cooperation. Second, the members of the Fund undertake to maintain their currencies stable and not to change the parity of their currencies except after consultation with the Fund or with its concurrence. Third, the members of the Fund agree, after the post-war transition, not to impose restrictive currency practices and to remove the restrictions they now have as soon as possible. Fourth, countries that abide by these standards of fair currency practice will be given limited help under adequate safeguards to supplement the use of their own reserves in maintaining stable and orderly exchange arrangements.

That is all there is to the International Monetary Fund. The essential features of the Agreement could be stated in three or four pages. The provisions of the Agreement are elaborated in great detail in order to state explicitly the safeguards that have been established to assure the proper operation of the Fund. But these technical details are not of great consequence; they do not modify in any way the fundamental principles. And it is on these fundamental principles that we must pass judgment.

It will not be possible to assure orderly international economic relations in a devastated and undeveloped world. Before the war, one-half of the world's trade was done with Europe. More than half the people of the world still lack the modern means of production. Until Europe has been reconstructed, until the Far East and the American Republics have built up their economies, the post-war readjustment will be half-hearted and halting.

The process of reconstruction and development must be undertaken by each country largely with its own resources, using local labor and local materials. There will be need for some foreign capital, particularly for machinery and equipment. If the necessary foreign capital is provided on reasonable terms for sound projects of reconstruction and development, it will be beneficial to the borrowing countries and to the lending countries. Sound international investment will contribute to the expansion of world trade and will facilitate the maintenance of orderly exchange arrangements.

International Investment an International Problem

The Bretton Woods Conference recognizes that international investment is an international problem, and it proposed the establishment of an International Bank for Reconstruction and Development. The essential principles of the Bank are simple. Private international investment for sound productive projects should be encouraged. If private investors are not prepared to make worthwhile foreign loans, the International Bank will guarantee the loans and, in exceptional cases, it will make the loans out of its own resources. Because the benefits of international investment are world-wide, all countries will share the risks of international loans through the Bank.

It seems to me that the Bretton Woods proposals provide a practical, common-sense way of dealing with urgent international problems. There is general agreement that the proposal for the Bank should be adopted as it stands. There have been suggestions that the proposal for the Fund should be amended or put off. I want to discuss the criticisms of the Fund very frankly because over-emphasis of differences has led many to overlook the far broader area of agreement. I believe that the agreement on principles is broad enough to warrant general support for the adoption of the proposal for the Fund as it stands.

In his testimony before the House Committee on Banking and Currency, Mr. Burgess, the President of the American Bankers Association, said that his Association agrees with the objectives of the Fund. The disagreement, he said, is solely on the methods to be used to attain these objectives. In my opinion, even the disagreement on method is not fundamental; it is very largely a matter of words—a way of saying things.

Mr. Burgess said that currency stablization is not possible until countries have established a sound economic basis for stable and orderly exchanges. No one disputes this; we have said so in the provisions of the Fund. The Agreement states that the Fund is not to accept an initial parity of a currency, if it cannot be maintained without excessive use of the resources of the Fund. The Agreement states that the Fund is not to undertake exchange transactions with any member if its circumstances would lead to use of the resources of the Fund in a manner prejudicial to the Fund or its members. And the Agreement states that whenever a member fails to carry out the purposes of the Fund, including the exchange objectives, the Fund can declare that member ineligible to use the resources of the Fund.

In short, the Articles of Agreement say that the resources of the Fund should be used only by countries that can appropriately use these resources to promote exchange stability, to maintain orderly exchange arrangements, and to avoid competitive exchange depreciation. It is a question of words. We believe that we have said all this as clearly as can be done in an international agreement without being offensive.

Criticism of the Fund

Let me take up in detail some of the objections that have been made to the Fund. Critics have said that "the plan for the Monetary Fund introduces a method of lending which is novel and contrary to accepted credit principles." I am not impressed with the argument that it is reprehensible to use a new method of dealing with an unprecedented situation. But in fact, the Fund is not novel. The United States Treasury has made about 15 bilateral stabilization agreements with 12 countries, with aggregate commitments of several hundred million dollars, and after eight years we have not lost one dollar. The International Fund would undertake exchange operations in precisely the same way and with the same safeguards. The only significant difference is that the International Fund would operate on a multilateral rather than a bilateral basis.

The method by which the Fund makes credit available to members for stabilization purposes is not contrary to accepted credit principles. Of course, it is not done the same way a bank makes a loan to a local merchant. The Fund offers credit in limited amounts to member countries that need such credit to maintain stable exchange rates and freedom in exchange transactions. I submit that a country that in good faith abides by the principles of the Fund, that meets the tests specified in the Agreement, is credit-worthy, and the aid extended to such countries is in accord with the credit principles that should govern stabilization operations.

Critics have said that the Fund is too large, that countries have plenty of reserves. Other countries now hold about 20 billion dollars in gold and official dollar balances. These reserves, though large, are very unevenly distributed and a considerable part will have to be used for relief and reconstruction in the immediate post-war period. Of the 15 billion dollars of gold and dollar reserves that may then be left after these expenditures, not more than 5 billion dollars would be used by countries to maintain stable exchange rates and freedom in exchange transactions. The remaining 10 billion dollars would be retained as emergency reserves for the most critical periods. Before using these funds many countries would feel compelled to adopt extreme devices to protect their last line reserves.

The question is really whether the Fund is too large for the purposes it must serve. Provided the world is reasonably prosperous in the post-war period, we may expect total world trade of more than 80 billion dollars annually. With such a level of trade, first line reserves aggregating 5 billion dollars for all other countries, particularly as such reserves are now distributed, would be inadequate to deal with ordinary swings in the balance of payments. A Fund of 8.8 billion dollars would seem to be large enough to give countries confidence to use their own reserves for currency stabilization and to give them time to work out the necessary corrective measures without employing drastic restrictions.

There is one point on which there seems to be some confusion. Under the Bank, a country has a veto power over any loans made by or through the Bank in its currency. In the Fund, currency transactions are made by the Fund and no country has a veto power. There is an important reason for this distinction. Loans made through the Bank may be exchanged for any currency without restriction, and they could involve a drain on the exchange reserves of the lending country. For this reason, a country should have the privilege of determining whether it is in a position to have the loan made. On the other hand, currency sold by the Fund can be used only to make payments in the country whose currency is sold. Furthermore, each country subscribes gold which may be used to buy any currency needed by the Fund. The sale of dollars by the Fund to make payments in the United States cannot result in a depletion of our exchange reserves. There is no reason, therefore, why a veto should be given to the United States on the sale of dollars by the Fund.

One more objection. There are said to be differences between the United States and England on the interpretation of the provisions regarding exchange rates. There is no real difference on this point. Everybody is agreed on what these provisions say and mean.

Let me put the facts in 1, 2, 3 order. The Articles of Agreement state: first, that the par value of the currency of each country shall be expressed in terms of gold or the United States dollar; second, that the maximum and minimum rates for exchange shall not differ from parity by more than 1 percent; third, that a change in parity may be made only on the proposal of the member and only after consultation with the Fund; fourth, that minor changes in parity aggregating 10 percent may be made after consultation but without the concurrence of the Fund; fifth, that on all other proposed changes the Fund shall either concur or object; and, finally, that if a member changes the par value of its currency depsite the objection of the Fund, the member becomes ineligible to use the resources of the Fund and may be required to withdraw from membership in the Fund.

Now, these provisions are as clear as crystal. There can be no difference of opinion as to their meaning. The difference centers about the name that should be given to these arrangements. It has been said in England that it is not the gold standard. It has been said in the United States that it resembles the gold standard. I think it doesn't make much difference what we call it. It is an arrangement to provide stable and orderly exchange rates. We can leave the selection of the name to scholars to work out at their leisure.

As I consider the objections to the Fund, it seems to me that they are not fundamental. Nobody claims that the provisions of the Fund are perfect. That is why there is an amendment provision. For my part, I have no doubt that experience will show the need for some changes. After we try the Fund for three or four years, it will be easy enough to make any changes needed to improve the work of the Fund. And we can make the changes then without the risk of destroying the work already done for international monetary and financial cooperation.

Part of Comprehensive Plan

The Fund and the Bank are only a part of a comprehensive program for securing a high and balanced level of world trade. The maintenance of stable and orderly exchange arrangements and the elimination of restrictive currency practices are an important first step in this direction. But we must proceed promptly with other measures to raise world trade far above the pre-war level. That is why we have asked Congress to extend and broaden the Reciprocal Trade Agreements Act. That is why we want international agreements to reduce the tariff, quota and other barriers to world trade.

The Bretton Woods proposals are the foundation of the whole structure of international economic cooperation. The Fund puts into effect the principles on stable and orderly exchange arrangements which have been the policy of the United States for ten years. It would be tragic if the groups in this country who are firm believers in the principle of international monetary cooperation were to place themselves in the position of irreconcilable opponents of the Bretton Woods program because of small technical differences on exchange operations by the Fund.

At this time, when the United Nations are gathering at San Francisco to establish an international security organization, all of us have an obligation to consider the Bretton Woods proposals again in the light of the whole program for peace. We cannot be perfectionists. There is only one test that we should apply to the Bretton Woods proposals. Can the Fund and the Bank with intelligent management do a reasonably good job in dealing with post-war monetary and investment problems? I think the answer is "yes." If so, we must get together in support of the Bretton Woods program.

Death of F. G. Herbst

Frederick G. Herbst, Vice-President in charge of the Corporate Trust Division of Irving Trust Co., New York, died April 12 in St. Luke's Hospital of coronary trombosis after a short illness. He was 53 years old. For a number of years he resided in East Orange, N. J., moving to 444 East 57th Street, New York, about a year ago.

Born in New York Dec. 8, 1891, Mr. Herbst entered banking in 1909, but continued his studies, graduating from New York University in 1912. After serving as Auditor and Comptroller of Columbia Trust Co. he became an Assistant Secretary when that institution was merged with the Irving in 1923. Since 1925 he had been associated with the company's Corporate Trust Division and was elected a Vice-President in 1930.

For a number of years Mr. Herbst was active in the New York Stock Transfer Association, of which he was Treasurer at the time of his death.

First California Company Buys Bankamerica Co. Security Business

New Firm Successor to Geo. H. Grant & Co.

Effective April 16, 1945, the security business of Bankamerica Company will be sold to First California Company, it is announced by A. O. Stewart, Chairman of the Board of Bankamerica. All offices and the service facilities formerly maintained by Bankamerica Company will be continued by First California Company and substantially all of the present personnel will be associated with it.

Geo. H. Grant of the San Francisco and Oakland firm of Geo. H. Grant & Co., simultaneously confirmed purchase of the security business of Bankamerica Company investment concern and the organization of First California Company.

Mr. Grant stated that the sales and office personnel of the concern's offices in 16 California and Nevada cities would be retained and that service to the firm's clientele would be maintained without interruption. He also announced that Earl Lee Kelly, well known throughout California as a bank official and as former State Director of Public Works, was to become associated with him.

Mr. Kelly disclosed he was resigning from his banking post to devote his full time to the affairs of the Grant firm, which henceforth is to be known as the First California Company.

Both Mr. Grant and Mr. Kelly have had long experience in the field of finance, the former having been in the investment and underwriting business in the Bay Area for 25 years. He is a graduate of Oakland High School and attended the University of California at Berkeley, establishing his own business in 1924. He has been a very active worker for the Oakland Boys Club and is a member of the Claremont Country Club, Athenian Nile Club and the Commercial Club.

Mr. Kelly, upon his graduation from the University of California in 1915, entered the title insurance business in Redding. He is a veteran of the last world war and is the only man in California to have held the position of State Director of Public Works under two governors. He was appointed originally by Gov. James Rolph, Jr., and continued on under Gov. Frank F. Merriam. In 1938 he joined the Bank of America as head of the Business Extension Department and at present is one of the senior officers of that institution.

Sale of the securities business of Bankamerica Company occurs in connection with liquidating the assets of Pacific Coast Mortgage Company, of which Bankamerica Company is a wholly-owned subsidiary.

Bankamerica Company will for the present continue its corporate existence for the purpose of managing its portfolio of investment securities. Its name will be changed to Pacific Affiliate, Inc., in order to eliminate any confusion due to similarity between the names Bankamerica Company and Bank of America N. T. & S. A., between which organizations no corporate connection exists or has existed for several years past.

