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The Commercial and FINANCIAL CHRONICLE

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Sen. Tydings Would End Deficit Spending

Calls for Pay-As-You-Go Basis in Peace Time and Constitutional Restrictions on Appropriations.

In an address before the Executive Club of Chicago, on April 20, Senator Millard E. Tydings, Democrat of Maryland, pointed out the dangers to our democracy and national integrity in following a policy of deficit spending except in extreme emergency situations.

Sen. M. E. Tydings

"Ever since 1929," stated Senator Tydings, "the national Government has been operated on borrowed money. At no time has income matched the expenditures that have been made. This policy resulted in a very large increase in our national debt even before we went into the war, and now with the war cost superimposed on that pre-war debt, our national Government will owe approxi-

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Pictures of STANY Annual Dinner on Pages 1834, 1835, 1836 and 1837

Index of Regular Features on page 1856.

Post-War Federal Taxes

By ROSWELL MAGILL*

Former Under Secretary of the Treasury

Former Treasury Official Asserts Tax Program Will Be of Major Importance in Post-War Economy and That It Must Create Business Confidence in Our Fiscal and Monetary Stability. Sees Free Enterprise Involved, and Calls for Prudence in Government Expenditure and Restraint on Taxation That Diminishes Private Incentives. Says We Must Have Active Business and a Balanced Budget, With at Least $125 Billions of National Income. Predicts Little Reduction in Excise and Income Tax Rates if Budget Is Balanced, and Urges Taxing Alike of business and Individual Incomes.

The prospect of victory in the war in Europe last fall brought out a group of postwar tax plans. The final German drive made present consideration of them seem quite impractical, and they lost the headlines to our renewed war efforts, Dumbarton Oaks, Bretton Woods, and Yalta. Now that victory in Europe again seems to be near, discussion of postwar fiscal policy is coming to the fore. This organization is leading the way in directing attention to it as a major public question.

Roswell Magill

Taxation by its very nature cannot be a popular subject. Moreover, in the past decade, it has come to be more and more technical, abstruse, and unintelligible to the layman. Why, then,

*An address by Mr. Magill before the Chartered Life Underwriters' Seminar, New York City, April 20, 1945.

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Post-War International Credit And the Bretton Woods Proposals

By Dr. MELCHIOR PALYI

Asserting That Countries Under Foreign Exchange Control Are Not Credit-Worthy, Dr. Palyi Contends the British Are Convinced That, in View of the Inability of Britain to Obtain Funds Adequate for Post-War Needs, the Bretton Woods Pact Will Help Little, Though, Should Congress Adopt It, the British Parliament Will Follow Suit. Holds That the Strict Separation of Current and Capital Financial Transactions, Imposed by Bretton Woods Does Not Exist in Fact and That International Chaos Need Not Ensue Merely Because Financial Transactions Are Not "Institutionalized and Bureaucratized."

I.

A discussion of international credit problems has to start with the unpleasant statement that countries under effective foreign exchange regulation are not credit-worthy.

Dr. Melchior Palyi

Short-term credits of a self-liquidating nature and properly collateralized by internationally marketable commodities will be available, of course. Such credits are actually outside the exchange regulations, especially if the commodities are in transit or in foreign countries. But they are not what the post-war world will need for reconstruction.

The same holds for credits of the type Soviet Russia received from Germany and the U. S. in the inter-war period. They were

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A San Francisco Preview

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle

Correspondent Holds That There Is Complete Confusion as to the Exact Nature of the World Security Conference, Despite the Elaborate Preparations and Preliminaries. Says Russia Is Still an Enigma, and That Status of Neutrals and Non-Belligerents in the Proposed International Organization Is Unsettled, as Well as the Polish Question, the Mandates, Future Boundaries and New Territorial Acquisitions. Sees Divided Opinion on Bretton Woods and Unpredictable Attitudes on Post-War Economic Problems. Believes Conference "Dangerously Over-Ballyhooed."

A. Wilfred May

SAN FRANCISCO, April 25.—The purposes, techniques, and problems of the United Nations Conference on International Organization to prevent future wars cannot possibly be explained succinctly or logically, but must be understood through a process like osmosis, or absorbed gradually through one's pores.

For the benefit of radio and press correspondents who have come out to cover the proceedings, thanks to the State Department, such indoctrination has been effected in the most pleasant atmosphere imaginable . . . The foreigners have been given a perfect demonstration of American public relations practice . . . The railroads have outdone themselves in either wartime or peacetime service to transport the press here . . . They provided two special

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Investing in America's Vital And Growing Companies

By CHARLES J. COLLINS*
President, Investment Letters, Inc., Detroit
Chairman, Investment Counsel, Inc., Detroit

Investment Analyst Points Out That Since No One Has Ever Found a Means of Buying Stocks at the Lowest Prices and Selling Them at the Highest, the Best Available Secure Method of Investment Is to Select Stocks in Growing Industries Which Have Maximum Appreciation Possibilities. Maintains That While the Effects of Price Swings Due to Business Cycles Cannot Be Avoided, These Stocks, in an Advance Exceed the Rise in the Dow-Jones Industrial Average. Supports Views With Charts and Explanations.

Scientists have the very convenient practice of working out problems *in vacuo*. By this method bothersome or inexact and undesirable factors are eliminated and an ideal solution can be found. This, for inanimate things, is a very happy procedure.


Charles J. Collins

If we, who are security analysts, could work out our problems *in vacuo*, I know the most undesirable factor that we would exclude would be the large swings in the general level of bond or stock prices based on influences extraneous to the securities themselves. In bonds I refer to the periods of great capital accumulation or depletion that bear so importantly on money rates. In stocks I refer to the cyclical and political influences that underlie the ebb and flow of business and public psychology.

Herbert Spencer once referred to a very beautiful theory being murdered by an ugly little fact. The ugly little development that frequently gets in the way of the stock analyst is one of these unanticipated general reversals in prices that will temporarily take the price of a carefully selected and well chosen issue appreciably below or appreciably beyond values. This, naturally, has turned the analyst's attention to the study of these general movements also and excellent work has been done both in defining their intensity and forecasting their oc-

*An address by Mr. Collins before the New York Society of Security Analysts, April 19, 1945.

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Straus & Blosser Adds Wehrmeister to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—William J. Wehrmeister, Jr. has become associated with Straus & Blosser, 135 South La Salle Street, members of the New York Stock Exchange. Mr. Wehrmeister was an officer of Alexander & Co., Inc.

Now Edgerton, Wykoff Co.

LOS ANGELES, CALIF.—The firm name of W. J. Dunn & Company, 621 South Spring Street, has been changed to Edgerton, Wykoff & Company.

Says British Colonial Preference Pacts Hamper World Trade

Howard P. Whidden Holds Such Tariff Schemes Hamper World Trade. Says Great Britain Has Not Benefited by Her Colonial Reciprocal Trade Agreements, and Suggests U. S. Alter Tariff Policy With Relation to Territorial Possessions.

The Ottawa system of special trade privileges for Empire products is attacked as an obstacle to the expansion of post-war international commerce by Dr. Howard P. Whidden, economist, associated with the New York State Chamber of Commerce, in a study entitled "Preferences and Discriminations in International Trade." This report, which analyzes regional and political favoritism, is published by the Committee on International Economic Policy in cooperation with the Carnegie Endowment for International Peace.


H. C. Whidden, Jr.

To rid the world of preferential tariff schemes, however, Dr. Whidden says not only Britain but all nations must make concessions for the reduction of trade barriers. The United States, as the greatest single concentration of industrial and purchasing power in the world, should take the lead quickly and decisively, if the principle of equal trading opportunity is to function under a general security system and healthy world trade is to be reestablished.

The Ottawa system, as developed between two world wars, states the author, proved of doubtful value even to Britain and her Dominions, through loss of outside trade. Further admission of its weakness as a trade principle was indicated by the reciprocal trade agreements signed in 1938 between Britain and Canada with the United States. Present-day British opinion, however, Dr. Whidden warns, tends to consider imperial preferences equally justified, as a measure for defending national interests, as our American protective tariffs. If, therefore, the British Empire is expected to make changes, the United States would also have to establish the Open Door policy in its own dependencies, such as the Virgin Islands, Samoa and the Philippines, and in general adopt a policy of lowered tariffs. Trade relations among the United Nations, however, Dr. Whidden underlines, should not become a mere bargaining of one concession against another, but should represent mutual agreemnts among all the nations to abolish restricting trade practices throughout the world.

"Leadership in rebuilding a world economy based on the principle of equality will inevitably fall on the United

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Real Estate Inflation?

By HERBERT U. NELSON*

Executive Vice-President, National Association of Real Estate Boards

After Stating the Proposed Preventives and Remedies Against Real Estate Inflation, Mr. Nelson Gives Examples of Recent Property Sales Which Would Indicate That Real Estate Prices Have Not Risen. Says Advances in Prices of Small Homes Represent Only Premiums for Immediate Occupancy, and Urges an Appraisal Approach and Not Government Fixing of Real Estate Values. Calls for Real Estate Market.

Right now, different people are suggesting remedies for the so-called "real estate inflation." It is asserted that real estate inflation is here, that it is dangerous, and that somebody has to save the country right away.


Herbert U. Nelson

Marriner Eccles of the Federal Reserve Board and Secretary Claude Wickard of the Department of Agriculture have suggested taxes on capital gains, which would virtually eliminate sales for profit. Others have suggested strong credit controls which would require very large cash payments in all transactions, thus militating against home and farm ownership. Some have even suggested ceiling prices for all real estate, but nobody can tell what a ceiling price is on a property that hasn't been sold.

Let's look at the threat of inflation in real estate. Does it amount to a national danger?