Put & Call Men Elect

S. Harnden has been re-elected president of the Put and Call Brokers and Dealers Association for the fourth consecutive term. Charles S. Godnick has been named for another three year term on the board.

Frank V. Stockenberg has been elected a member of the Association, it is announced.

Snyder Heads RFC

President Truman on April 17 nominated John W. Snyder, St. Louis banker, to fill the vacant post of Federal Loan Administrator.

Advices from the New York "Sun" Washington Bureau announced:

The Federal Loan Administrator's post has been open for several weeks, when its former occupant, Judg Fred M. Vinson left to take over the work of James F. Byrnes, who had resigned as head of the Office of War Mobilization.

Mr. Snyder is at present the Executive Vice-President of the First National Bank of St. Louis, a post he recently took after resigning from government work He has worked for some time with the RFC, the DPC and other allied agencies, as wel las being a banker, a business that he wen into following the last world war.

Sherow Now Partner In Hilbert & Company

Alonzo B. Sherow has been admitted to partnership in the New York Stock Exchange firm of Hilbert & Co., 120 Broadway, New York City, it is announced. For the past seven years, Mr. Sherow was bond and syndicate manager of Montgomery, Scott & Co., and before that, he was associated with Paine, Webber & Co.

Wm. C. Chadwell Forms Own Firm in Reno, Nev.

RENO, NEV.—William C. Chadwell has formed Wm. C. Chadwell Company with offices at 73 Sierra Street to deal in investment trust railroad, bank, and public utility securities. Mr. Chadwell was formerly with J. A. Hogle & Co. and Bankamerica Co.

Municipal News & Notes

D. R. Bonniwell, Finance Director of the Banco de Fomento de Puerto, and financial adviser to the Insular Government of Puerto Rico, will arrive in New York City on Friday, April 20, to discuss present and future financing and refinancing programs of the government and its agencies, authorities and municipalities.

Announcement of Mr. Bonniwell's mission was made by Rafael Buscaglia, Treasurer of Puerto Rico. Mr. Bonniwell will stay at the Waldorf Astoria Hotel for a period of two weeks.

The Banco de Fomento is an instrumentality of the Insular Government and has also been designated as fiscal agent of the Treasurer of Puerto Rico. Early in March the bank sold at competitive bidding a block of $2,000,000 2½% electric revenue bonds of the Puerto Rico Water Resources Authority to a syndicate headed by Stranahan, Harris & Co., Inc.

The group purchased $1,000,000 schedule A bonds, maturing Jan. 1, 1950 to July 1, 1952, at a price of 106.16, and $1,000,000 schedule B, due Jan. 1, 1964 to July 1, 1968, at 106.36. All of the bonds are dated Jan. 1, 1944 and are callable on July 1, 1947, at 104. Several other groups entered bids for the bonds.

New Jersey State Fund Asks Bids on $4,944,200 Local Municipals

Secretary John A. Wood, 3rd, has made public details of the $4,944,200 New Jersey municipal bonds being offered for sale on May 1 by the State Teachers' Pension and Annuity Fund. The bonds will be sold via competitive bidding and consist of $1,160,000 maturing from 1945 to 1951 inclusive, and $3,784,200 due serially from 1950 to 1961 inclusive. The offering includes 45 separate blocks of high grade registered bonds and sealed bids must be made for each individual block.

Mr. Wood advises that tenders will be opened by the Board of Trustees of the State fund at 2 P.M. on May 1, at their offices, Room 1307, Trenton Trust Bldg., Trenton, N. J. The fund is no stranger to the municipal market, having previously disposed of substantial amounts of its portfolio of investments on very good terms.

Los Angeles Electric Revenue Issue of $9,650,000 Awarded

The Los Angeles, Calif., Department of Water and Power was the recipient on Tuesday of an impressive tribute to the high investment rating accorded its obligations, having effected award of $9,650,000 electric plant revenue refundings at a net annual interest cost basis of only 0.934%.

The successful bidder was a syndicate headed by Glore, Forgan & Co., which immediately re-offered the bonds at prices to yield from 0.20% to 1%. The issue is due serially from 1946 to 1959 inclusive, and the bonds maturing after 1950 are subject to call in that year. Keen competition attended the sale, with Harriman Ripley & Co., Inc. and Associates, the next highest bidder, offering to take the bonds at a net cost to the issuer of 0.959%.

Craven County, N. C., Offers $2,400,000 Refundings

Craven Co., N. C., is asking for sealed bids until April 24 on an offering of $2,400,000 refundings, due serially from 1946 to 1981 inclusive. On Oct. 24 last the county unsuccessfully offered a total of $3,000,000 refundings, having rejected as unsatisfactory the two offers submitted. These, according to report, provided for net interest cost of about 3.14% and 3.15%, respectively, as compared with the 3% basis which the county is said to have desired.

In view of the greatly improved price level of the municipal market since the occasion of last year's offering, the prospect is that the county will receive bids more to its liking for the current offering of $2,400,000.

Chattanooga, Tenn. Exchange Offer Ends May 31

Wainwright, Ramsey & Lancaster of New York, fiscal agents for the City of Chattanooga, announce that holders of the following maturities and bonds of the city have until May 31 to exchange them for debt equalization bonds:

Maturity—	Amount
8-1-1955 to 5-1-1956	$196,000
8-1-1956 to 7-1-1957	96,000
8-1-1959 to 6-2-1960	88,000

The new bonds available in exchange for the foregoing include $380,000 series G, due 1965 or 1966.

Wainwright, Ramsey & Lancaster, whose offices are at 70 Pine Street, New York City 5, point out that holders of $5,755,000 bonds have already exchanged and that acceptance of the offer by holders of the above-mentioned obligations will complete the program. However, they must act in the matter prior to May 31, 1945, as bonds cannot be exchanged after that date.

The offer, it is stated, represents an opportunity for the holders of the bonds in question to profit both from the standpoint of yield and security. Complete information regarding the terms and method of exchange may be obtained by bondholders from local bond dealers or from Wainwright, Ramsey & Lancaster.

Atlantic City May Levy Sales Tax

Governor Walter E. Edge of New Jersey signed on April 14 a bill empowering Atlantic City, N. J., to levy immediately a 5% luxury tax to provide funds with which to repair municipal property damaged by the hurricane last September. Although voicing opposition to sales taxes as a general principle, the Governor acceded to the Atlantic City levy because of its local application and in the belief that it "appeared to have the approval of a decided majority of those who will be benefitted."

The Governor originally intended to permit the measure to become a law without his signature, but decided that such a course might have cast doubt as to its validity. Atlantic City is expected to receive between $500,000 and $800,000 annually in consequence of the levy.

$2,919,000 Sarasota, Fla., Refundings Offered Privately

A group composed of Shields & Co., Allen & Co., Municipal Bond and Investment Co., Cohu & Torrey, and Leedy, Wheeler & Co., purchased at public sale $2,919,000 Sarasota, Fla., refunding bonds of 1943 at a price of 102.51.

The bonds represent the unexchanged portion of an original issue of $5,199,000 for which the group acted as exchange agent for the city. Shields & Co. and associates announced that the bonds just purchased will be offered privately, rather than to the public.

The bonds are dated November 1, 1943, and mature as follows: $239,000 3s, series A, May 1, 1951-61; $154,000 3¼s, series B, May 1, 1964-71; $211,000 3½s, series C, May 1, 1973-80; $151,000 3½s, series D, term bonds due May 1, 1981, redeemable at any interest date; $2,164,000 3s, series E, term bonds, due May 1, 1981 optional November 1, 1953.

National Park, N. J. Refunding Sale Approved

The New Jersey Local Government Board recently approved the proposal of the Borough of National Park to make a private sale of $320,000 refunding bonds to Bioren & Co., Philadelphia. The refunding of the outstanding debt of the borough, as provided in the agreement between the municipality and the bond issue, is expected to result in a saving to the community of about $60,000.

Needed: A Balanced Budget With Less Government Spending

(Continued from page 1714)

many areas which has seriously multiplied the problems of management. In ordnance and shipbuilding, in the production of steel, aircraft, chemicals and many other vital products, your state has written a chapter in her glorious history never to be forgotten. In this great effort I know that you bankers have played an important part.

Directly, and through the government, you have helped to supply the credit that was needed, and in other ways have facilitated the operation of the financial machinery essential to Maryland's great contribution to the war effort. It goes without saying that you will gladly continue to give your full energies to the winning of the war until the job is completely done. While still deeply engaged in war work you are and should be concerned with the welfare of the human factors and the well-being of our national economy. The questions are: Will our government, after the war, live within its income and foster business growth, or will it take the easy way of deficit financing leading to political regimentation of business and unavoidably to the destruction of the American system of free enterprise?

The Balance Budget Policy of 1933

As I consider these questions my mind goes back to 1933, when I went to Washington as part of an administration committed to the principle of a balanced budget, to the correction of certain practices in our security markets, to the strengthening of our banking system, to the extension of certain benefits to labor, to the establishment of a plan of social security and to certain other reforms—all of which, as then contemplated—were thought to be consistent with the tenets of free enterprise. In the years that followed, this purpose was sometimes lost to sight in the scramble by opposing groups for power, for benefits and for the advancement of pet theories of government. As government yielded to the pressure of one group, others were encouraged to increase their demands and to exert greater pressure for the special advantages useful to them. Where, we are prompted to ask, is this trend leading us? The question, casually considered, may seem remote from everyday banking, but I submit that the changes which have occurred in your balance sheets in recent years are, in a large measure, merely symptoms of this growing tendency to look to government for subsidy, for credit, for insurance; in short, for security against risk of every kind. I am speaking now of a trend which was pronounced at the time of our entrance into the war, and not of activities assumed by the government in the promotion of our war effort. The question now is, whether at the end of the war this trend will be accelerated, or whether we may look forward to a period in which a serious effort will be made to balance the budget, in which business can be reasonably free from the threat of more controls and more government competition, a period in which we can test by experience the value of the many new laws which have been placed on the statute books during the past few years.

The prospect is not altogether encouraging. The appetites of many special groups have been whetted in past years by the tender morsels served them at the Washington table. They have succeeded in placing representatives in many important places in government, and their spokesman have become adept in special pleading. Let us consider the problem of attaining a balanced budget. It is estimated that the annual cost of servicing the debt after the war may equal or exceed the total national budget for any peace time year prior to our intensive preparation for war. This fact alone should be sufficient to direct the thinking of all Americans along the lines of effecting, when the war is over, every possible economy in government expenditures. Instead, we find that the groups which advocated liberal spending in the past have even more grandiose plans for the future. One such advocate had occasion not long ago to expound this philosophy of government to a committee of the United States Senate. The statement was a sort of blue print for a fuller, richer life. No man interested in the welfare and happiness of his fellow citizens could read it without hoping that the time may come when Americans may enjoy the great advantages there enumerated. The first point mentioned was the need, when the war is over, for full employment, with higher wages and shorter hours. This, it was argued, should be accomplished by having the government stand by, ready at all times, to provide employment for those not absorbed by private business.

Nor was the farmer forgotten. It was proposed that government place a floor under farm prices and so insure the farmer against a fall in the market value of farm products. And that is not all! The farmer would be provided with better housing, and rural electrification would be expanded to the utmost to make rural life more comfortable. Turning to the problem of improving the health of the American people, this remarkable document would have the government assume the responsibility of building hospitals in all communities not now having such facilities, and of providing adequate medical care for all citizens.

Likewise, under this philosophy, better education would be made available to everyone. The statement was made that technical and higher education must, in the future, be made just as universal as secondary education has been in the past. There were other recommendations for government guarantee of a better life and greater individual security. Many were laudable objectives, but there was one point, to some of us a very important one, which received only casual reference. I refer to the simple question of "where is the money coming from?"

Liberal Spenders Still in Administration

The school of thought which has been prominent in recent years in advocating public spending would answer simply by saying that if government sees to it that we have a high national income the budget will take care of itself. One group of self-appointed experts on budgetary matters would go even further and assure us that a balance between income and expense is not necessary, and that there is no reason why the government of the United States should not go on indefinitely spending more than it collects. We can be thankful that this brand of "progressive" thinking is not accepted by the great majority of our representatives who make the laws and administer the various departments of government. The fact remains, however, that the advocates of liberal spending are still retained in important official positions. Periodically they are allowed to expound their views on financial questions under circumstances seeming to indicate that they have substantial official backing. This sort of thing has been a constant deterrent to the development of confidence in the financial policies of the government on the part of people in every walk of life. It is my considered opinion that nothing could contribute more to the building of confidence in the future of this country, here and abroad, than unequivocal assurances, backed by action, that we will strive to attain a balanced national budget at the earliest possible time.

In this respect perhaps we could learn a lesson from Prime Minister Churchill, who recently had occasion to define the position which he believes the British Conservative Party should take in the next general election. He said:

"There is one thing we shall certainly not do. We shall not bid for votes or popularity by promising what we cannot perform, nor shall we compete with others in electioneering baits and lures. It would be very easy for us all to promise, or even to give each other, presents, bonuses and gratuities in a most enthusiastic manner; but if we woke up in the morning and found that the pound sterling only bought five shillings' worth of goods or services, we should have committed a great crime."

We must, of course, achieve and maintain a high national income after the war and we must reconcile ourselves to carrying a heavy tax burden for many years. At the same time we have to recognize that the levying of taxes is not the sole means of bringing the budget into balance. Control of expenses is also important and we must give due regard to both factors if we are to solve the enormous financial problem which will confront this country at the conclusion of the war. This is no time to lay plans for things which are not essential and which we cannot afford, no time to encourage pressure groups, no time to lead people to think that all self denial and sacrifice will end with the armistice.

I want this gathering to understand distinctly, that in what I have to say about the need for economy in government I have made no reference to post war expenditures for the maintenance of our armed forces. I would here give great weight to the advice of Gen. George C. Marshall, Chief of Staff of the United States Army, and Admiral Ernest J. King, Chief of Naval Operations, as to the extent of our military and naval needs in time of peace. They are entitled to our respect and confidence on questions concerning appropriations for the Army and Navy in the years ahead.

Balance Budget Essential

Just as there has been no absence of convincing assurance that all possible effort will be made to balance the budget after the war, so we are left to speculate on the question of the post-war attitude of government towards private business. Businessmen are aware of the challenge confronting them. Their appreciation of the importance of maintaining high employment is evidenced by the fact that they speak of the number of post war jobs which they hope to offer as an objective of at least equal importance with the volume of goods which they plan to produce. It can be said with certainty that business leaders are in a frame of mind to make free enterprise work more effectively than ever before. But what will be the attitude of government? Will business be encouraged to go forward, to expand and improve plants and to make commitments with labor, with producers of raw materials and the distributors of finished products? This question is uppermost in the minds of bankers and businessmen throughout the nation. Not that we are fearful of the avowed enemies of the free enterprise system. They are few in number and they seldom attain positions of power. The men who will bear watching are those who profess to believe in free enterprise, but with certain conditions always attached, such as: provided it is helped by government, supplemented by government, regulated by government, protected by government against its own weaknesses, etc., etc. There are the same self-styled friends who say: "If industry doesn't provide full employment, government must step in and take over," having all the time a plan for that purpose in their inside pockets, ready to be flashed on the public the minute industry fails to perform to their liking.

This constant goading of business, of threatening more regulation and more government competition has prevented us from realizing the full benefits of a free economy. You bankers have had first-hand experience with government competition. I understand that in the lending field you are required to compete with forty-six different public agencies, and that you are now being threatened with more. You have indeed had a full experience with that technique by which officials soberly proclaim that credit for this or that is needed, and that unless the bankers meet the situation government will do the job. This kind of announcement, as we have seen many times, is an invitation to all groups to come in and ask for help. Soon a new pressure group is organized, and free enterprise is threatened with the loss of another foot of precious ground.

Government Credit Agencies Not Needed

In the early years of the depression it was necessary for government to supply credit for certain purposes which could not for good reasons be satisfied by private lenders. The need then was obvious to everyone. Today the situation is entirely changed. Our capital markets are functioning vigorously and effectively both as regards equity and long-term debt. The banks are on the job looking for chances to lend money. I know that you are pounding the pavements and pushing into the byways looking for business requiring bank credit. I have been particularly interested in reading of the formation by banks in various parts of the country of your so-called "bank credit pools." The wisdom of adopting these measures is clearly apparent. By these means you have made certain that no credit application need be denied before it has been carefully scrutinized by a group specially set up to find ways of satisfying credit requirements which, for one reason or another, fail to meet the tests of a particular lending institution. To me, and I am sure to many people, these credit pools are symbolic of the desire and determination of bankers to make sure that no legitimate business will be hampered by lack of bank financing in the great program of production and employment to which we look forward after the war.

What more can bankers do to insure a healthy economy after the war? What more can they do to help arrest this invasion of government into the sphere of business? The methods of influencing government which have been most popular in recent years are not available to you. You cannot go to Washington and, by the sheer weight of your numbers, computed in terms of ballots, have your views accepted, no matter how sound they may be. You have to rely instead upon your ability to search out the truth and lay it clearly before your fellow citizens. Your motives will often be questioned by people who claim to know better, and your recommendations will be trampled upon by groups bent upon immediate gains without regard to final consequences. In time, however, your opinions will be heeded, and it will be found that you have cotributed greatly to intelligent public thinking. It is vital that you continue to study and express your thoughts on the great issues confronting us. All have financial implications, all have a bearing on the momentous question of whether we shall restore order to our domestic financial affairs, and so maintain the strength to exert wise and constructive influence in the solution of international problems.

Bankers' Contribution to Stability

The banks have made a real contribution in keeping inflationary tendencies under control. From the beginning of our war effort your leaders have been outspoken in recommending measures to prevent prices from getting out of hand due to the high national income and a limited supply of goods. Bankers have welcomed the opportunity to play an important role in the plan to divert income into government bonds. They have gladly carried a heavy burden, both in spreading the Treasury message to save, and in pressing the sale of bonds. Thus far we have been remarkably successful in keeping prices under control, but the threat is by no means ended. As purchasing power piles up the task is likely to become more difficult. We must remember, too, that a return to the manufacture of civilian goods will not, in itself, end the threat of high prices. The process of making such goods also generates purchasing power, which in turn adds to the pressure on prices. The fight against inflation will therefore go on even after the struggle on the battlefield is won. To you who appreciate the importance of the effort, to you who are capable of devising means of combating this threat to the integrity of our economy, falls the duty of continuing leadership.

Another problem, in the solution of which the nation will look to you for guidance as the war draws to a conclusion, is that of reconverting our industrial machinery from war production to its normal peace time functions. Bankers are specialists in credit operations essential to the full production of war goods. From now on you will be called upon increasingly for expert assistance by industries which are planning for peace. The prospect of government contract cancellation is grim indeed for industries whose working capital is largely tied up in receivables, inventory and partially completed goods. They must find ways of converting these assets into cash if they are to contribute to the production of goods and the employment of returning veterans. You can't solve all such problems, but you can advise customers and exert wise influence in dealing with such cases.

In recent months it has become important to consider some revision in the law to enable companies to have the benefit of their post-war refund during the period of reconversion, when some of them may face a serious struggle for survival. Likewise, it is important to remove from the tax laws impediments to post war business activity. I am not suggesting that the government can do with less income. Everyone recognizes that tax receipts in the future must exceed by a wide margin our pre-war revenues. But, we should use the taxing power in ways that will encourage and sustain the spirit of enterprise. Whether we call it incentive taxation or something else, the fact remains that moderate taxation on a large volume of business is much to be desired over higher taxes and only moderate business.

The Task Ahead

We must not permit the magnitude of the task ahead to dull our hopes or determnation to build a better America and a better world. We can find encouragement in the emphasis which government leaders now place on the need for post-war jobs. Perhaps this is a sign that government in the future may give more consideration to the problems of the great body of American employers. Perhaps it foretells a renewal of faith in the dignity and strength and ingenuity of the individual, whether he be a worker on the line, a scientist, or just a plain business manager.

In mobilizing its great human and physical resources for war production American business sought no favors, only a fair chance to meet the greatest challenge in its history. It asks no favors now, only a fair chance when peace arrives, to accomplish reconversion and set in motion our great industrial machinery in the interest of a better life for all.

War Loan Chairmen

Louis G. Meuer, Jr., Assistant Treasurer, Marine Trust Company, Buffalo, and George S. Mills, Vice-President, Commercial National Bank and Trust Company, New York, have been named war loan chairmen for upstate and downstate New York respectively, and Henry Bruere, President, Bowery Savings Bank, New York, has also been named chairman as a representative of the Mutual Savings Bank Association to head up activities of the American Bankers Association in working with the various state-wide finance organizations during the Seventh War Loan Drive from May 14 through May 30.

The appointments were made by ABA President W. Randolph Burgess as part of the association's war loan organization bringing together 15,000 member banks throughout the United States in a coordinated effort to assist the Treasury in reaching its $14 billion goal during the Seventh War Loan, including $4 billions in E bonds.

As the New York State Bankers Association's War Loan chairmen, Mr. Meurer and Mr. Mills will coordinate the program of the national association with those of New York State's 700 commercial banks. Each of the state association's seven upstate regional groups will form an organization to encourage bond sales contests and promotion and intrabank reporting of sales.

"Selling" Bretton Woods to the Country

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have "a decisive effect upon many Senators and Congressmen," particularly Senators Bankhead and Capper, where the lobbying "could be decisive in formulating (their) position." The New Republic similarly has stated in an editorial: "A campaign of public education is in order."

Treasury "Selling" the Program

For some newspaper columnists and radio commentators the Secretary of the Treasury has held special Bretton Woods briefings, with lunch served on the side. This is apart from the regular press and radio conference of the Secretary. The Secretary now has some full-time publicity talent working exclusively for Bretton Woods in the radio and publication fields.

Several speeches by the Secretary, as well as by other Administration members, have been broadcast nationally, and a number of other special broadcasts on the subject have been arranged so as to give the Administration's Bretton Woods story "the breaks." In fact, Mr. Morgenthau has frankly stated to the press his intention "to 'sell' the pact to the people." A Philadelphia newspaper quotes the Secretary as stating that, if the public can be made rightly to understand them, the Bretton Woods proposals will have a good chance in Congress.

Some reporters have disclosed seminars which Treasury officials have had on Capitol Hill with groups of members of the Congress, quietly and unofficially. Some Congressmen, who have criticized the program publicly, have received letters from Secretary Morgenthau offering to send his experts to the Hill to explain the Fund and Bank plan in its true light.

Even the movies, it is reported, are being used by the Treasury Department to promote Bretton Woods.

Government Speakers

Nor should Government speakers be overlooked. Special speakers seem to be available to address organizations in any part of the country on Bretton Woods, and at least two members of the Treasury's Division of Monetary Research seem to have been doing little if anything else for several months.

When it comes to publicity, the Government has not only special advantages in the field of broadcasting and, with the franking privilege, in the direct-by-mail approach, but also with the press. This arises from the fact that the Government can get a story into the newspapers practically at will, by issuing a mineographed press release to the reporters in Washington. The Government makes news, and reporters are hungry for news.

Government Activities Tabulated

Below are tabulated some of the Government's activities designed to promote the Bretton Woods program. The list is in no sense complete. It does not include any press release or press conference, any testimony before Congressional committees, or any departmental literature not signed by an individual. It does not include speeches by such government spokesmen as James Byrnes, Leo Crowley, Lauchlin Currie, Harry Hopkins, Henry Wallace and others, who have plugged for the Bretton Woods program in the course of speeches or reports on some other topic. Nor does it include Presidential messages.

Considering all that has been done to push the Bretton Woods program, it is surprising to read of a poll which disclosed, in February, that only a possible 100,000 persons in the United States are moderately conversant with the program. Definitely the work will go on.

GOVERNMENT SPEAKERS PROMOTING BRETTON WOODS PROGRAM

Speaker—Secretary of the Treasury Morgenthau.

Group addressed—MBS nationwide broadcast (with Harry D. White, Asst. Secy. of State Dean Acheson, Sen. Chas. W. Tobey and E. E. Brown) Aug., 1944.

* * *

Speaker—Secretary of the Treasury Morgenthau, a member of the U. S. delegation at Bretton Woods.

Group addressed—Blue Network nationwide broadcast on CIO program, January, 1945; Blue Network nationawide broadcast from St. Louis, February, 1945; Blue Network nationwide broadcast from Detroit, February, 1945; MBS nationawide broadcast from Minneapolis, March, 1945.