No piece of property is worth more nor will sell for more than its cost of reproduction at the time of a sale in a similar location. Real estate prices, therefore, do not stand by themselves. They are a part of the whole price structure. They are directly and especially affected by the costs of construction at any given moment. They are also affected by demand and supply, but normally in this country the real estate development and building industry has been so responsive that our chronic situation has been one of over-supply. Only the war has brought change where demand exceeds supply on a very few types.

In Chicago several large properties have been sold recently at 50 cents on the dollar of present construction cost. The Stevens Hotel, which cost over $20,000,000 to build, recently sold at $7,500,000.

Apartments are not selling presently at figures that will equal replacement costs. They cannot sell at such figures until

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*Reprinted from "Headlines," published weekly by the National Association of Real Estate Boards, April 2, 1945.

John W. Clarke Now Lieutenant-Colonel

John W. Clarke, well known head of John W. Clarke Inc., municipal investment banking house in Chicago, who has been serving with the Allied Military Government in Italy for nearly two years, has been promoted to the rank of Lieutenant Colonel.


John W. Clarke

Colonel Clarke is the financial head of one of the military compartments in Italy and has been connected with its activities since his graduation from the Army's famed School of Military Government in 1943.

Motives At Bretton Woods Hearings

By HERBERT M. BRATTER

Bankers Accused of Selfishness in Opposing the International Fund, but Are Defended by Congressman Jesse Wolcott, Ranking Republican Member of the House Banking Committee. Latter Contends That the Fund Will Be Used by Devastated Countries for Rehabilitation and Reconstruction, and Exhaust Amounts Available for Currency Stabilization. Denies That Bankers Are Opposed to Fund Because It Eliminates Gambling in Foreign Exchange.

WASHINGTON, D. C.—The ears of New York bankers must have been buzzing last Friday, because their role vis-a-vis the Bretton Woods program was under examination in both Senate and House committees. And the bankers were getting a few more kicks in the now accustomed place.


Herbert M. Bratter

In view of the fact that a compromise on BW between the Treasury and opposing bankers has been whispered as in the offing, some Congressmen who have sincerely hoped for such a compromise are disturbed over the developments in the above-mentioned hearings. Since that single day's BW hearings fill 190 pages of transcript, we can in the space here allotted give only some of the major highlights, for the benefit of banker readers who could not be present. It will be some time yet before the transcripts become available in printed form.

Morgenthau on Bankers' Motives

The first reference to the motives of the bankers who oppose the BW Fund occured while Secretary of the Treasury Morgenthau was attempting, by pre-arrangement, to explain to the Pepper subcommittee of the Senate Small Business Committee the reason why small business should support BW. Senator George D. Aiken (R.) of Vermont, raised the question, thus:—

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ABA Warns Bankers on Farm Values

Agricultural Committee Points Out That Farm Land Prices in Some States Have Already Reached Boom Levels. Urges Caution in Financing Farm Purchases.

Farm land prices in all sections of the United States have reached new high levels, according to the fifth annual farm real estate price bulletin of the Agricultural Commission of the American Bankers Association. The trend toward inflation indicated by the continuing advance in land prices emphasizes the importance of the commission's 1945 program for country banks to "Keep Agriculture Financially Sound." In a letter to the 13,000 banks serving agriculture, C. W. Bailey, Chairman of the Commission, who is also President, First National Bank, Clarksville, Tennessee, urges the banks to "do what you can to influence your customers to keep in a safe financial position."


C. W. Bailey

The A.B.A. study reports that land prices as of March 1, 1945 the country over, have risen to 126% of the 1912-1914 average based at 100. This countrywide average remains below the 1920 boom peak, but the rate of increase appears to be accelerating in several states, particularly the southeastern area. Price levels have advanced in North Carolina and Alabama to a point slightly above the 1920 high, which existed temporarily before the disastrous collapse which reached

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NSTA Notes

NEW ORLEANS SECURITY TRADERS ASSOCIATION

The New Orleans Security Traders Association held their Spring Banquet Wednesday night, April 18, at one of the restaurants in the French Quarter. The usual refreshments and entertainment were present in good supply, which was an especial treat to the Municipal Traders who have been complaining so long because of the lack of supply of suitable merchandise. Everyone had a thoroughly enjoyable time with very little money changing hands but with considerable good fellowship and enjoyment prevailing.

Fred MacCormac, formerly Major MacCormac of the U. S. Army, has returned to civilian life and is once again engaged in the business with offices in the Whitney Building.

Frank Williams, Assistant Manager of the Bond Department of the National Bank of Commerce, is also a civilian again and is once more at this desk assisting Errol Buckner.

Chapman Hyams, 3rd, formerly of Hyams, Glas & Carothers, makes a third former member of the fraternity who has dropped the title of Captain from the front of his name and U.S.M.C.R. from the end of it. However, he has decided to forego the trials of the investment field and is now actively occupied as Vice-President of the Times-Picayune Publishing Company.

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NPA Report Holds Full Employment Can Come From Increased Buying Power

Estimates That National Output Must Be 40% Greater Than in 1941, and That Reduced Taxes on Individual Consumers, as Well as a Balanced National Budget, Is Required for This Increase.

All Americans who will need and want jobs after the war can be employed at useful work, and at good wages, if the prewar relationship between production, consumption and savings change to fit the needs of a full employment economy, according to the National Planning Association in a report issued on April 20. The most constructive way to effect this change, the report states, is to increase the buying power of individual consumers.

Full employment requires balancing the Nation's budget, the total of everybody's income and expenditures—Business, Government and Individuals—the report points out. Allowing ample time for readjustment from war to peace, the report estimates that at full employment the national output must be about 40% higher than in 1941—the last peacetime year.

Employment, however, arises out of production, and production is caused by expenditures. To provide enough jobs for full employment, therefore, the increase in expenditures must keep pace with the increase in productive capacity and efficiency. If output is 40% greater, Business, Government and Individuals together will have to buy 40% more goods and services.

In the staff report, "National Budgets for Full Employment," the NPA describes possible changes in prewar relationships and incorporates these changes in three alternative budgets which would provide the necessary balance between production and expenditures at full employment levels. The 108-page report, containing extensive tables and charts, presents a picture, comparable to a businessman's operating income statement, of the balanced economy that be attained were certain changes made.

"If Business is to operate at moderate levels of expenditure for its own capital account, and if Government expenditures are to remain moderately low relative to the total economy, and if the Government budget is to be balanced, then," says the report, "consumers' expenditures must go up or full employment will not be reached or maintained. Consumers' expenditures will not go up unless the past spending and saving patterns of Individuals shift toward higher expenditures for consumption, or unless an increasing number of people in the lower income groups become larger consumers and better customers—through higher wages and salaries or through lower prices, or both."

The report concludes with the following significant question: "If it should not be wise for either Industry or Government alone to carry the primary responsibility for expenditures, then should Industry (including Labor) and Government cooperate to establish those policies which would make Individuals' expenditures the balancing governor of the economy?"

NSTA Notes

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SECURITY TRADERS ASSOCIATION OF NEW YORK ANNUAL DINNER

The annual dinner of The Security Traders Association of New York, held April 20 at the Waldorf-Astoria Hotel, was attended by over 1,200 members and guests.

Richard F. Abbe of Van Tuyl & Abbe, President of the New York Association, in a brief address pointed to the fact that the organization was now ten years old. He said: "The organization's stated purpose is 'to promote the general welfare of its members; to establish and maintain high standards of conduct and ethical practices in the trading division of the investment security and banking business; to provide the benefits which are to be derived from personal acquaintance between those who are engaged in such business, and to afford the means of discussing matters relating thereto.' The mutual advantages of our constantly promoting this creed will far outweigh and outlast all the ironclad rules and regulations with which our business is fraught. We are an association of individuals—not firms. Therefore we can, through our sincere efforts, spread this doctrine to our homes and among our neighbors and assist in establishing universally the good will due the securities business. We are justly proud to be members of this profession."

The invited guests included Edward E. Parsons, Jr., of Wm. J. Mericka & Co., Inc., President of the National Security Traders Association, Inc., members of Security and Exchange Commission, financial editors, officials of important security exchanges and of the National Association of Security Dealers, as well as the Presidents of Security Traders Associations from other cities.

PROPOSED BY-LAW CHANGES

The response to the recent questionnaire sent out by the Security Traders Association of New York requesting opinions as to the advisability of making certain changes in By-Laws was most gratifying, the Association reports.

They showed almost complete agreement regarding Questions No. 1 and 2—that the membership limit should be increased by 50, and that the initiation fee be raised to $15.00. On Question No. 3, opinions were more varied, but a large majority were in favor of having a maximum age limit for new members, the average of all suggestions being 53.8 years.

A special meeting of the members is to be held on Monday, May 14, 1945, at 5:00 p.m. sharp, at the Produce Exchange Luncheon Club for the purpose of acting on the proposed changes in the By-Laws, as recommended by the Gratuity Fund Trustees, By-Laws Committee and Board of Directors. Briefly, they provide for an increase in membership of 50, to a total of 450; an increase of $10.00 to a total of $15.00 in the initiation fee for new members, with the additional $10.00 to go to the Gratuity Fund; and an age limit of 55 for new members. The other changes are merely to correct typographical or minor errors or to clarify several passages which are at present conflicting.

Real Estate Inflation?

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the ceiling on rents is removed and we have a free market again. Good homes in the higher brackets are still selling at far below reproduction cost, as every realtor knows.

It is true that in some areas small homes are bid up by buyers who are paying a premium for immediate occupancy. Such a buyer is obviously not a speculator. He expects to lose his excess investment. He is simply paying for his own necessity and convenience. This does not constitute an inflationary market.

As to inflation in farm values, this, too, is doubtful. Some Government statistics compare present farm prices with the 1935 to 1939 average. Everybody knows that this was a period of depression in farm values. Government statisticians then try to show that there has been a national price increase of 52% above this average. In some places 52% hardly constitutes a full recovery and is certainly not a capitalization of current farm prosperity. Farmers have been bitten by inflation before, and they are slow to speculate.