* * *

Speaker—Assistant Secretary of the Treasury Harry D. White, a member of the U. S. delegation at Bretton Woods.

Group addressed—Representatives of 50 women's organizations at a meeting in Washington, September, 1944; National Foreign Trade Convention, New York, October, 1944; Foreign Policy Association forum, New York, October, 1944; New York University, Institute on Post-War Reconstruction, October, 1944; National Lawyers Guild Committee on Post-War Planning, Washington, D. C., December, 1944; meeting of representatives of 106 pressure groups under chairmanship of Americans United For World Organization, Washington, D. C., February, 1945[1]; United Nations Forum, Washington, D. C., March, 1945; N. Y. Newspaper Guild, April, 1945.

* * *

Speaker—Undersecretary of the Treasury Daniel W. Bell.

Group addressed—Kiwanis Club of New York, March, 1945.

* * *

Speaker—Assistant Secretary of the Treasury Herbert D. Gaston.

Group addressed—Banking session of National Foreign Trade Convention, N. Y., October, 1944; Citizens Conference on International Economic Union, Washington, D. C., March, 1944; Christ Church Forum, New York, September, 1944; Lower East Side Citizens Committee on World Organization, April 19; Chartered

[1] This meeting was also addressed by other speakers from the Treasury, State and Commerce Departments.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Most New York City banks showed a gratifying improvement in first quarter earnings, compared with the first quarter of 1944. In the accompanying tabulation the earnings for 11 of the 17 banks are "indicated", while earnings for the other 6 are net operating profits as reported by the banks, exclusive of security profits.

Security profits in some instances have been quite substantial. Chase, for example, had net security profits of 42¢ per share, compared with 9¢ for the first quarter of last year, giving total current earnings of $1.02, as against 71¢ in the 1944 first quarter.

National City, including City Bank Farmers Trust, had net security profits of 46¢, against 31¢ in the first quarter of 1944, giving total current profits of $1.14 vs. $0.83. Guaranty also had substantial net security profits amounting to $2.72, against $2.14 in 1944. Guaranty's total current profits thus amounted to $6.72, compared with $6.71 in 1944, although net operating profits alone, as shown in the table, were only 87.5% of net operating profits in the March quarter of 1944.

	First Quarter 1944			First Quarter 1945		
	Net Earnings Per Share	Book Value Per Share	Earning Assets Per Share	Net Earnings Per Share	Book Value Per Share	Earning Assets Per Share
Bank of Manhattan	*$0.42	$25.26	$388.81	*$0.53	$26.48	$445.58
Bank of New York	*6.72	362.19	4,886.38	*8.08	421.67	5,345.61
†Bankers Trust	*0.73	42.23	490.88	*0.92	46.35	485.19
Central Hanover	*1.30	99.45	1,277.19	*1.50	105.46	1,416.25
Chase National	‡0.62	37.57	515.28	‡0.61	39.51	529.46
Chemical	‡0.88	41.50	518.06	‡1.00	45.72	558.00
Continental B. & T.	*0.41	23.47	286.82	*0.50	24.77	351.25
Commercial National	‡1.03	49.73	522.62	‡1.06	52.51	569.49
Corn Exchange	*0.94	49.69	649.15	*1.19	51.49	763.95
First National	*23.66	1,250.26	9,555.72	*27.10	1,297.97	8,710.79
Guaranty Trust	‡4.56	326.96	3,050.40	‡4.00	339.05	3,283.09
Irving Trust	*0.24	21.38	185.55	*0.28	21.79	193.78
Manufacturers Trust	‡0.99	42.24	678.90	‡1.25	45.35	834.01
§National City	‡0.55	38.54	551.97	‡0.68	41.44	604.36
New York Trust	*1.60	86.06	1,000.72	*1.88	89.73	1,060.83
¶Public National	*0.91	44.50	666.05	*1.08	47.31	832.04
United States Trust	*16.88	1,519.38	6,486.40	*15.93	1,528.50	7,236.25

*Indicated earnings. †1944 earnings, book value and earning assets adjusted to present capitalization after 20% stock dividend. ‡Net Operating earnings before security profits. §Includes City Bank Farmers Trust. ¶1944 earnings, book value and earning assets adjusted to present capitalization after 10% stock dividend.

The average improvement in the per share earnings of the 17 banks, as tabulated, is 8.2%. Meanwhile the average increase in earning assets per share was 10.7%, thus earnings have not kept pace with the growth in earning assets. This narrowing of the profit margin can be accounted for by the increasing cost of doing business, by higher taxes and by a somewhat larger proportion of low-interest short-term Government obligations in the banks' portfolios.

It is of interest to note that Bankers Trust's earning assets declined fractionally, and that it is the only bank in the group to report lower figures. First National's earning assets increased only 1.6%, Chase's increased 2.7% and Irving Trust's 4.3%, which are substantially below average. On the other hand, considerably above the average of 10.7%, was Bank of Manhattan's increase of 14.6%, Continental's 22.3%, Manufacturer's 22.8% and Public National's 24.9%.

It is gratifying to note that earnings are well ahead of dividend requirements and that consequently book values continue to advance. They now average approximately 4% above the values of a year ago. The steady year by year growth in book values is of great significance and testifies to the sound progress that has been achieved by the banks since the dark days of the 1933 "bank closings."

Taylor President of Export-Import Bank

Leo T. Crowley, Foreign Economic Administrator and Chairman of the Board of the Export-Import Bank of Washington, announced on April 12 that the Board of Directors of the bank had elected Wayne C. Taylor President of the bank. Mr. Taylor, former Under Secretary of Commerce, will take over his new post immediately. He succeeds Warren Lee Pierson as the bank's President. Mr. Pierson recently resigned to return to private business.

Post-War Home Building

(Continued from page 1721)

The survey indicated that new building products to be put on the market in early post-war months will be principally those which were developed before the war and were about ready for the market when war restrictions were imposed. Most manufacturers who are not now in production plan to resume production of materials and equipment they offered before the war, with some improvements and modifications. An improvement being rapidly adopted by a number of them consists in dimensional coordination on a modular basis. New materials and equipment which will result from wartime research and discovery are today largely in the research and testing stage, to be announced and marketed at unspecified later dates.

What this really signifies is that evolutionary progress in the art of building, including building design, construction methods, improved materials and equipment, takes up about where it left off when the dimout on civilian construction was imposed in late 1941, and moves along continuously rather than with a sudden upsurge.

Prefabricated Houses

The post-war construction market has been very widely publicized as a bonanza in which many people are going to strike it very, very rich. Newcomers in the field, particularly those with money to risk on daring experiments, are likely to attempt radical innovations in materials, equipment and marketing methods. Some will burn their fingers, some may succeed. Those who succeed will have to do so in one of the most highly competitive markets in our entire economy.

The Beech Aircraft Corporation has announced a program of prefabricated house production for post-war. Other aircraft companies have been studying possibilities of prefabricated houses, prefabricated subassemblies and building equipment. The U. S. Steel Corporation is an example of an important established company which will experiment with prefabricated houses, having recently purchased an interest in the Gunnison Housing Corporation. These are interesting and important experiments, and it will be necessary to watch their progress in order to know just when they and experiments like them may become serious contenders in competitive marketing. An experiment in marketing procedure that is being watched with interest is the plan for selling prefabricated houses through department stores.

As a matter of fact, the principal problem of the future of the prefabricated house is marketing. Ready-cut houses have been produced for a generation. Standardization of building components and prefabrication of subassemblies have progressed year by year. Assembly-line techniques and mechanized operations form the regular procedures for construction projects large enough to justify their overhead cost. An Empire State Building, a Rockefeller Center, or a large housing project is a mass production operation on its own. The great virtue of the construction industry consists in its versatility in meeting the widest variety of demands; upon its capacity to turn its organizing talents overnight from a housing project to an army cantonment or a mammoth war plant, from a Boulder Dam to shipbuilding. Progress in these techniques was well illustrated in Henry J. Kaiser's explanation of his success in shipbuilding, one of his reasons being that he had been using in construction cranes of 250-ton capacity, as compared with the 5-ton cranes available in World War I. This country's 1943 and 1944 war production miracles could not have been accomplished if they had not been preceded by the war construction miracle of 1942, when the biggest program in all history was carried out in record time, with hundreds of vital jobs completed ahead of schedule.

Economies in house building are regularly achieved by assembly-line methods whenever a particular project is big enough. For the war housing program prefabricators had merely to accept orders from one big buyer. The question for the future is: where are enough big buyers to be found to sustain a large special industry within the construction industry? It is conceivable that you home builders, or large-scale land-development companies, may eventually become the big buyers of prefabricated house components, if this trend develops as some people expect it to.

Prefabricated houses will likely be produced in large numbers in Europe during the reconstruction period; some are being ordered now in this country by foreign governments. Here, again, mass housing jobs by governments will make a market.

There is not only a question as to how concentrated the future house market will be as to communities, neighborhoods and house sites, but also as to the degree of standardization in house design that will be acceptable in terms of the varying requirements of climate, sites, orientation, family needs and personal tastes and preferences. Families and persons who can afford anything more than a bare minimum want a range of choice in the food they eat, the clothes they wear, the houses they live in and the house-furnishings they live with.

The point of this is, I believe, that we shall continue to build houses, apartment buildings, factories, hospitals, stores, schools and other types of building and engineering structures in a great variety of designs to meet widely varying conditions, needs and preferences. We shall continue, I believe, to see small operations outnumber many times the large operations, however much the large operations increase. There will probably be a somewhat larger proportion of standardized buildings in the total than heretofore. Standardization of buildings and, much more importantly, standardization and prefabrication of building components, will progress in so far as they serve the human needs expressed in building demands—not, I believe, to the extent of regimenting the way people live.

While popular preference apparently continues to favor the Cape Cod cottage and similar traditional types of house design, it seems entirely possible that modern house design may progress much faster after the war than before. Influencing such a trend would be the opportunities for better light and air afforded by large well-placed windows, modern interior lighting to replace electrified imitations of candles and kerosene lamps, and new furniture of original design aiming at comfort and convenience rather than imitative copying of the trappings of past generations.

Small House Designs

While I am hopeful of distinct advances in the art of small-house design, I do not think we need to take too seriously the notion that new types of houses will make old ones obsolete on a wholesale scale. Good houses properly maintained do not become obsolete very fast.

A good house is not necessarily a house that is built of materials that have only recently come into the market; it is not necessarily a house that follows some currently fashionable style. There are many good houses standing today that are more than 100 years old. They were well-planned and soundly built at the start.

It seems to me that the most important criteria of a good house are first-class space relationships in the interior layout, with space provided for all the necessary functions of living, and a good relationship to what is outside the house in terms of light and air, with windows giving attractive views, the whole fitting the neighborhood environment. Equipment gets out of date faster than the structure does, making it desirable to provide for easy replacement, with adequate wiring and electric outlets for new household devices as they come on the market. Shelter, comfort, convenience and attractiveness are the things people want most; these things depend more upon the skill and ingenuity of designers and builders than they do upon any single ideal bill of materials that has yet been discovered.

It has been quite the fashion in recent years for housing reformers and like gentry to broadcast the idea that our building industry, and particularly the house-building section, has been woefully backward. The fact is that great progress has been made in house design and in low-cost production during the prewar residential building revival and in the war housing program. The post-war period will be a challenge to the home builders of the country. This progress must continue. There will be many new materials, new ideas, new construction procedures, new people and new types of business organization in this highly competitive field. The challenge is also a great opportunity.

David Wittman Is With B. G. Cantor & Company

David Wittman, formerly with White, Weld & Co. and Goldman, Sachs & Co., has become associated with B. G. Cantor & Co., 61 Broadway, New York City in their trading department.

"Selling" Bretton Woods to the Country

(Continued from page 1738)

Life Underwriters, address scheduled for April 20.

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Speaker—Ansel Luxford, Treasury Department*.

Group addressed—New York Board of Trade, October, 1944.

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Speaker—E. M. Bernstein, Treasury Department*.

Group addressed—National Foreign Trade Convention, New York, October, 1943; Export Managers Club, N. Y., August, 1944; New York Board of Trade, October, 1944; Special Libraries Association, N. Y. Chapter, November, 1944; Group of businessmen and bankers, Minneapolis, December, 1944; Minnesota Statistical Association, Minneapolis, December, 1944; Graduate School of Public Administration, Harvard University, December, 1944; Finance Club of New York University, March, 1945; representatives of various church groups (en route to the San Francisco Conference), April 9, 1945.

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Speaker—Norman T. Ness, Treasury Department*.

Group addressed—United Nations Association, Portland, Ore., November, 1944; Americans United for World Organization, New Orleans, La., January, 1945; New Orleans Clearing House Association, New Orleans, La., January, 1945; Foreign Trade Assn., Houston, Tex., January, 1945; Center for International Understanding, San Francisco, Calif., March, 1945; Northwest Commission to Study the Organization of Peace, Seattle, Wash., March, 1945; Chamber of Commerce Forum, Portland, Ore., March, 1945, and Central Library, Portland, Ore., March, 1945.

* * *

Speaker—Raymond F. Mikesell, Treasury Department*.

Group addressed—Americans United for World Organization, New Orleans, La., January, 1945; Citizens for Victory Luncheon, Denver, Colo., January, 1945; New Orleans Clearing House Association, New Orleans, La., January, 1945; Foreign Trade Association, Houston, Tex., January, 1945; Meeting sponsored by adult education department of the public schools, Des Moines, Iowa, February, 1945.

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Speaker—Janet R. Sundelson, Treasury Department.

Group addressed—Women's American ORT, Washington, D. C., March, 1945.

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Speaker—R. L. Horne, Treasury Department.

Group addressed—United Nations Association, Nashville, Tenn., March, 1945.

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Speaker—Undersecretary of Commerce Wayne C. Taylor.

Group addressed—New Orleans Association of Commerce, November, 1944.

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Speaker—Assistant Secretary of State William L. Clayton.

Group addressed—Nationwide broadcast over the Blue Network, March, 1945; Nationwide broadcast over Columbia Broadcasting System, March, 1945; Institute of World Economics, March, 1945.

* * *

Speaker—Assistant Secretary of State Dean Acheson, a member of the U. S. Delegation at Bretton Woods.

Group addressed—Conference of Private Organizations on the Bretton Woods Proposals, Washington, D. C., February, 1945; National radio broadcast (one of State Department's weekly series), March, 1945[2]; Commonwealth Club of San Francisco, March, 1945; Center for International Understanding, San Francisco, Calif., March, 1945; 152nd dinner of Economic Club of New York, April 16, 1945; meeting of mayors and civic leaders, sponsored by Americans United for World Organization and American Association for United Nations, April, 1945.

* * *

Speaker—Charles P. Taft, State Department.

Group addressed—Commonwealth Club of San Francisco, November, 1944; NBC broadcast, one of a State Department series, March, 1945.

* * *

Speaker—M. S. Szymczak, member, Federal Reserve Board.*

Group addressed—Illinois Manufacturers Association, March, 1945; American Statistical and American Marketing Associations, Chicago, March, 1945.

* * *

Speaker — Walter R. Gardner, Federal Reserve Board.*

Group addressed—Business and Professional Women's Club, Chicago, April, 1945; Friends Society, Philadelphia, April, 1945; Town Hall meeting, Toledo, O., April, 1945.

* * *

Speaker — Alice C. Bourneuf, Federal Reserve Board.*

Group addressed — Union for Democratic Action, April, 1945.

* * *

Speaker—E. A. Goldenweiser, Federal Reserve Board.

Group addressed — American University, October, 1944; District of Columbia Bankers Association, October, 1944.

* * *

Speaker—Malcolm Bryan, Federal Reserve Bank of Atlanta.*

Group addressed — Nashville Rotary Club, Nashville, Tenn., August, 1944.

* * *

Speaker—Arthur R. Upgren, Federal Reserve Bank of Minneapolis.*

Group addressed — Businessmen's dinner sponsored by Helena branch of Federal Reserve Bank of Minneapolis, August, 1944; Minneapolis Foreign Policy Assn., September, 1944; Minnesota United Nations Committee, Minneapolis, February, 1945; Adresses before business groups at Miles City, Billings and Bozeman, Mont., March, 1945.

* * *

Speaker—Edward E. Brown, First National Bank, Chicago, a member of the U. S. Delegation at Bretton Woods.*

Group addressed—Chicago Association of Commerce, January, 1945.

* * *

Speaker—Dr. Mabel Newcomer, a member of the U. S. Delegation at Bretton Woods.

Group addressed—Representatives of 50 women's organizations at Washington, D. C., September, 1944; Association of Bank Women, Chicago, September, 1944; Legislative Conference for Citizens Action, New York, January, 1945.

* * *

Speaker—Joseph J. O'Connell, Jr., General Counsel Treasury Department.

Group addressed—National Lawyers' Guild, San Francisco, Calif.

2 The broadcast was participated in by Assistant Secretaries Clayton and MacLeish.

*Member of staff of U. S. Delegation at Bretton Woods Conference.

ARTICLES BY OFFICIALS PROMOTING BRETTON WOODS PROGRAM

Author—Secretary of the Treasury Morgenthau.

Publication — Foreign Affairs, January, 1945.

* * *

Author — Assistant Secretary of the Treasury White.

Publication — American Economic Review, March, 1943; Foreign Affairs, January, 1945;Some American Problems in 1945 and Suggested Solutions, The Peoples's Lobby, March, 1945; Statement to Council on African Affairs, N. Y., March, 1945.

* * *

Author—E. M. Bernstein, Treasury Department.*

Publication—American Economic Review, December, 1944; Journal of Political Economy, March, 1945.

* * *

Author—E. A. Goldenweiser, Federal Reserve Board.*

Publication — Federal Reserve Bulletin, September, 1944.[3]

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Author—A. E. Bourneouf, Federal Reserve Board.*

Publication — American Economic Review, December, 1944.

* * *

Author—Alvin H. Hansen, Federal Reserve Board.

Publication — International Financial Stabilization, N. Y., 1944 (a chapter); New Republic, February 26, 1945; America's Role in the World Economy, N. Y., 1945.

* * *

Author—Arthur Smithies, Budget Bureau.*

Publication — American Economic Review, December, 1944.

* * *

Author—Undersecretary of Commerce Wayne C. Taylor.

Publication — Foreign Commerce Weekly, April 7, 1945.

* * *

Author — August Maffry, Commerce Department.*

Publication — Foreign Commerce Weekly, Oct. 7, 1944; Journal of Commerce, New York, Oct. 11, 1944; Survey of Current Business, November, 1944.

* * *

Author—W. A. Brown, Jr., State Department.*

Publication — American Economic Review, March, 1945.

* * *

Author—John Parke Young, State Department.*

Publication — Conference at Bretton Woods Prepares Plans for International Finance, State Dept. publication 2216.

* * *

Author—Eleanor Lansing Dulles, State Department.*

Publication—Foreign Policy Association report, Sept. 1, 1944.

* * *

Author—Edward E. Brown, First National Bank, Chicago, a member of the U. S. delegation at Bretton Woods.

Publication — Journal of Business of University of Chicago, October, 1944.

3 With A. E. Bourneuf.

*Member of staff of U. S. Delegation at Bretton Woods Conference.

J.W. Davis & Co. To Admit Reed and Villa As Partners

J. W. Davis & Co., members of the New York Stock Exchange, 111 Broadway, New York City, will admit Thomas W. Reed and Antonio L. Villa to partnership in the firm as of May 1st. Mr. Reed has been associated with the firm as Cashier.

The Road to Bretton Woods

(Continued from page 1715)

made public. It was a combination of the original Keynes plan and the revised White plan. This was the experts' plan that was submitted to the Bretton Woods Conference of last July. The earlier Bank plan as revised by the experts was submitted directly to the Conference. Prior to its submission it was not available to the public.

The delegates of the 44 nations attending the Bretton Woods Conference consisted mostly of Government officials, officers of central banks and other banks, and a number of scientific monetary economists, the most outstanding of whom was Lord John Maynard Keynes, whose ideas, to a large extent, dominated the Conference. Our own official delegation of 12 experts consisted of six Government officials, four members of the United States Congress, one commercial banker, and one college professor of economics whose special field of interest was public finance and taxation.

Back of the scenes at Bretton Woods there was a group of "technical experts" and secretaries from the different countries represented. Among these assistants there were a number of monetary experts of first rank. Who they were, to what extent they agreed among themselves, and to what extent their ideas were adopted by the "official experts" are not known to the public.

What Did the Bretton Woods Conference Do?

President Roosevelt, in his instructions to the American delegates, under date of June 9, relayed through Secretary Morgenthau, Chairman of our delegation, said:

"In formulating a definite proposal for an international monetary Fund both you and the other delegates will be expected to adhere to the joint statement of principles of an International Monetary Fund announced April 21, 1944. You, as head of the delegation, are authorized, however, after consultation with the other delegates, to agree to modifications which, in your opinion, are essential to the effectuation of an agreement and provided that such modifications do not fundamentally alter the principles set forth in the joint statement.

"You will apply the same principles in your discussions and negotiations with respect to the proposed Bank for Reconstruction and Development, except that you will be governed by the principles agreed upon by the American technical committee."

These instructions gave rise to a widespread public criticism in this country that our supposedly policy-making experts at the Conference were little more than Presidential rubber stamps.

Most of the important policy-determining sessions of the Conference were arenas for heated debate, the chief bones of contention being not so much questions of economic principles and policies as questions relating to the international distribution of financial contributions and of credits—questions of who was to get what and how much would he have to pay for it. Concerning these Conference discussions *The London Economist* (July 29, 1944, p. 138) said:

"It is true that the Conference presented the unedifying spectacle of a technical gathering being jockeyed by purely political considerations, and the determination of the quotas resembled the process of political chaffering more than an objective attempt to achieve equity. Some of the results are ludicrous. . . . The management of the Fund and the Bank will have to rise above this sort of petty huckstering."

A question many people are now asking is if the Fund and the Bank were adopted would the management rise above such selfish international bickering, or does the experience at the Conference merely foreshadow what would happen in the actual operation of the Fund and the Bank should they become realities.

On a number of occasions it looked as if the Conference would suspend from lack of agreement. The difficulties, however, were finally glossed over by special reservations made by many of the countries and, above all, by the form of the Conference's final recommendation to the respective governments, which was *merely a recommendation to study and consider the merits of the plans and without advice either to adopt them or to reject them.*

On this subject we may appropriately quote President Roosevelt and Lord Keynes. The President said:

". . . the agreement by the Conference upon definite proposals will not be binding either morally or legally on the governments represented but will be referred to the respective governments for adoption or rejection." (New York "World Telegram," June 23, 1944.)[1]

Lord Keynes said:

"So far as the United Kingdom delegation is concerned, we in common with all other delegations, reserve the opinion of our government on the document as a whole and on every part of it. The whole of our proceedings is *ad referendum* to our governments who are at the present stage in no way committed to anything. We have been gathered here to put our heads together to produce the most generally acceptable document we could frame. We do not even recommend our governments to adopt the result. We merely submit it for what it is worth to the attention of the governments and legislators concerned. . . ."

The various countries represented at Bretton Woods had widely different motives in their attitudes toward proposals under discussion at the Conference. Great Britain, for example, was particularly interested in building up her export trade after the war and meeting the very serious difficulties of her new position as a heavily debtor nation. Our principal interest was in international monetary stabilization and the creation of free exchange markets. Russia was primarily concerned with rehabilitation capital loans, and Latin America with developmental capital loans. A large proportion of the member States were aggressively concerned with what they could borrow in one form or another from the United States, while we ourselves took little interest in our capacity to borrow. As a result of these differences even the agreement *ad referendum* became an embodiment of numerous compromises of glossed-over differences on matters for which clear-cut compromises could not be reached, of weasel-worded phrases, and of numerous escape clauses. The Plan, therefore, is a very complicated document, and no one can read the literature on the subject that has appeared in

1 International Financial Problems, *The Bretton Woods Proposals*, 4. February, 1945, p. 6, Chamber of Commerce of the United States, Washington, D. C.

the different member nations since the Conference, without realizing that there are wide differences of opinion among intelligent people—official and unofficial—as to the meaning of many of its important provisions.

Governmental Propaganda for the Bretton Woods Plan

The Plan is now before Congress, and action upon it is expected at an early date.