Our Association has the function of trying to operate the real estate market. We are the dominant group in it. We have, therefore, a real responsibility if inflationary danger truly comes.

There are remedies for inflation which do not involve Government price fixing. The appraisal approach should be considered. If sellers had to file an appraisal by an accredited appraiser with their documents of transfer and such appraisals could be made public the educational effect on buyer, seller, lending institution, and the public would be tremendous. We have good evidence that such a system would work. FHA has done it. The Veterans' Administration is now doing it for veteran's purchases. This avenue should be thoughtfully and carefully explored with responsible Government officials. The industry itself should, in turn, be fully consulted by the Government before it tinkers with capital values in real estate or in any other field.

The capital markets must always be left free. They are the only vehicles through which our economy can continually adjust itself and continually expand. If capital markets are frozen by any device the only possible result will be stagnation and retarding of the war effort. Imagine a situation, for instance, where great new factories are established to product war materials. If the capital markets for real estate are frozen, how can the vast new numbers of employees find accommodations and adjust themselves to a new community? It could not be done unless the Government confiscated practically the whole community. Control of capital markets is the most direct and the most final step towards complete State socialism.

Let us, therefore, resist in every possible way unsound governmental control of our real estate prices and of all capital markets. Let us at the same time be fully cooperative and responsible in our actions to meet any real inflationary danger. We have not come to that time yet.

To Be Ripley & Co.

Heinzelmann & Ripley, 40 Exchange Place, New York City, will change their firm name to Ripley & Co., effective May 1.

Donn Marvin Opens

OSSINING, N. Y.—Donn Marvin is engaging in a securities business from offices at Pines Bridge Road.

Dealer-Broker Investment Recommendations and Literature

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

Comparative Insurance Stock Values — A tabulation — **Huff, Geyer & Hecht,** 67 Wall Street, New York 5, N. Y.

Employment Problem in Reconversion—In the current issue of **"Investors' Almanac"—Estabrook & Co.**, 15 State Street, Boston 1, Mass.

For Post-War — Circulars on **Colorado & Southern, Flour Mills of America, Interstate Air & Engineering, Merchants Distilling, Nu-Enamel,** and **Simplicity Pattern—Bennett, Spanier & Co., Inc.,** 105 South La Salle Street, Chicago 3, Ill.

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.

New Tax Laws in New Jersey—Copies of the new laws on request—**Commercial Trust Co. of New Jersey,** 15 Exchange Place, Jersey City, N. J.

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.

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

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

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

American Pulley common — Memorandum—**Buckley Brothers,** 1529 Walnut Street, Philadelphia 2, Pa.

Also available are circulars on **National Paper & Type** common and **Merchants Distilling** common.

Associated Gas & Electric Corp.—Review of recent developments and discussion of possible value of new securities—**H. Hentz & Co.,** 60 Beaver Street, New York 4, New York.

Also available, a memorandum of **Research Comment** and the **Fortnightly Investment Letter.**

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.

Boston Terminal Company—A three-part study — **Graham, Parsons & Co.,** 50 Congress Street, Boston, Mass.

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.

Chicago, Rock Island & Pacific Railway Co.—Discussion of developments and appraisal of ultimate value of principal Rock Island issues—**Vilas & Hickey,** 49 Wall Street, New York 5, N. Y.

Cleveland Cliffs Iron Company—Analytical discussion and reason why cumulative preferred stock is considered attractive by **G. A. Saxton & Co., Inc.,** 70 Pine Street, New York 5, N. Y.

Also available, **The Preferred Stock Guide** for April, containing quotations on unlisted public utility preferred and common stocks.

Cliffs Corporation — Discussion of attractive possibilities — **Maxwell, Marshall & Co.,** 647 South Spring Street, Los Angeles 14, Calif.

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

Also available are memoranda on **Liquidometer Corp., Great American Industries, Hartman Tobacco** and **New Bedford Rayon.**

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

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

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.

Empire Steel Corp.—Annual report—**Hill, Thompson & Co., Inc.,** 120 Broadway, New York 5, N. Y.

Four Wheel Drive Auto Company—Four-page illustrated brochure, for dealers only—**Comstock & Co.,** 231 South La Salle Street, Chicago 4, Ill.

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.

Hallicrafters Co. — Descriptive memorandum — **Doyle, O'Connor & Co., Inc.,** 135 South La Salle Street, Chicago 3, Ill.

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

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.

Maryland Casualty Company—Analytical discussion—**Mackubin, Legg & Co.,** 22 Light Street, Baltimore 3, Md.

Also available are reports on **Merchants Fire Assurance Corp., New Amsterdam Casualty Co., St. Paul Fire & Marine Insurance Co., Seaboard Surety Co., Standard Accident Insurance Co.,** and **Universal Insurance Co.**

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

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.

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.

Reading Company — Offering circular—**Hirsch & Co.,** 25 Broad Street, New York 4, 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.

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.**

Sylvania Industrial Corporation—Discussion of five attractive features of the situation, which is

(Continued on page 1831)

Adams & Co. Adds Nason

(Special to THE FINANCIAL CHRONICLE)

Randolph P. Nason has become associated with Adams & Co., 231 South La Salle Street, Chicago, Ill. Mr. Nason has been with International Statistical Bureau, Inc. of New York City.

Corbrey in New Quarters

CHICAGO, ILL.—Carter H. Corbrey & Co. announces the removal of their offices to larger quarters in the Field Building, with increased facilities. The firm has installed a large switchboard and the phone number has been changed to State 6502.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 1830)

considered as a dividend-paying peace-time growth stock with good war-time earnings by **Loewi & Co.**, 225 East Mason Street, Milwaukee, Wis.

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.; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hortford-Empire; Maine Central Pfd.; Moxie; Southeastern Corp.; United Piece Dye Works; Detroit Harvester; Boston & Maine; Buda Co.; 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.**

U. S. Truck Lines, Inc.—Memorandum—**Otis & Co.**, Terminal Tower, Cleveland 13, Ohio.

Also available memoranda on **Standard Stoker Co.** and **Steep Rock Iron Mines, Ltd.**

Wellman Engineering Co. — Circular—**WM. J. Mericka & Co., Inc.**, Union Commerce Building, Cleveland 14, Ohio.

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.

ABA Warns Bankers on Farm Values

(Continued from page 1827)

its bottom in 1933. Other states in which present prices are above the boom levels of 1920 include Rhode Island, Connecticut, New Jersey, and California. Present levels in Oregon are equal to those existing during that inflation period.

"Farm land prices continue to rise in all states," Mr. Bailey said. "By March 1, 1945, the increase during this war ranged from 17% in North Dakota to 96% in South Carolina. New data concerning this situation should have the attention of all banks.

"Taking Indiana as an example, the average price now is 124% of the 1912-1914 base price. That is well on the way to the high of 161 reached in 1920 when the land boom 'busted.' This index dropped to 53 in 1933; it had climbed to 73% of the 1912-1914 base by 1939, on the eve of World War II. It was up another 39 points to 112 in 1944, and in the last year has gone up 1 point per month.

"Remember that averages are for entire states. Your trading area may be above or below the average in your state. Even in sections where prices are too high, there may still be good buys available in farm property.

"Other facts about nation-wide situation in farm land prices:

"1. Farm real estate sales continued in large volume in 1944, activity in the first quarter being the highest on record. Now, fewer farms are reported as being offered for sale, but the demand is increasing.

"2. Farms held by insurance companies, banks, and estates have been sold in most areas and will no longer be a dampening influence on the market.

"3. The number of farms, particularly adjacent to cities, that are resold at a profit after a short period, indicates that speculation is active. Many city people are bidding up prices beyond what bona fide farmers can pay.

"4. The proportion of sales made for cash is high—55% of all sales in 1944. However, two-fifths of the remaining transactions involved mortgages of 75% or more of the sales price. This large proportion of debt may prove troublesome when the post-war adjustment of prices occurs.

"The problem of inflation will be lessened to the extent that surplus money in the hands of farmers is used to buy War Bonds instead of farm land at high prices. We as lenders can do much by following conservative policies of financing. Speculative debts should be opposed by every means at our command."

Victor A. Uhl & Co. Is Formed in Springfield

SPRINGFIELD, ILL.—Victor A. Uhl & Company has been formed with offices in the Myers Building to engage in an investment securities business. Mr. Uhl was formerly President of Uhl, Matheny & Co., Inc.

Says British Colonial Preference Pacts Hamper World Trade

(Continued from page 1826)

States," says Dr. Whidden, who advocates a convention providing for tariff reduction by all countries and general removal of rigid governmental controls, stating that such a convention might stimulate the negotiation of other agreements "on the model of the reciprocal trade agreements reached by the United States in the past decade."

Regarding stipulations for the post-war future for non-discriminatory arrangements, Dr. Whidden states that "in approaching any new discriminatory tariff arrangements contemplated for the post-war period, it will be essential for an international commercial policy organization to apply certain criteria before exceptions to the principle of equal treatment can be sanctioned as legitimate. Specific economic criteria such as the following might be applied to proposed customs unions, and probably also to tariff assimilations:

"(a) The resources and transportation facilities of the areas involved should provide reasonable assurance that, as a result of the customs union, there will develop a more economic location of industries and a more specialized production than the member countries could achieve separately. Only if this were the case would there be assurance of a generally increased purchasing power for their populations.

"(b) The attainment of a full customs union should be definitely scheduled for achievement within a fixed and reasonably short period of years. It would be essential to establish a predetermined program of reducing internal duties and other trade restrictions until they are finally eliminated.

"(c) The tariffs of the union should not on the whole be higher than the general average level of the tariffs previously applied in the constituent areas, nor should other regulations of trade be more restrictive."