Ever since the termination of the Conference the Administration has been urging the prompt adoption of the Plan by Congress, without any change whatsoever, and has been making its appeal to the public by high-pressure propaganda. We have been told that the Plan was adopted by the leading monetary experts of 44 nations after long study; that it is an integral part of the scheme for international cooperation which has been developing through the conferences at Moscow, Teheran, Yalta, and now San Francisco, and that if the Plan as issued from Bretton Woods is rejected, or even modified, the whole temple of international peace and comity will be jeopardized.

Concerning the Plan, Secretary Morgenthau said that the legislation implementing these agreements "is perhaps the most important measure for post-war international cooperation yet to come before Congress . . . the Bretton Woods agreements are a part of the overall program to achieve both political and economic security." (Treasury release, March 7, 1945.) "Unless they are put into effect the strides toward peace and security at Dumbarton Oaks, at Mexico City and at Yalta, as well as the further step that will be taken at San Francisco may end only in frustration. . . ." (Treasury release, March 12, 1945.) "The fact that 44 delegations approved the Monetary Fund was the substantial evidence of their desire for stabilization." (Treasury release, March 7, 1945.)

On this subject of the Administration's propaganda for the Bretton Woods Plan, a well-known economist, Herbert Bratter, broadcasting from Washington (March 17) said:

"Never have we had an issue quite like this one; never such an unprecedented Government publicity campaign. . . .

"Indeed, we are told lasting peace is not possible at all without this Fund and this Bank. . . . Secretary Morgenthau has frankly undertaken to 'sell' the program to the nation. And by 'selling' he doesn't mean any half-way publicity measures. He has employed a publicity man, solely to promote Bretton Woods.

"For months there have been articles by advocates of the Fund and Bank in all sorts of public and private publications. Thousands of reprints of those articles have been distributed.

"Columnists and radio commentators have taken lunch with the Treasury's Secretary, with Bretton Woods served for dessert. The movies have not been overlooked. Government speakers have been dispatched to all parts of the country to address any group willing to listen. On one recent occasion the mountain was brought to Mohammed, when 106 pressure groups were invited to send representatives to an all-day lecture course in Washington."

In the hands of the propagandists and therefore, I fear, in the minds of a large public, the Bretton Woods Plan is becoming sacrosanct. It is said to be internationalism *par excellence*, and its opponents are therefore alleged to be either hopelessly ignorant in their defiance of the world's expert opinion or selfish nationalists.

The Gist of the Stabilization Proposal

We now come to the provisions of the Plan for the determination of national monetary parities, which are by far the most important part of the Plan, since they involve the values for an indefinite future of the monetary units of most of the countries of the world. For the United States it is the future value of the dollar in terms of which will be payable *at par* all our bonds, Government and corporate, all mortgages, all life insurance and all bank deposits. It is, moreover, the dollar in which all wages are paid.

The Monetary plan provides for a collection of national managed paper money standards. While each country would have its own monetary unit, as at present, *e.g.*, the United States the dollar, England the pound, France the franc, and so forth; these units would be tied together by mutual agreement, and would be subject to controls administered by an international board of governors appointed by the governments of the respective member countries.

At the proper time, which for some members may be soon after the war is over and for others long delayed, the Fund is to request each member to communicate to it the par value it desires for its currency, namely, the value in terms of gold, based on the rate of exchange prevailing at a designated date. This value is to become the real par value for the time being, unless within a specified time the member desires a change or unless the Fund itself insists on one.

The gold par values of member currencies, when once adopted, are not expected to be permanent. In fact, in sharp contrast to the gold standard, frequent changes of par value seem to be contemplated as an important instrument of monetary policy. Such changes are divided into two classes: (1) changes in the par value of the monetary unit of individual members, and (2) uniform changes by all members. Let us consider these separately.

A member is permitted to change the gold par of its currency only "after consultation with the Fund" and in order "to correct a fundamental disequilibrium." The plan provides, however, that "if the proposed change, together wtih all previous changes, whether increases or decreases, does not exceed 10% of the initial par value of the Fund shall raise no objection." But this is only the beginning. It is provided that if the change goes beyond 10% but not beyond 20%, the Fund may either concur or object but must declare its attitude within 72 hours, and if it goes beyond 20% the Fund may either concur or object but is allowed more time to make its decision.

The great liberality of these provisions is insured by the requirement that the Fund must agree to a proposed change without any stated limits provided that it is "satisfied that the change is necessary to correct a fundamental disequilibrium"—whatever that may mean—and further that the Fund cannot object to a proposed change on the grounds that it disapproves of "the domestic social or political policies" for the carrying out of which the member is proposing the change.

Plan Would Lead to International Debasement Wars

These provisions would seem to open the door wide to any member State whenever it should so desire to debase its monetary unit, *i.e.*, to reduce its gold par. The variations readily permitted are large. The condition, "necessary to correct a fundamental disequilibrium," can mean all things to all men. Can anyone conceive of a situation in which a nation desiring to change the par value of its monetary unit would not be doing so, or at lease claiming to be doing so, "to correct a fundamental disequilibrium," and also to be doing so or claiming to be doing so largely by reason of its "domestic social or political policies?" It is precisely by reason of expensive domestic social and political policies that nations usually spend beyond their means, incur heavy budget deficits, borrow excessively, inflate their currencies, and then finally recognize the inflation as a *fait accompli* by formally debasing their monetary unit. This is the way debasement has usually happened throughout the ages. Would not the term "domestic social or political policies" include such things as social insurance, minimum wages, governmentally guaranteed employment, many public works, socialized medicine, public education and scores of other social reform measures, also a great variety of political measures such as building up war munitions, accumulating stock piles, protective tariffs, and government subsidies galore?

Since for a number of years, at least, most of the member nations will be borrowing members—buying members, if you prefer—and since the United States will be the only important lending member—selling member, if you prefer—the pressure on the Fund is likely to be strong for resolving doubts on such questions in favor of debtor nations.

Here is a situation that would make currency debasement wars among nations easy to start and difficult to stop. One nation, for example, seeks a competitive advantage in its export trade by debasing its currency and, at once, competing nations strike back and debase their currencies.[2] A monetary debasement war is on, and every step is alleged to be taken "to correct a fundamental disequilibrium" and in furtherance of "domestic social or political policies." What is to stop it? The debtor nations are in a large majority. If they do not meet their obligations to the Fund, who is to kick them out and, if they are kicked out, how can they be forced to pay to the Fund their accumulated debts in full gold values?

In addition to the provisions of the Plan authorizing changes in the gold par values of the monetary units of individual members, there is a provision to enable all members acting together to make uniform changes at one and the same time. Specifically, the provision is that the Fund may make uniform proportionate changes in the par values of the currencies of all the members provided that the par value of any member's currency shall not be changed if the member objects within 72 hours of the Fund's action. This action requires only a majority of the total voting power if there is an affirmative vote of every member which has 10% or more of the total capital. Only three members have that much, namely, the United States, the United Kingdom and Russia, and together they have more than a majority of the total votes. Since nearly all members will be debtor nations, this provision for uniform changes in gold pars, realistically speaking, is one to make, by political action, world-wide debasement and resulting inflation dangerously easy.

In international debasement wars, if one nation holds back and does not fight for itself, it is likely to be submerged. How long could the United States retain the gold statutory value of its dollar in the face of such debasement competition?

Bretton Woods and Monetary Nationalism

Realistically speaking, therefore, and for the reasons just given, the trend of the Bretton Woods Monetary plan would be away from currency stability, free exchange and internationalism, and toward currency debasement, exchange controls, paper-money standards and monetary nationalism. In other words, it would be in the direction exactly opposite to the primary purpose of the Fund as contemplated by its leading American proponents.

A good picture of the evils of such economic warfare was given by Assistant Secretary of State, Dean Acheson, in his San Francisco address of March 23, in support of the Bretton Woods plan. There he spoke of an international competition in which all nations would use "every device for increasing their exports and getting what imports they can from other people. The devices by which they will do that are . . . manipulation of currencies (of a character that) would have a devastating effect upon recovery from the war." In such a situation he said we would "face the disintegration of the whole world system into a state of economic warfare, with each nation trying to climb to some sort of security over the back of its neighbor, each one believing that if it manipulates its currency in some way or other, it can export the misery which exists in its own country to some other country and attain some temporary advantage. Each nation will believe that the advantage will be permanent. But it will not be permanent, because neighboring countries will undertake exactly the same steps. So we shall have progressive hostility between countries and progressively hostile action against countries." [3]

Ladies and gentlemen, it is largely because I believe that this sorry picture is a true picture of what, realistically speaking, the adoption of the Bretton Woods

(Continued on page 1743)

2 The United States Treasury Department in a recent explanation and defense of the Bretton Woods Plan says: "As exchange controls and competitive currency depreciation spread from country to country, not only do they distort and depress trade, they breed vicious economic warfare that may end in an outbreak of actual hostilities." *U. S. Treasury, The Bretton Woods Proposals Questions and Answers on the Fund and the Bank*, March 15, 1945, p. 6.

3 Department of State *Bulletin*, March 25, 1945, p. 470.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1730)

wishful thinking will lead to anything. President Truman may have the best intentions in the world. But anybody who thinks that he can make the clock go backwards is hiding his head in the sand. The laws that have been passed in the last 12 years won't be nullified in the next 12 weeks; or even months. They may never be. The economic and social changes made in the last decade may be amended but that is as far as they'll go. And even amendments won't come easy. No, I think most of the New Deal changes are here to stay, for better or for worse. But the way the market acts you'd think Dewey was in the White House.

* * *

I realize this kind of reasoning won't sit well with some of my readers. But I'm trying to interpret things as they are, not as I would like them to be. And the market has no place for anything but cold analysis.

* * *

Siphoning all this down to stocks from here on the conclusion is that the sudden rush for stocks will postpone a reaction. But when it comes it will be a lot more drastic than is now envisioned. This means that the stops you have should now be lifted. If the market doesn't go off much you'll be safe. If it does, and it breaks certain levels there is no point in having your profits washed away. So I now advise the following:

You hold Hudson Motors at 18, stop 16. Current price about 24. Raise stop to 21.

Jones & Laughlin was bought at 29, stop 27. Current price about 32. Raise stop to 29.

Phelps Dodge was bought at 27, stop 25. Current price about 29. Raise stop to 27½.

U. S. Rubber was bought at 56, stop 53. Current price about 60. Raise stop to 57.

U. S. Steel was bought at 59, stop at 59. Current price about 67. Raise stop to 63.

* * *

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.*]

Hopkins Harbach Opens Latin American Dept.

LOS ANGELES, CALIF.—Hopkins, Harbach & Co., 609 South Grand Avenue, members of the Los Angeles Stock Exchange, have opened a Latin American Department to trade in obligations of Mexico, Central American and South American countries. John White and Ramsdell Lasher are in charge of the new department.

Mr. White has been with the firm for some time in charge of the sales department. Mr. Lasher, a specialist in Mexican issues for many years in the United States and Mexico, joined Hopkins, Harbach & Co. in 1944.

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 19

LAKE SUPERIOR DISTRICT POWER CO. on March 31 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.

Details—See issue of April 5.

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

Underwriters—Names will be filed by amendment.

GENERAL WATERWORKS CORP. on March 31 filed a registration statement for 10,000 shares of 5% preferred stock, cumulative (par $100).

Details—See issue of April 5.

Offering—Price to the public is $100 per share.

Underwriters — Butcher & Sherrerd, Phila., Robert Hawkins & Co., Boston, and Southern Securities Corp., Little Rock, Ark.

MILLER-WOHL CO., INC., on March 31 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.

Details—See issue of April 5.

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

Underwriters—The principal underwriter is Allen & Co.

AIRCRAFT RADIO CORP. on March 31 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.

Details—See issue of April 5.

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

Underwriters—F. Eberstadt & Co. is principal underwriter.

H. K. PORTER CO., INC., on March 31 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.

Details—See issue of April 5.

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

Underwriters—Blair & Co., Inc., is named principal underwriter, with names of others to be filed by amendment.

MONDAY, APRIL 23

RALSTON PURINA CO. on April 4 filed a registration statement for 100,000 shares of preferred stock, series A (par $100). Dividend rate will be filed by amendment.

Details—See issue of April 12.

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

Underwriting—Kidder, Peabody & Co. and Goldman, Sachs & Co. are named principal underwriters.

TUESDAY, APRIL 24

ASHLAND OIL & REFINING CO. on April 5 filed a registration statement for 40,000 shares of 4¼% cumulative convertible preferred stock (par $100).