As to the responsibility of the United States in its position of leadership in rebuilding a world economy based on the principle of equality, Dr. Whidden concludes that "if, under American leadership, an effective multilateral trade convension can be achieved in the near future the United States, as well as the rest of the world, would gain immeasurable benefits. Such a convention would probably call for tariff reduction by all countries; for the removal, either immediate or gradual, of quantitive import restrictions, export subsidies and foreign-exchange controls; and for the elimination of the discriminatory use of tariffs and all other forms of trade control. In addition, it might provide for the negotiation of bilateral but not exclusive agreements for further tariff reductions between pairs of nations, on the model of the reciprocal trade agreements reached by the United States in the past decade. Agreements of this kind between the United States and the members of the British Commonwealth would be especially valuable in promoting an expansion of international trade beyond that created by a general relaxation of trade restrictions. Failure on our part to take the lead in economic cooperation could only lead to a repetition of the trade warfare of the 'thirties. Accepance of the leadership which vast economic power rightly imposes on our country might well bring the return of economic order to the world and open up an era of expanding prosperity for all peoples."

Caleb Fudge Rejoins Staff of Sincere & Co.

CHICAGO, ILL. — Caleb S. Fudge, who has recently been serving in the U. S. Army as Captain, has rejoined Sincere & Co., 231 South La Salle St., members of the New York and Chicago Stock Exchanges. Prior to entering the service Mr. Fudge had been with Sincere & Co. for many years.

Bargren With King & Conrads

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, ILL. — Robert Bargren has been added to the staff of King & Conrads, 317 West State Street.

End Deficit Spending: Tydings

(Continued from first page)

mately $300,000,000,000 when hostilities cease. This is a large amount of money. It represents an average of $8,500 against every family in America, rich and poor, high and low, black and white. We all know that no Government can be strong whose financial condition is weak. It therefore behooves us to take stock, and as soon as possible in the post-war period to proceed on a 'pay-as-you-go' basis. It will be dangerous for our Government to pursue the policy of borrow-and-spend in the post-war years. The final disastrous effect of such a policy will far, very far, outweigh any temporary good that may come from its continuance."

Continuing, Senator Tydings said:

"I have introduced into the Congress a Constitutional Amendment providing that in peace years Congress cannot appropriate more money that it takes in, unless three-fifths of the members of each House by a formal roll-call vote so to do. If this measure is adopted it will compel the Government to live within its means in peace-time years. Only in case of really great national emergency is deficit spending ever justified. In such really great national emergency, either from causes within or without, Congress could borrow beyond its income if three-fifths of the members of each House formally vote so to do. Otherwise the Government would be compelled always, in peace-time, to live within its means.

"In my opinion, the adoption of this amendment would give confidence, respect and assurance, and unequaled encouragement to business, large and small, and to our people everywhere. I am hoping that public sentiment may support this proposal and that at some not far distant date it may be written into the Constitution of the United States.

"Quite often the effects—good or bad—of a governmental policy do not fully reveal themselves until years after the policy has been inaugurated. I want to repeat that for emphasis. Quite often the effects—good or bad—of a governmental policy do not fully reveal themselves until years after the policy has been inaugurated.

"This is particularly true of countries which have practiced deficit spending. Up to the year 1925 the Royal Italian Government had enjoyed 63 years of national existence. For 44 of those 66 years, or two-thirds of its life, the Italian Government spent more than it took in. Naturally, as time went on, in the face of a rising governmental debt, borrowing became more and more difficult, and the Italian Government was finally forced to levy greatly increased taxes to get funds with which to meet its bills. Then, and then only, did the Italian people awaken to the fact that in proportion to their income they were the most heavily taxed people on the face of the earth. When the new taxes were levied great opposition developed against them—even though much of the new levy was necessary to make ends meet. A business depression began and deepened, followed by economic chaos. Class-conscious groups fought in the streets. Thus at last the way was paved for the advent of Benito Mussolini, for Fascism and dictatorship. Only then did the full effects of years of deficit spending by the Italian Government show itself in eventual tyranny and bloody war.

"The same thing is pretty much true of the history of Germany, for Germany has long pursued a policy of deficit financing—even before World War I. That policy finally brought Adolf Hitler to power years afterward, and has resulted in such a bloody and stupendous cost to the German nation as to dwarf into insignificance any small benefits that deficit financing may have had for Germany in its initial stages.

"As in Italy, so it was in Germany. It took many years after deficit financing was started before the true effects and harmful results of that policy became clearly apparent to all.

"So it is with the United States. We must pay as we go, for whatever type of Government we demand, if we want to escape the effects of a long-continued policy of living on the future, of spending our hard-won substance on some temporary benefit only to reap ultimate disaster. This constitutional amendment is an effective, sure and certain way to deal with pressure groups who want special privilege at the expense of the whole people. After the adoption of such an amendment, when they come asking the Government to borrow billions for schemes and projects which they favor, the Congress can point to that amendment and tell these groups it does not have the money, and ask where they propose to levy the new taxation to get funds necessary to carry out their ideas. Thus all taxpayers will be put on notice at the time the appropriation is being considered, and not five, 10 or 20 years thereafter, when it would be too late to repair the damage done.

Spending for Local Governments

"Then, too, during the last two decades the people of America have formed the habit of coming to Washington on purely local matters—matters which heretofore were settled by their City Councils, County Commissioners and State Governments. To a large degree Washington has been made the Mayor and City Council for many of the towns and municipalities of the nation. Help to these towns has usually been in the form of money—always borrowed money—which now has resulted in a degree of high taxation to which our people have never been accustomed, and which will shackle economic development. Much of this could have been avoided, war or no war.

"One of our great post-war problems will be to rebuild in the American citizen that great American trait of self-reliance. We must recreate in our people the quality of responsibility, of a resolution to settle their community affairs at home. We must break the vicious habit of everyone rushing to Washington principally for money—which the national Government has to borrow—for what are purely local and not national matters at all.

"Let us recall that this country of ours is 33 times the size of Great Britain, 16 times the size of France, and 14 times the size of Germany. We cannot hope with such a great domain—really a continent—to govern wisely, economically, or even soundly, the purely local affairs of our people from one single central place in Washington. This is ruinous, both to the character and enterprise of our people, and will in the end destroy the whole structure of our dual system of government—national and local.

"In the post-war period, after reasonable adjustment has come, local affairs must hereafter be handled locally and national affairs nationally, if we are to protect our birthright and prolong the great progress and freedom of our people.

"In meeting and finding solutions for all of our great problems at home and abroad there is no need of our being faint-hearted. We are blessed by having in great abundance a very large share of the world's natural resources. Our people have the heritage of great enterprise, magnificent development and unparalleled accomplishment. We have only to retain our democratic institutions in their proper spheres, to give free play to the thoughts, talents and actions of our citizens. In such free play is the richest promise that we may enhance our already priceless heritage and carry our country on to a greater civilization and a higher standard of living for all our people."

Morse in N. Y. Fund Post

Charles L. Morse, Jr., partner of Hemphill, Noyes & Co., has accepted the Chairmanship of the Stock Exchange Division for the Greater New York Fund's eighth annual campaign, it was announced by Harry M. Addinsell, Chairman of the executive committee of the First Boston Corp., who is in charge of the Finance Section of the Fund's appeal.

The Securities Salesman's Corner

By JOHN DUTTON

An Example of Productive, Aggressive Newspaper Advertising.

For over a year H. L. Robbins & Co., Inc., retail securities dealers of Worcester, Mass., have been advertising weekly in their local newspaper. Each week another feature of the firm's services and offerings is placed before the investing public in their community. Consistent, progressive merchandising backs up this wide-awake dealer's advertising. The advertisement reproduced herein is a sample of the type of copy that is bringing this firm direct leads.

In addition to the attention-arresting headline, notice the emphasis which is placed upon post-war, peacetime securities. It has been reported to us by other securities dealers that the public is more interested in this type of situation at the present time than any other class of securities.

RELIABLE ESTIMATES OF SHORTAGES

up to the end of 1943—by the end of the war these deficiencies will be even greater.

	No. Units
Autos and Trucks	7,000,000
Radios-Phonographs	20,000,000
Stoves	7,670,000
Bedsprings	7,270,000
Furnaces	609,000
Sewing Machines	748,000
Oil Burners	492,000
Bicycles	3,155,000
Washing Machines	3,956,000
Refrigerators	4,700,000
Vacuum Cleaners	3,350,000

When Johnny Comes Marching Home . . .

The American people will have saved over 100 BILLION DOLLARS and the country will be famished for goods.

Notice the deficiencies that will exist in important consumer goods. This situation presents an opportunity for investors to purchase certain PEACE STOCKS now in bargain range that will participate in the PEACE TIME BOOM THAT LIES DIRECTLY AHEAD.

SEND FOR OUR SUGGESTIONS OF ATTRACTIVE PEACETIME STOCKS TODAY

"We have been serving investors in this community since 1933—our first consideration at all times is the welfare of our customers."

390 MAIN ST.
Tel. 6-1591

H. L. ROBBINS & CO., Inc.
Investment Securities
WORCESTER, MASS.

(And Buy Your War Bonds Too)

Not all of Robbins' advertising is directed toward producing direct leads for their sales organization. Other ads have stressed the firm's willingness to offer statistical reports ON ALL LISTED SECURITIES, a complete follow-up service for clients AFTER THEY HAVE BOUGHT A SECURITY FROM THEM, interesting investment subjects such as "inflation protection," specialization in local securities, cooperation with the various war-bond drives and the Red Cross funds, securities for income, what marketability means in an investment and how stocks and bonds can supply this desirable advantage better than most other forms of investment, etc.

This firm reports that the true value in consistent advertising is also its beneficial value in creating goodwill among **established customers** and **new potential clients.** After all, it is certainly true that most people view with confidence a firm's good name that is constantly placed before them regularly, and in a manner that is conducive to comment that is favorable toward them in a community.