Details—See issue of April 12.

Offering—Company offers holders of its common stock rights to subscribe for the new preferred at price to be filed by amendment at the rate of one share of preferred for each 24.1 shares of common held. The company also offers, subject to the subscription rights granted to the holders of the common, to holders of presently outstanding 5% cumulative preferred the opportunity to exchange their shares for the new preferred on a share for share basis plus a cash payment. Unsubscribed and unexchanged shares will be sold to underwriters to be offered to the public.

Underwriting—A. G. Becker & Co., Inc., Chicago, is named principal underwriter.

WEDNESDAY, APRIL 25

CONSOLIDATED RETAIL STORES, INC. on April 6 filed a registration statement for 30,000 shares of $2.75 cumulative preferred stock (no par).

Details—See issue of April 12.

Offering—The company is giving to the holders of its outstanding 8% cumulative preferred stock, par $100, the right to exchange such stock for $2.75 cumulative preferred on the basis of 2.30 shares of $2.75 cumulative preferred, plus certain cash payment by the company, for each share of 8% preferred. Unsubscribed shares will be purchased by underwriters and offered to the public at $50 per share.

Underwriting—Central Republic Co., Inc.; Peltason, Tenenbaum Co.; Scherck, Richter & Co.; Stix & Co.; G. H. Walker & Co.; I. M. Simon & Co., and Stein Bros. & Boyce.

TIDE WATER ASSOCIATED OIL CO. on April 6 filed a registration statement for [illegible]00,000 shares of cumulative preferred stock. The dividend rate will be filed by amendment.

Details—See issue of April 12.

Offering—The company offers to the holders of its 500,000 shares of $4.50 cumulative convertible preferred stock the right to exchange such shares for the new preferred stock on a share for share basis subject to allocation on a pro rata basis if necessary. Such shares as are not exchanged will be sold to underwriters for offering to the public.

Underwriting—Kuhn, Loeb & Co., and Lehman Brothers are principal underwriters with names of others to be filed by amendment.

KOBACKER STORES, INC. on April 6 filed a registration statement for 55,781 cumulative preferred shares and 175,000 common shares. Of the stock registered 175,000 common and 15,781 shares of the preferred are issued and outstanding and are being sold for the account of certain stockholders. Statement also covers 80,000 common shares issuable upon exercise of warrants.

Details—See issue of April 12.

Offering—The offering price to the public is $25 per share for the preferred and $9 per share for the common.

Underwriting—Van Alstyne, Noel & Co. is named principal underwriter, with names of others to be filed by amendment.

THURSDAY, APRIL 26

NEW YORK POWER & LIGHT CORP. on April 7 filed a registration statement for 240,000 shares of cumulative preferred stock (par $100). The stock will be offered for sale at competitive bidding, with the successful bidder naming the dividend rate.

Details—See issue of April 12.

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

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

SATURDAY, APRIL 28

ARMSTRONG RUBBER CO. has filed a registration statement for 50,000 shares of 4¾% cumulative convertible stock ($50 par) and 50,000 shares of class A common stock (no par).

Address—475 Elm Street, West Haven, Conn.

Business — Manufacture and sale of pneumatic tires and tubes.

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

Proceeds—Net proceeds will be applied to the repayment of the $3,000,000 loan to the New York Trust Co. and the balance will be used for general working funds.

Underwriters—F. Eberstadt & Co., is named principal underwriter.

Registration Statement No. 2-5688. Form S-1. (4-9-45).

SUNDAY, APRIL 29

GRAHAM-PAIGE MOTORS CORP. has filed a registration statement for 200,000 shares of 5% convertible preferred stock cumulative (par $25).

Address — 8505 West Warren Avenue, Dearborn, Mich.

Business—Peacetime business manufacture of automobiles, tractors and replacement parts.

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

Proceeds—The net proceeds estimated at $4,550,000 will be available for general corporate purposes, the payment of the balance due on the note of the corporation to the Reconstruction Finance Corporation and the redemption or purchase of the presently outstanding 314 shares of 7% preferred stock.

Underwriters—Allen & Co., New York.

Registration Statement No. 2-5689. Form S-1. (4-10-45).

MONDAY, APRIL 30

GIBSON REFRIGERATOR CO. has filed a registration statement for 247,140 shares of common stock (par $1). The shares are issued and outstanding and are being offered on behalf of certain stockholders.

Address — 515 West Williams Street, Greenville, Mich.

Business—Peacetime business manufacture of electric refrigerators and electric ranges.

Offering—Price to the public is $11.75 per share.

Proceeds—The proceeds go to the selling stockholders.

Underwriters—Paul H. Davis & Co., and Shillinglaw, Bolger & Co., Inc. of Chicago, are named principal underwriters.

Registration Statement No. 2-5690. Form S-1. (4-11-45).

B. F. GOODRICH CO. has filed a registration statement for $35,000,000 first mortgage bonds series due 1965. The interest rate will be filed by amendment.

Address—500 South Main Street, Akron, Ohio.

Business—Manufacture of rubber products.

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

Proceeds—Will be applied to the redemption of $21,049,000 first mortgage bonds, 4¼% series due 1956 at 103 and of $4,-700,000 first mortgage bonds, 3% series due 1956 at 102¾, with the balance being added to general funds of the company.

Underwriters—Goldman, Sachs & Co. is named principal underwriter.

Registration Statement No. 2-5691. Form A-2. (4-11-45).

FAIRCHILD ENGINE AND AIRPLANE CORP. has filed a registration statement for 90,000 shares of $2.50 cumulative preferred stock (no par). The shares are convertible at the option of the holder prior to May 1, 1955 into common stock at a price to be filed by amendment.

Address—30 Rockefeller Plaza, New York City.

Business—Manufacture of aircraft, aircraft engines, etc.

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

Proceeds—Proceeds will be used for any one of the following purposes: temporary reduction of bank borrowings amounting to $7,150,000 on March 31, 1945, under the corporation's V credit; research and development; re-entry into commercial markets; development of products and purchase of certain government owned plants and equipment now used by the corporation.

Underwriters—Smith, Barney & Co. head the underwriters, with the names of others to be filed by amendment.

Registration Statement No. 2-5692. Form S-1. (4-11-45).

TUESDAY, MAY 1

UNITED STATES PLYWOOD CORP. has filed a registration statement for 100,000 shares of common stock (par $1).

Address—55 West 44th Street, New York City.

Business—Manufacture of various types of plywood, etc.

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

Proceeds — For additions and working capital.

Underwriters—Eastman, Dillon & Co., is principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5693. Form S-1. (4-12-45).

MOBILE GAS SERVICE CORP. has filed a registration statement for 100,000 shares of common stock (no par). The shares are issued and outstanding and owned by Consolidated Electric & Gas Co.

Address—162 St. Francis Street, Mobile, Ala.

Business—Public utility.

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

Proceeds—The proceeds will go to Consolidated Electric & Gas Co.

Underwriters—The shares are to be offered for sale at competitive bidding by Consolidated. Names of the underwriters will be filed by amendment.

Registration Statement No. 2-5694. Form S-1. (4-12-45).

WEBSTER-CHICAGO CORP. has filed a registration statement for 106,400 shares of common stock (par $1). Of the total 45,000 shares are being sold by the company and 61,400 shares by certain stockholders.

Address—5622 Bloomingdale Road, Chicago.

Business—Metal stampings, etc.

Offering—The price to the public is $6.75 per share.

Proceeds—Company's share will be added to working capital. Balance goes to selling stockholders.

Underwriters—Principal underwriters are Brailsford & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago.

Registration Statement No. 2-5695. Form S-1. (4-12-45).

MORRISON-KNUDSEN CO., INC. has filed a registration statement for 4,000 shares series M 5% and 3,000 shares series N 6% cumulative preferred stocks both $100 par value; $100,000 series G 3% and $100,000 series Q 3% certificates.

Address—319 Broadway, Boise, Idaho.

Business — Contractor engaged in all types of general construction.

Offering—The preferred stock will be sold at par. The certificates also will be sold at par.

Proceeds—Will be used to retire outstanding certificates of indebtedness, to reduction of bank loans and for additional working capital.

Underwriters—Wegener & Daly, Inc., Idaho, is underwriter for the preferred stock. The certificates will be sold through officers and employees of the company.

Registration Statement No. 2-5696. Form S-1. (4-12-45).

WEDNESDAY, MAY 2

FINANCIAL INDUSTRIAL FUND, INC., has filed a registration statement for 500,000 fund shares.

Address—650 Seventeenth Street, Denver, Col.

Business—Diversified investment fund.

General Distributor—Investment Service Corporation, Denver and Wilmington.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5697. Form S-5. (4-13-45).

FINANCIAL INDUSTRIAL FUND, INC., has filed a registration statement for 2,000 systematic (periodic payment) investment certificates providing for total payments of $2,400,000.

Address—650 Seventeenth Street, Denver, Col.

Business—Diversified investment fund.

General Distributor—Investment Service Corporation, Denver and Wilmington.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5698. Form S-6. (4-13-45).

TENNESSEE GAS & TRANSMISSION CO. has filed a registration statement for $35,000,000 first mortgage pipe line bonds, 3% series due 1965 and 75,000 shares of 5% cumulative preferred stock, par $100.

Address—Commerce Building, Houston, Texas.

Business—Operation of a natural gas transmision pipe line.

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

Proceeds—The proceeds from sale of the bonds and preferred stock, together with a bank loan of $15,000,000 will be applied to the payment of debt and to finance costs of constructing facilities to increase the gas carrying capacity of the pipe line.

Underwriters—Dillon, Read & Co., Inc., Glore, Forgan & Co. and White, Weld & Co. are named principal underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5699. Form S-1. (4-13-45).

BALTIMORE PORCELAIN STEEL CORP. has filed a registration statement for 100,-000 shares of $5 cumulative convertible preferred stock (par $5) and 100,000 shares of common (par 10 cents).

Address—Mt. Winans, Baltimore, Md.

Business—Normal business is application of porcelain finishes on steel.

Offering—The price to the public is $5 per unit consisting of one share of preferred and one share of common stock.

Proceeds—Will be used for new equipment and for additional working capital to facilitate reconversion.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

Registration Statement No. 2-5700. Form S-1. (4-13-45).

THURSDAY, MAY 3

LINK-BELT CO. has filed a registration statement for 100,000 shares of common stock (no par).

Address—307 North Michigan Avenue, Chicago, Ill.

Business—Widely diversified line of materials handling and mechanical power transmission machinery and castings.

Offering—Waivers of preemptive rights with respect to a number of shares of common stock to be filed later of the 100,000 shares registered have been received from the holders of outstanding common stock. The company is offering to the holders of the balance of the common stock rights to subscribe to new common at a price to be filed by amendment at the rate of 13½ shares for each 100 shares held. The underwriters have purchased and are offering the common stock to which waivers have been received, and will also purchase any shares not subscribed for by stockholders.

Proceeds—Net proceeds will be used for the redemption of 30,187 shares of 6½% preferred stock outstanding and for additional working capital. The cost of redemption of the 6½% preferred, exclusive of accrued dividends, is $3,622,440.

Underwriters — Kidder, Peabody & Co., heads the list of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5701. Form S-1. (4-14-45).

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 are 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.

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.

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.

CALIFORNIA WATER & TELEPHONE CO. on March 27 filed a registration statement for 107,000 shares of $1.20 cumulative preferred (par $25) and 9,672 shares common ($25 par).

Details—See issue of April 5.

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.

Underwriters — Blyth & Co., Inc., is named principal underwriter.

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 93,583 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 respectively up to the redemption date of these stocks.

Kirchofer & Arnold and R. S. Dickson & Co., Inc. are dealer managers.

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.

Awarded April 16 to First Boston Corp., Central Republic Co. (Inc.) and Harris, Hall & Co. (Inc.), the bonds (carrying a 3% coupon) at 102.549 and the preferred stock (dividend rate 4.10%) at 100.089.

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.

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 out[illegible] 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.

ELECTROMASTER, INC. on March 29 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).

Details—See issue of April 5.

Offering—Offering price to the public is $8 per share.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

EXPRESO AEREO INTER-AMERICANO, S. A., on March 30 filed a registration statement for 300,000 shares of common stock.

Details—See issue of April 5.