No subject is of greater interest today to the average person than his financial future. Investment dealers have an opportunity to tell their story today to an audience that wants to know more about investments. Many years have passed since the daily papers carried informative, progressive advertising about securities. In fact, there has been very little of this type of advertising at any time in the past. For this reason dealers can avail themselves of their daily papers today and they will find their potential rewards (considering the small expense and limited clerical work involved in this type of advertising) will be very worthwhile.

The Robbins' advertisements have a story to tell in plain language that people understand; they are non-technical, they are interesting, not only because they are timely, but they talk plain talk and still have a certain dignity in keeping with the subject they discuss.

There are more potential new investors in the market for securities today than ever before. Thy want to know where to go to buy them. Every community in the nation offers a market for development through consistent, aggressive advertising backed up by performance. It seems to us that now is the time to get started on advertising campaigns that will do this kind of a job. In Worcester, Mass., H. L. Robbins & Co. are proving it to be the road that leads to a successful business.

Signode Steel Preferred Common Stock Offered

A group headed by Kebbon, McCormick & Co. of Chicago on April 24 offered publicly 54,000 shares of 5% cumulative preferred stock and 40,000 shares of common stock of Signode Steel Strapping Co. The preferred was offered at par, $50 per share, and the common stock at $14.75 per share. Others included in the offering group are Central Republic Co.; Harris, Hall & Co.; Lee Higginson Corp.; F. S. Moseley & Co.; Farwell, Chapman & Co.; Laurence M. Marks & Co.; The Milwaukee Co., and Paine, Webber, Jackson & Curtis. A portion of the new preferred stock is being reserved for the exchange of present preference stock.

Moore & Schley Admitting

Moore & Schley, 100 Broadway, New York City, members of the New York Stock Exchange, will admit Ellen R. Schley to limited partnership on May 1.

OUR REPORTER'S REPORT

The high-grade investment market passed another milestone in the current era of low-cost corporate financing this week when an issue of 50-year 3% bonds of the Virginian Railway was offered to the public priced to return a yield of about 2.75%.

This performance brought the gilt-edge rail-loan yield basis down to approximate levels prevailing in top-flight utility obligations.

The Virginian received two sealed bids for its offering of $60,000,000 first lien and refunders. The high tender was 105.669, fixing a 3% coupon. Recently, banking groups have been quite close in their pricing of new issues.

But on this occasion there was a spread of ¾ of a point between the top bid and that of the second group which was 104.919 for the same coupon, or a difference of about 0.3 points in yield basis.

The winning group proceeded with reoffering subject to ICC approval of the financing. Ploughing new ground, as it were, the syndicate found demand a bit sluggish at the start. Institutional buyers are inclined to shy away from such low yields, even on quality paper.

However, the dearth of new money issues in any quantity makes their problem almost insurmountable and they usually come around after a day or so to take a more interested look at the merchandise up for sale.

Before Next War Loan

Scanning his list of new financing projects, an official of one of the largest underwriting banking houses comes up with a recapitulation showing that, provided there is no change in the situation, the investment industry faces the task of taking care of no less than 18 more operations before the advent of the Seventh War Loan Drive the middle of next month.

Some of these are relatively small and likely to be quite local in character and distribution. But a number of them are sizable undertakings which will be handled by nation-wide distributor groups.

The immediate concern was the issue of $58,000,000 new New York, Chicago & St. Louis RR. ("Nickel Plate") bonds on which bids were due to be opened today with indications that several syndicates would be in the running.

Public offering also was due of 100,000 shares of Ralston Purina Co. series A preferred stock.

Busy Week Ahead

Next week bids fair to keep investment bankers and their dealer associates decidedly busy in the distribution of new securities.

On Monday, Virginia Electric & Power Co. will open bids for $59,000,000 of first mortgage and refunding bonds, series E, to mature in 1975. Originally this had been a $33,000,000 undertaking, but the company, by amendment, lifted the total to the current figure.

The same day bankers are slated to offer 50,000 shares of 4¾% convertible preferred stock and 50,000 class A common of Armstrong Rubber Co.

On Tuesday bankers will market, providing there is no change in schedule, $35,000,000 of 2¾% debentures of B. F. Goodrich Co., and $25,000,000 of first mortgage 3s of Tennessee Gas & Transmission Corp. Another group will be in the market with 100,000 shares of U. S. Plywood Co. common.

Two New Entries

The race to get under the wire before the bankers shut up shop to turn their attention to the next War Loan Drive seems to grow with time.

Two new large issues came into the list of possible starters with the turn of the week. The first involves the projected issue by Texas Power & Light Co. of $31,500,000 of new 30-year mortgage bonds for which the necessary registration has been filed.

Proceeds will be applied, with general funds, to redeem $40,288,275 in outstanding obligations.

Pennsylvania Railroad now is planning to refinance $57,000,000 of outstanding series C 3¾s, and has applied to the Interstate Commerce Commission for authority to issue $57,130,000 of new general mortgage series G bonds.

Of that amount $52,981,000 would be sold in competitive bidding. This issue requires only a call by the road for bids to start it on the way since registration is not involved.

Harrison Johnston Joins Merrill Lynch in Mpls.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, MINN.—Harrison R. Johnston has become associated with Merrill Lynch, Pierce, Fenner & Beane, Rand Tower. Mr. Johnston, who has been serving with the Far East Air Corps as a Lieutenant Colonel, was formerly connected with Jamieson & Co. and Lamson Bros.

Field & Co. Formed In Portland, Oreg.

(Special to THE FINANCIAL CHRONICLE)

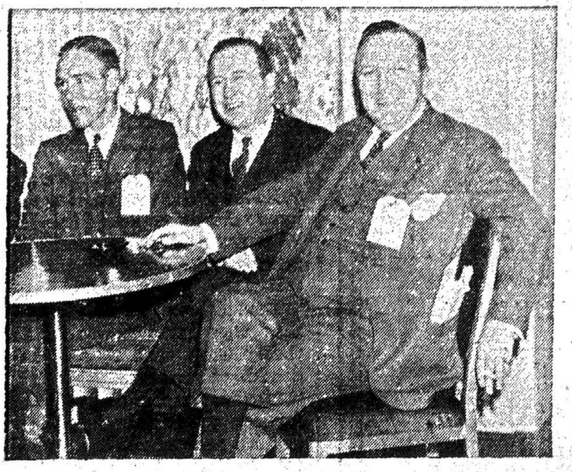
PORTLAND, ORE.—Field & Co., Inc. has been formed to engage in a general securities business. Officers are W. Glenn Field, President; Fay W. Field, Secretary-Treasurer; and W. L. Thompson, Vice-President. Mr. Field was formerly with Camp & Co., Ferris & Hardgrove, and Drumheller, Ehrlichman & White. In the past he was an officer of Sloan, Wilcox & Field.

The new firm may be reached at present at 4455 N. E. Royal Court.

E. A. Clark & Co. Formed in New York

E. A. Clark & Co. has been formed with offices at 39 Broadway, New York City, to engage in the securities business. Partners are Edgar A. Clark, Frederick S. Farah and Robert P. Bennett. Mr. Clark was formerly a partner in Clark & Loder with which Mr. Farrah was also associated.

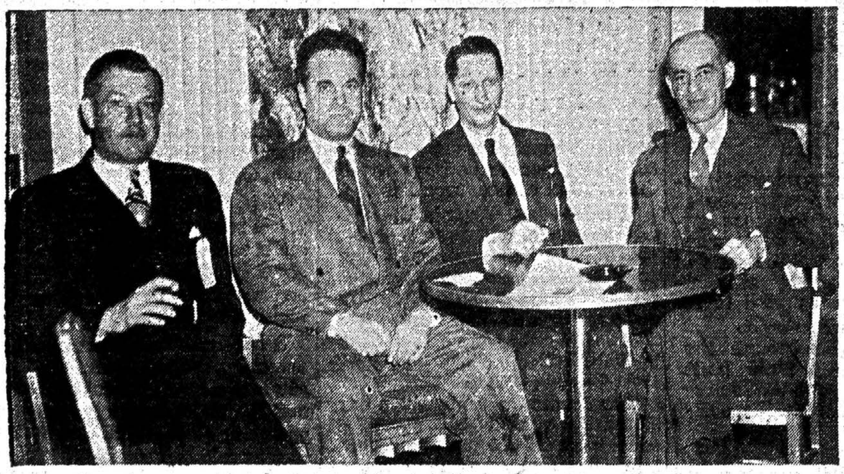
Security Traders Ass'n of New York Annual Dinner



W. A. Flagg, *Harris, Upham & Co.*—Stephen G. McKeon, *Chas. W. Scranton & Co.*, New Haven—Charles H. Tuttle, *Harris, Upham & Co.*

Edward E. Parsons, *Wm. J. Mericka & Co., Inc.*, Cleveland—Wm. Perry Brown, *Newman, Brown & Co., Inc.*, New Orleans—Clarence E. Unterberg, *C. E. Unterberg & Co.*

Louis A. Gibbs, *Laird, Bissell & Meeds*—Walter F. Saunders, *Dominion Securities Corporation*—James P. English, *Cooley & Co.*, Hartford.