Offering—Price to public is $3 per share.

Underwriters—Van Alstyne, Noel & Co. is named principal underwriter.

GEORGIA POWER & LIGHT CO. on March 30 filed a registration statement for $2,500,000 first mortgage bonds series due 1975.

Details—See issue of April 5.

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

Underwriters—The bonds are to be sold under the Commission's competitive bidding rule and names of underwriters will be filed by amendment.

GRAYSON SHOPS, INC. (of California) on March 30 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.

Details—See issue of April 5.

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.

Underwriters—Emanuel & Co., New York, is principal underwriter, with names of others to be filed by amendment.

HARSHAW CHEMICAL CO. on March 30 filed a registration statement for 43,000 shares of common stock (no par).

Details—See issue of April 5.

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

Underwriters—Field, Richards & Co., and McDonald & Co., both of Cleveland, are named principal underwriters, with names of others to be filed by amendment.

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.

demption date of these stocks.

LASALLE YELLOWKNIFE GOLD MINES, LTD., on March 30 filed a registration statement for 314,512 shares, par value $1.

Details—See issue of April 5.

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.

Underwriters — Company proposes to market its own securities.

LEAR, INC., on March 29 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.

Details—See issue of April 5.

Offering—Stock will be sold to the public at $5 per share.

Underwriters—Kobbe, Gearhart & Co.

LOS ANGELES TRANSIT LINES on March 30 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.

Details—See issue of April 5.

Offering—Offering price to public 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.

McQUAY - NORRIS MANUFACTURING CO. on March 27 filed a registration statement for 20,000 shares of 4¼% cumulative preferred stock ($100 par).

Details—See issue of April 5.

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 is $105 per share. Unsubscribed shares will be purchased by underwriters and sold to the public.

Underwriters—Shields & Co., is named principal underwriter.

MUTER CO. on March 30 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.

Details—See issue of April 5.

Offering—Public offering price of the 108,000 shares is $5 per share.

Underwriters—Hicks & Price, Chicago, is named principal underwriter.

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.

NU-ENAMEL CORP. on March 30 filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Details—See issue of April 5.

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.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

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.

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.

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.

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.

SIGNODE STEEL STRAPPING CO. on March 29 filed a registration statement for 54,000 shares 5% cumulative preferred stock, and 40,000 shares common stock, $1 par.

Details—See issue of April 5.

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.

Underwriters—Kebbon, McCormick & Co., is named principal underwriter, with names of others to be filed by amendment.

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.

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.

Hearing set for April 25 by SEC.

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 30,502 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.

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.

WALTHAM WATCH CO. on March 30 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).

Details—See issue of April 5.

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.

Underwriters—Union Securities Corp. and A. C. Allyn & Co., Inc., are named principal underwriters, with others to be named by amendment.

WELLS-GARDNER & CO. on March 30 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.

Details—See issue of April 5.

Offering—Price to the public is $8.25 per share.

Underwriters—Paul H. Davis & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago, are named principal underwriters

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.

WHITE COUNTY WATER CO. on March 30 filed a registration statement for $276,000 first mortgage 4% refunding bonds.

Details—See issue of April 5.

Offering—Price to the public 100.

Underwriters — Pyramid Life Insurance Co., Little Rock, Ark.

WILCOX-GAY CORP. on March 27 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.

Details—See issue of April 5.

Offering—The offering price will be filed by amendment.

Underwriters—Kobbe, Gearhart & Co., Inc., and Carr, Chapin & Co.

N. Y. State Chamber Against More TVA's

Warning of the danger of the country being covered by a network of TVA's which would drive private enterprise from the power field, a report made public on April 2 by the Chamber of Commerce of the State of New York urged Congress to defeat the Murray, Mitchell and Rankin bills creating eight additional regional authorities similar to the TVA and extending the territory of the latter.

Arthur M. Reis, Chairman of the Committee on Internal Trade and Improvements, which drew the report, will present it for approval at the monthly meeting of the Chamber of Thursday, April 5. The report regards the legislation as a further attempted invasion of State rights by the Federal Government.

"These bills would strip the States of important activities which are now in general carried on under State authority, such as regulation of water pollution, compacts for flood control as under the Flood Control Act of 1936, certain rivers and harbors improvements, and particularly the regulation of electric utilities," the report states.

"The regional authorities created can be expected to be strictly political in character, and the powers granted to them are considered sufficient to place practically every stream of water, large or small, in the United States, under their jurisdiction, to such an extent that permission would have to be secured to use water therefrom by any municipality or industrial establishment; while railway and highway authorities would be subject to control in the building of bridges over a stream."

Declaring that the most important factor in production in a highly industrialized nation like the United States is electric power, the report says that "its control by an unregulated monopoly enables regimentation of the community's economic life." The report points out that there is no guarantee in the bills that the efforts to control floods and conserve national resources will not be subordinated to the production of power.

"One thing is certain, however, that the electric power business carried on by the Federal Government in competition with its own citizens will assume large proportions in all sections of the United States," the report continues.

"The question before the nation really is whether the Government is to engage wholly in business, or whether private enterprise is to be encouraged to carry on. Flood control should not be used as an excuse for Government ownership and operation of super-luxurious power projects at the taxpayers' expense, particularly when the taxpayers are already confronted with a $300,000,000,000 war debt

The Road to Bretton Woods

(Continued from page 1741)

Monetary plan would give us, and from which a return to the international gold standard alone can save us, that I am opposing Bretton Woods and advocating a return to gold. The only hope of international monetary stability on a wide scale is in a return to the international gold standard. If, on that proposition, there are some doubting nations at the present time, their doubts will rapidly evaporate as a result of the experiences of war-ridden countries with managed inconvertible paper money standards during the years immediately following the war and before effective stabilization *on any plan* would be possible on a large scale. The time will soon arrive, as it did after the last war, when the public everywhere will be sick and tired of politically managed paper-money schemes and of the resulting inflationary evils, and will long to get back to a solid monetary standard, to something in which they have confidence. In such a distracted world there is no commodity in which they will have so much confidence as gold—the most highly exchangeable and the most widely prized single commodity in the world. This will then be again recognized as true, as it was by The International Financial Conference of Brussels in 1920, at which all the important nations of the world—39 in number—were represented. The Conference resolved unanimously: "It is highly desirable that the countries which have lapsed from an effective gold standard should return thereto. . . ." Two years later this recommendation was reaffirmed by the International Monetary Conference held at Genoa, which said:

"An essential requisite for the economic reconstruction of Europe is the achievement by each country of stability in the value of its currency. . . . Measures of currency reform will be facilitated of the practice of continuous cooperation among central banks can be developed. . . . It is desirable that all European currencies should be based upon a common standard. . . . Gold is the only common standard which all European countries could at present agree to adopt. . . . In a number of countries it will not be possible for some years to restore an effective gold standard; but it is in the general interest that the European governments should declare now that this is their ultimate object, and should agree on the programme by way of which they intend to achieve it."

This is sound doctrine for the world today. The only prospect at this time, as then, for a truly international standard is gold, and the only realistic monetary internationalists are the advocates of a return as soon as possible to the time-tested international gold standard. In the task of rehabilitating that standard and of making it a continually better standard we should generously cooperate with other nations. As the world's only important creditor nation, however, and the nation to whom monetary stability means most, we should refuse to be jockeyed into a grandiose global scheme for a conglomeration of politically managed paper money standards—a scheme in which debtor nations would call the tune and Uncle Sam would ultimately pay the fiddler.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The government bond market continued its upward surge with new highs being made in the taxable obligations, as the demand for the intermediate and long term obligations continued, with the 2½s due 1956/58 and the 2½s due 1967/72 showing the largest gains. . . . It is evident that the fear that no more intermediate and long term issues will be offered to the banks has created a great demand for these obligations, although it is reported that recent price advances have taken place on comparatively light volume. . . . The partially exempts were featured obligations with the middle and long term issues registering sizeable gains, as the last two maturities of these securities went to new all time high levels. . . . This is a resumption of the process of bringing these obligations in line on a yield basis with the taxable bonds.

Despite the advanced levels at which the partially exempts are now selling, the last four maturities of these securities still give a better tax free return, than is obtainable in comparable issues of the taxable bonds.

TECHNICAL POSITION

Whether the technical position of the market will remain as it is today will probably depend on developments between now and the close of the coming War Loan. . . . There is no doubt that the technical position of the Government bond market now is such that it is causing concern among informed students of the money markets. These sources, for one thing, question the advisability of having the market go to levels where the maintenance of such prices in the future may be dependent upon perpetual government control of the money markets.

COMMERCIAL vs. SAVINGS BANKS

Commercial banks with savings deposits, which in a large measure are the so-called "country banks," will be allowed to purchase in the Seventh War Loan only the ⅞% certificates and the 1½% bonds due December 15, 1950, to the extent of $500,000 or 10% of time deposits, whichever is smaller. . . . It is indicated that these institutions feel that they should be given better treatment in the drive, because to many of these banks savings deposits are more important than commercial deposits and particularly since the savings banks can buy both the 2¼s and the 2½s.

These commercial banks with time deposits, have to pay interest on these deposits as do the savings banks, and they believe that they should be extended the same coupon privileges accorded the latter in the coming drive.

Purchases of the ⅞% certificates and the 1½% bonds by these banks will create deposits, and purchasing power, just the same as would subscriptions to higher coupon bonds.

COST TO TREASURY

The limited amount of securities that can be bought by the commercial banks with savings deposits would not be large enough to mean a substantially increased cost to the treasury, if they were allowed to buy the 2¼s and 2½s instead of the ⅞% certificates and the 1½% bonds.

The financial position of the commercial banks with time deposits, is such that they can meet any deposit changes that may take place, so liquidity is not considered to be the need of these institutions.

The fact that these banks are not allowed to subscribe to the 2¼s and 2½s in the Seventh War Loan, has forced these institutions into the long term high coupon taxable issues, in order to get income to meet expenses of time deposits, which are increasing daily. . . . As a result these banks are putting long term bonds on their books at a premium, since they have been allowed to purchase only the short and medium term issues in the coming drive.

BANK EARNINGS

Federal authorities appear to be greatly concerned over the trend of bank earnings, caused principally by the large holdings of Government bonds by these institutions. . . . This discussion about the substantial position that the banks have in Government bonds provokes the question as to why these institutions have such large holdings of these securities.

There appears to be one answer to this question and that is, these institutions bought the Government bonds to finance the deficit, and the war, because individuals have refused to carry their share of the burden.

The banks have done a much more patriotic job in financing the war than have the individuals in this country. . . . The banks have taken the bonds the Treasury has offered them at rates set by the Government, which have been substantially lower than those offered to individual investors. . . . Nor is it a question of individuals not having the wherewithal to purchase these Government securities since available data proves that they are amply supplied with funds.

INDIVIDUAL RESOURCES

Currency in circulation recently reached an all time high of $25,944,000,000, almost as large as the first World War debt, and the greater part of this is held by individuals. . . . Assuming that $10 billions of currency in circulation is needed to carry on the expanded business, and this is considered a liberal allowance, it still leaves more than $15 billions of hoarded money, a part of which at least should be put in Government bonds.

If only 30% of the $15 billions were invested in Series "E" bonds it would be in excess of the quota set for individuals in the Seventh War Loan.

It would also provide the Treasury with $4½ billions that would not have to be obtained from the banks, and deposits and purchasing power in that amount would not be created, neither of which are needed at this time.

DEMAND DEPOSITS

Demand deposits of individuals at the close of 1944 aggregated $34 billions, according to data published by the Securities and Exchange Commission. . . . This figure indicates that individuals could buy a substantial amount of Government securities. If only 25% of these deposits were invested in Government bonds, for example, it would mean that the Treasury would have to borrow $8½ billions less from the banks to finance the deficit.

TIME DEPOSITS SOAR

Time deposits of individuals at the end of last year amounted to $39 billions, with the increase for last year totaling $7.1 billions the largest yet reported. . . . If the increase in time deposits of individuals for 1944, were the only amount invested in Government bonds, it would leave $7.1 billions less for the Treasury to raise from the banks. . . . The total amount of funds that the Treasury would obtain from individuals based on these assumptions, that are not considered excessive, would be almost as much as was obtained in the Sixth War Loan.

It would result in $20 billions less in deposits, and it would mean that the banks would not have their Government portfolio increased by that amount.

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