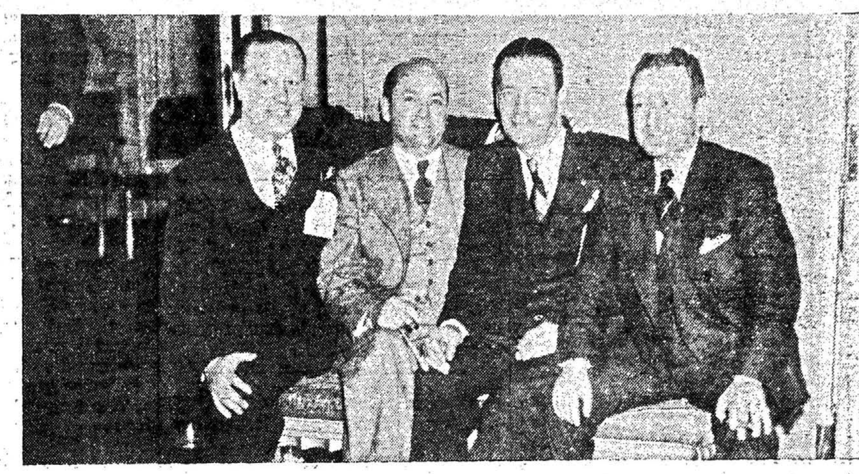
Henry G. Bruns, *H. G. Bruns & Co.*—Bertram Seligman, *Ward & Co.*—C. K. Channell, *First Boston Corp.*—John Butler, *Huff, Geyer & Hecht.*

J. Henry Davis, *Ira Haupt & Co.*—Jules Brown, *Hirsch & Co.*—Harry Peiser, *Ira Haupt & Co.*—Milton F. Lewis, *Ira Haupt & Co.*

Arthur Hamill, *Lee, Higginson & Co.*—Frank Pavis, *Chas. E. Quincey & Co.*—Stanley Roggenburg, *Roggenburg & Co.*—Joseph McManus, *Joseph McManus & Co.*

Jack Gertler, *Gertler, Stearns & Company*—Frank Ginberg, *Strauss Bros.*—Abraham Strauss, *Strauss Bros.*—Robert Strauss, *Strauss Bros.*

Thomas C. Brown, *Hoit, Rose & Troster*—John F. Reilly, *J. F. Reilly & Co.*—Maurice Myers, *Hirsch & Co.*—Alfred W. Tryder, *W. H. Newbold's Son & Co.*, Phila.



Edwin L. Beck, *Financial Chronicle*—Charles E. Stoltz, *C. E. Stoltz & Co.*—Hugh Kilmer, *Hardy & Co.*—Samuel E. Magid, *Hill, Thompson & Co., Inc.*

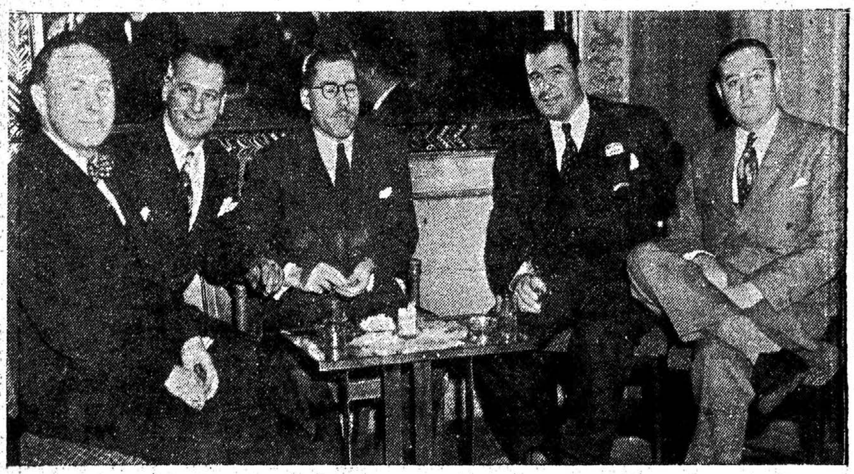
Attended by Over 1200 Members and Guests

John F. McLaughlin, *McLaughlin, Baird & Reuss*—Harold B. Smith, *Collin, Norton & Co.*

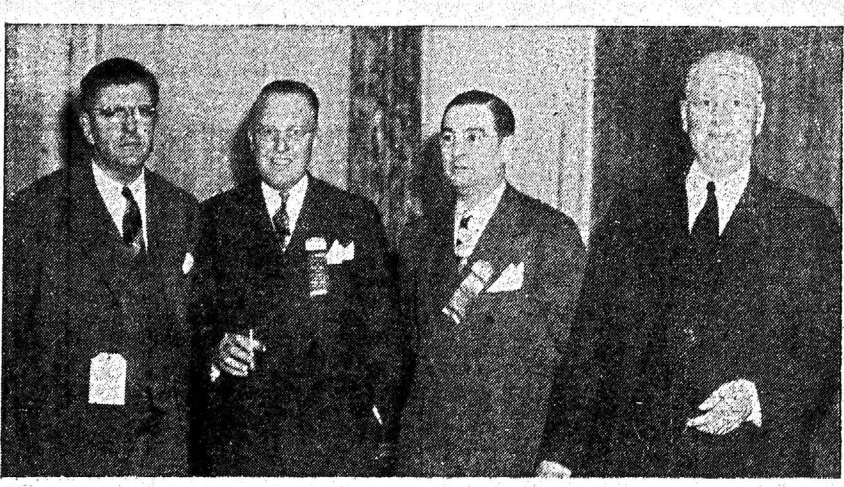
Charles Zingraf, *Laurence Marks & Co.*—Carl Stolle, *G. A. Saxton & Co., Inc.*

Irving Allen Greene, *Greene & Company* — C. D. Runyan, *President, Trust Co. of North America.*

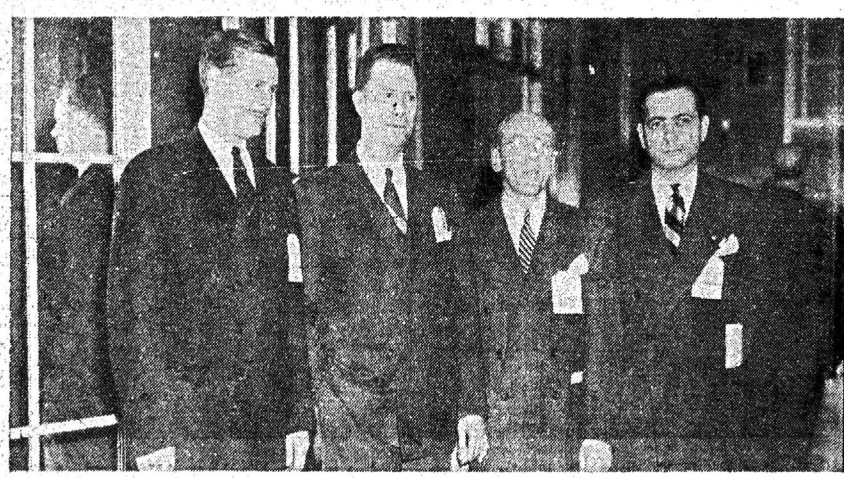
Jerry Aal, *Abraham & Co.*—Henry Gersten, *Hettleman & Co.*—John M. Mayer, *Merrill Lynch, Pierce, Fenner & Beane*—Michael J. Heaney, *Joseph McManus & Co.* Charles W. Goodeve, *F. B. Ashplant & Co.*



Harold J. Williams, *Boenning & Co.*, Phila.—Edward J. Opper, *E. H. Rollins & Sons*, Boston—Ed. Coughlin, *W. H. Bell & Co.*, Phila.—Harry J. Arnold, *Paine, Webber, Jackson & Curtis*—Howard Von Dehsen, *The Keystone Corporation of Boston.*



Arthur Retallick, *Van Alstyne, Noel & Co.*—John Kassebaum—*Van Alstyne, Noel & Co.*—Benjamin H. Van Keegan, *Frank C. Masterson & Co.*—Frank Scheffey—*NASD.*



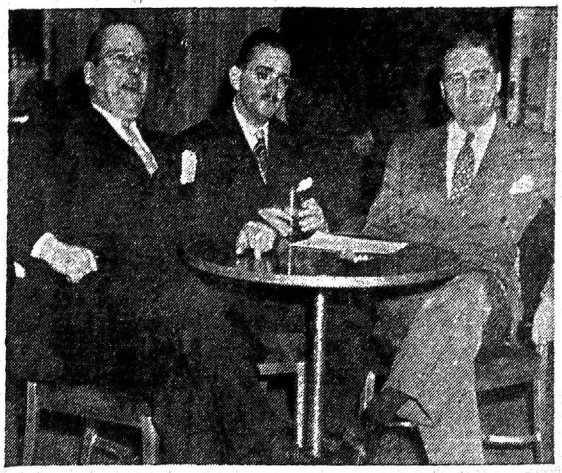
Bruce Briggs, *Mackubin, Legg & Co.*—Harold I. Murphy, *Bonner & Gregory*—R. Sims Reeves, *Greene & Co.*—Jules Bean, *Luckhurst & Co.*

Richard F. Abbe, *Van Tuyl & Abbe*—T. G. Horsfield, *Wm. J. Mericka & Co.*, N. Y. C.—Foster Webster, *Hardy & Co.*—Edgar Sheppard, *Frederick S. Robinson & Co., Inc.*

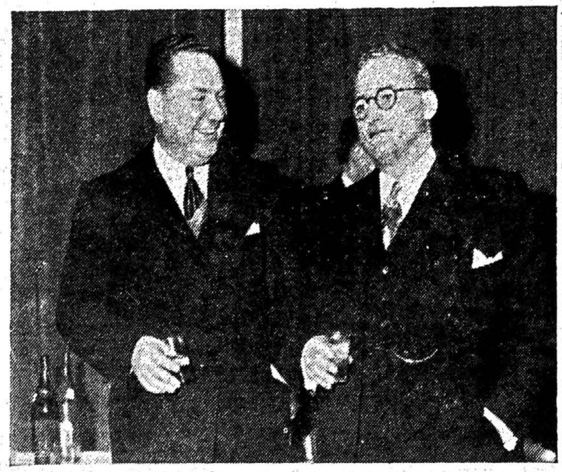
Jack Frost, *Dealers Digest*—Joseph G. Petersen, *Eckhardt-Petersen & Co., Inc.*, St. Louis—Wallace Fulton, *NASD*—Russell M. Dotts, *Bioren & Co.*, Phila.—John French, *A. C. Allyn & Co.*, N. Y. C.

Held April 20 At the Waldorf Astoria

Ray Doheny, *General Stock & Bond Corp.*, Boston—Edward J. Opper, *E. H. Rollins & Sons, Inc.*, Boston—John Stein, *Strauss Bros.*

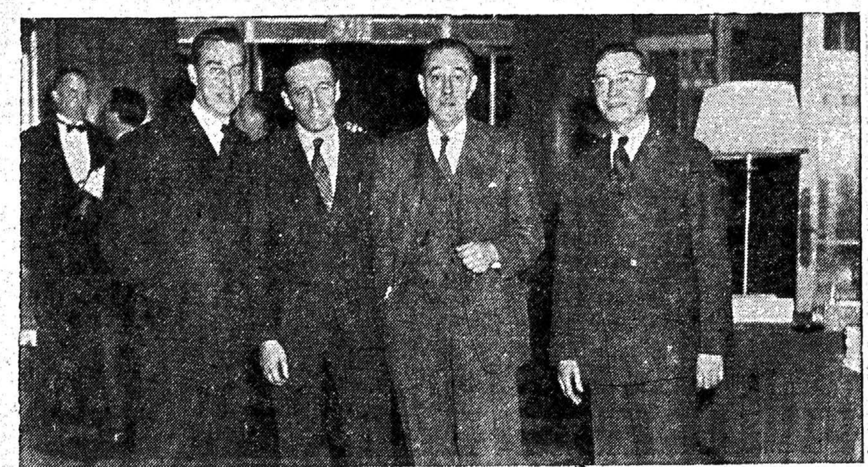


Jim McGivney, *Hornblower & Weeks* — Anton E. Homsey, *du Pont, Homsey & Co.*, Boston—Ransom Edwards, *Riter & Co.*

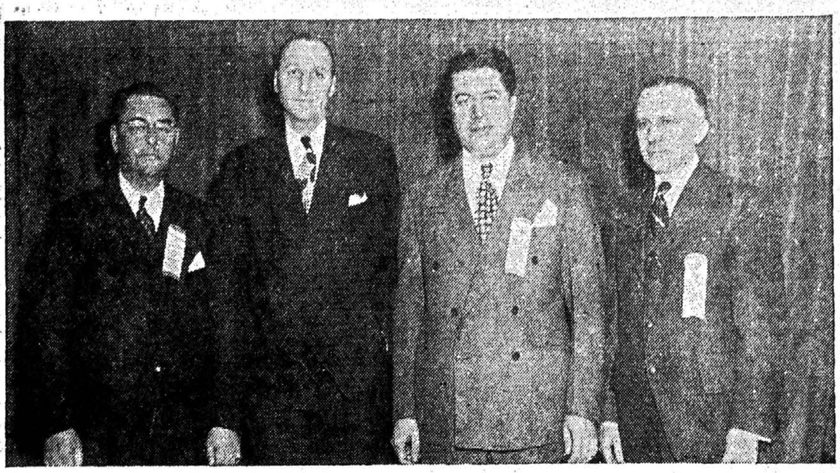


Joseph G. Petersen, *Eckhardt-Petersen & Co., Inc.*, St. Louis—Walter J. Connolly, *Walter J. Connolly & Co., Inc.*, Boston, Mass.

Ben W. Boas, Jack Kassel, Murray L. Barysh, Samuel Spring, *Ernst & Co.*



Harry D. Miller, *Nugent & Igoe*—Frederick D. Gearhart, Jr., *Kobbe, Gearhart & Co., Inc.*—Al. Graves, *SEC*—Wm. Cogan, *SEC*.



Chester E. de Willers, *C. E. de Willers & Company*—Herbert Allen, *Allen & Company*—Geo. Leone, *Frank C. Masterson & Co.*—Willis M. Summers, *Troster, Currie & Summers*.

John Henry Stevenson, *Ward & Co.*—Homer Wirth, *Mabon & Co.*—Cyril M. Murphy, *Mackubin, Legg & Co.*—Joseph Markman, *E. W. Smith & Co.*, Philadelphia.

J. William Kumm, *Dunne & Co.*—B. W. Pizzini, *B. W. Pizzini & Co., Inc.*—Edward H. Welch, *Sincere & Company*, Chicago—Maurice Hart, *New York Hanseatic Corp.*

John M. Macdonald, *Dominion Securities Corporation*—W. H. A. Basserman, *Bank of Montreal*—William Eiger, *Hart, Smith & Co.*—Joe Titolo, *Harris, Upham & Co.*

Pronounced Huge Success by All Attending

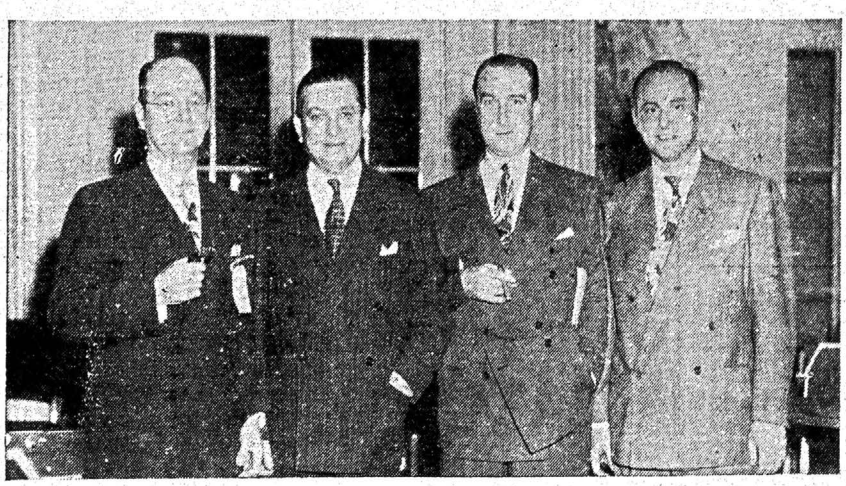
Emil Kumin, *Estabrook & Co.*—Hal Murphy, *Financial Chronicle*—David Goldstein, *Newburger, Loeb & Co.*

Herbert Scherk, *Ira Haupt & Co.*—Henry Miller-Jones, *Ira Haupt & Co.*—M. L. Moore, *Finch, Wilson & Co.*

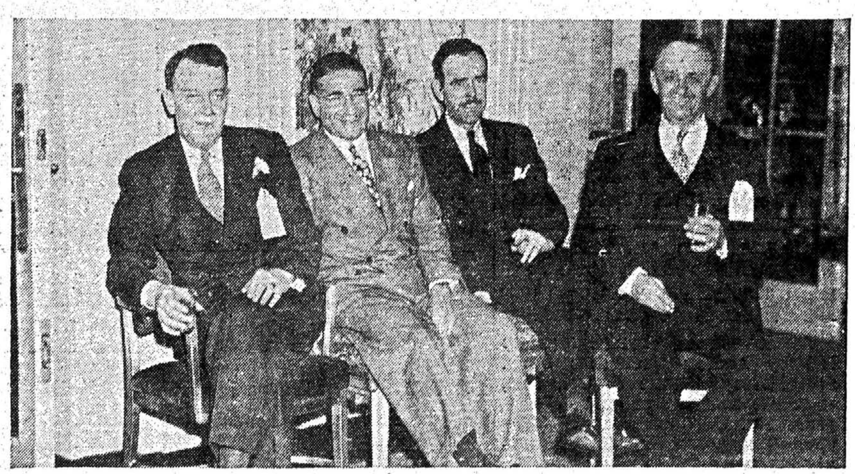
Jim Gaffney, *L. F. Rothschild & Co.*—Don W. Miller, *McDonald-Moore & Co.*, Detroit, Mich.—Paul Yarrow, *Clement, Curtis & Co.*, Chicago, Ill.

Harry L. Zeeman, Jr., *Carl Marks & Co., Inc.*—Alfred I. Abelow, *Mitchell & Company*—John K. Ruckdeschel, *Stroud & Co., Inc.*, Phila.—Edwin Jacobs, *Blair F. Claybaugh & Co.*

Ernest Gugelman, *Swiss Bank Corp.*—Walter Filkins, *Troster, Currie & Summers*—Warren V. Reardon, *White, Weld & Co.*—Bertrand L. Burbank, *White, Weld & Co.*—Robert Leimhard, *Troster, Currie & Summers.*

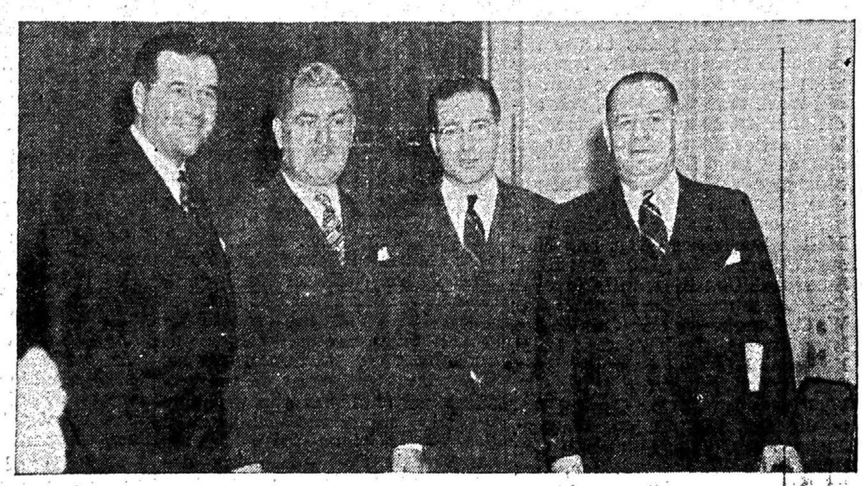


B. S. Lichtenstein, *B. S. Lichtenstein & Co.*—Murray Lerner, *Adler, Coleman & Co.*—Lester S. Greenwald—*Wellington & Co.*—Lewis Orchin, *Adolph Lewisohn & Sons.*



E. F. Waterbury, *E. F. Waterbury & Co.*—John Wasserman, *Asiel & Co.*—Wm. Devlin, *Reynolds & Co.*—Henry Schmidt, *Pulis, Dowling & Co.*

Elmer G. Parsly, *J. G. White & Co.*—Sid Mendelson, *Shaskan & Co.*—Duke Hunter, *Hunter & Co.*



Harry L. Arnold, *Paine, Webber, Jackson & Curtis*—James J. Caffrey, *SEC*—Peter Byrne, *SEC*—John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.*

Virginian Railway Co. Bond Issue Marketed

An investment banking group led by Mellon Securities Corp. and Halsey, Stuart & Co., Inc., won the award April 24 of Virginia Ry. Co.'s offering of $60,000,000 new first lien and refunding mortgage 3% bonds, due 1995, on a bid of 105.669. The winning group reoffered the bonds April 25 at 106.71, subject to the approval of the Interstate Commerce Commission. At this price the yield is approximately 2.75%.

Virginian Ry. plans to use the proceeds from the sale, together with funds from a bank loan of not more than $3,000,000, and additional treasury funds, for retirement at 106 of $60,044,000 outstanding first lien and refunding mortgage series A 3¾% bonds, due March 1, 1966.

Associated in the offering with Mellon Securities Corp. and Halsey, Stuart & Co., Inc., are: Bear, Stearns & Co.; Hemphill, Noyes & Co.; Ladenburg, Thalmann & Co.; W. C. Langley & Co.; Otis & Co., Inc.; Phelps, Fenn & Co.; L. F. Rothschild & Co.; Salomon Bros. & Hutzler; Hallgarten & Co.; R. W. Pressprich & Co.; Central Republic Co., Inc.; Paine, Webber, Jackson & Curtis; Shields & Co.; Burr & Co.; Gregory & Son, Inc.; Laurence M. Marks & Co.; Putnam & Co.; Stroud & Co., Inc., and others.

Real Estate Securities

New Legislation in the State of New York Affecting Real Estate Securities

A new law affecting real estate securities has just been made effective in New York State. The law permits the owner of a property on which there is a bond issue, or 25% of the bondholders, to present a plan of reorganization to the Supreme Court whether or not there is a default and without foreclosure of the mortgage. The plan of reorganization may provide for: (1) the extension of the maturity of the mortgage, deed of trust or indenture and the debts secured thereby; (2) the modification of the provisions for interest, amortization or sinking funds; and (3) such other changes, modifications or amendments as may be fair and feasible and for the best interests of the security holders.

No plan shall be approved unless the Court, after hearings, shall determine that it is fair, feasible and for the best interests of the security holders.

The affirmative consent of two-thirds of the principal amount of the outstanding securities shall constitute a presumption that the plan is fair, feasible and for the best interests of the security holders.

However, if the reorganization shall become effective, it shall be without prejudice to the right of any particular holder of such securities who has duly dissented therefrom, to have the Court determine the cash value of such securities as he may have owned on or before the date of the presentation of the plan of reorganization and providing for the payment or security his ratable share of such amount as a condition for declaring the plan effective. Upon a Court order declaring the plan effective, it will become binding on all the security holders.

It seems to the writer than this new law has both advantages and disadvantages. On the pro-side it will permit the bondholders to receive the advantage of Court supervision of a reorganization instead of these so-called voluntary reorganizations that have heretofore been promulgated. As an example, the 11 West 42nd Street bonds where the non-assenting bondholders can, by legal means, collect their 6½% interest, while the assenting bondholders only receive 4¾% interest. It will eliminate the expensive bankruptcy proceedings and appointments of receivers. It will permit the American democratic procedure of having the majority of bondholders elect the procedure of handling their affairs.

On the con-side, the necessity of receiving a two-thirds affirmative consent will probably become very burdensome. It is doubtful whether that many votes could be secured.

In any event, it would appear necessary that in order for the bondholders to receive the maximum benefit from this new law, that proper protective committees be given their support for concentrated action.

Fortunately, on the Supreme Court bench, we have judges who will no doubt follow the spirit and language of this new law so that any reorganization will be for the best interests of the bondholders.

New Capital Requirements of Airlines Placed At $500,000,000 in Next Five Years

Survey by Banking and Life Insurance Group Presents Methods of Financing Airline Operations

New financing of $500,000,000 by the country's commercial airlines in the next five years is predicted in an extensive study, entitled "Airline Finance," conducted by a group of banks and life insurance companies. The present report is the first in a continuing study of airline financing methods. The purpose of the study is to make available to the aviation industry and to financial institutions, data concerning the future financing needs of the airlines, and methods of meeting their future capital requirements in a way that will be efficient and mutually beneficial to lender and borrower.

The survey was made jointly by Bankers Trust Co., The Mutual Life Insurance Co. of New York, The Chase National Bank, and The New York Trust Co., and was conducted under the supervision of Gordon D. Brown, independent consultant on aviation problems. It contains estimates of the expected growth and the probable capital needs of the airlines, and describes various financing arrangements that are being developed to meet their needs. A report presenting the main elements of the study to date is being made available, by the sponsors, to airlines and airplane manufacturers, and to banks, insurance companies, investment underwriters and others interested.

The institutions sponsoring the study point out that the new capital problem of the country's airlines is a large one, and that effective methods must be developed to meet it. They state also that while the situation offers attractive lending opportunities, lenders must have a thorough knowledge of this relatively new field if they are to approach the problem confidently and provide the efficient methods of financing to which the airlines are entitled. The study covers medium-term lending, which is of primary interest to banks, and longer-term lending, of interest to life insurance companies.

Methods of analyzing airline operations from the lender's standpoint are presented and various feasible ways of financing airlines through the use of equipment trusts, conditional sales and chattel mortgages are discussed. Many of the special problems involved are analyzed and detailed forms have been worked out for certain of the financing methods.

In outlining the dimensions of the financing problems involved, the material developed indicates that by 1950, it is probable that the domestic airlines will fly annually some 8 billion passenger miles, as compared with 1.6 billions in 1943, and that the gross operating revenues of the airlines in 1950 will reach $500,000,000 as compared with $152,000,000 last year.

Pointing out that, on Jan. 31, 1945, the flying equipment of the country's domestic airlines consisted of only 371 planes, the study stresses the great need that will exist for new flying equipment in the post-war period. On this point, the survey indicates that "in order to carry the traffic projected for 1950, the domestic airlines will have to have equipment with approximately five times the seating capacity of their existing fleet. . . . This will require expenditures for flying equipment and spare parts of approximately $300,000,000 and an additional investment in non-flying equipment, such as hangars, maintenance equipment, communications and office facilities, of over one-third that figure. Also the airlines will need additional working capital to cover their expanded requirements. Therefore the requirements of the domestic airlines during the next five years may be in the magnitude of $500,000,000."

The study also indicates that, although the pattern of international air transport is not entirely clear at the moment, it is probably safe to assume that American airlines will spend another $250,000,000 on their foreign operations, or a total of $750,000,000 in all. Of this amount, it is estimated that about $500,000,000 will have to be raised by borrowing or through the sale of equity securities.

Food Machinery Com. Subscribe for Stock

The common stockholders of Food Machinery Corp. have agreed to purchase 104,941 shares ($10 par) common stock under the offer which the company made to holders to subscribe to new shares at $52.50 a share in the ratio of one additional share for each four shares held. Subscription warrants originally offered entitled common stockholders to purchase 107,010 shares. The balance of the 2,069 shares had been placed by an underwriting group headed by Kidder, Peabody & Co. and Mitchum, Tully & Co.

Associated with Kidder, Peabody & Co. and Mitchum, Tully & Co. are Blyth & Co., Inc.; Eastman, Dillon & Co.; The First Boston Corp.; Goldman, Sachs & Co.; Harriman Ripley & Co., Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp.; White, Weld & Co.; Clark, Dodge & Co.; Paine, Webber, Jackson & Curtis; Folger, Nolan & Co., and Shoellkopf, Hutton & Pomeroy, Inc.

The corporation will apply part of the proceeds to redemption of $3,000,000 outstanding 15-year 4% sinking fund debentures due Dec. 1, 1956, at 101 and accrued interest. The balance will be added to working capital.

Barlow and Leeds To Organize Own Firm

Francis D. Bartow, Jr., formerly Secretary of the Discount Corporation of New York, and Donald D. Leeds, Assistant Vice-President of the same company, will shortly form their own firm to deal in United States Treasury securities.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Market now expected to take cues from the 'Frisco Conference. More advance anticipated but technical influences, pointing to temporary halt in rally, beginning to appear. Proceed with caution.

By the time you read this the chances are that Berlin will be out of the war and that the Allies will have joined forces. But what will be more important to the market is the tee-off of the San Francisco meeting.

* * *

The tides of war as reflected from the battlefields all over the world have seldom had any influence on the price structure. The reason isn't too hard to figure. Wars are always a means to an end. They are never an end in themselves. It is around conference tables that the ends are figured out. Frequently these ends lead to other difficulties which may be reflected in other kinds of wars. These need not be bloody affairs. They are concerned with commercial advantages. Their influence, however, are far more reaching even though they seldom make headlines or arouse flag waving.

* * *

Whenever international get-togethers are held the rumors fly fast and furious. With the latest one to be held right here in the United States, and with news facilities of the best, you can bet that the stories you'll hear and read will be that more plentiful. The market being the sensitive barometer that it is, will almost certainly take many of its cues from the decisions made in San Francisco. Obviously I don't know what the decisions will be. But whatever they'll be, and what they'll mean, will be reflected in the market.

* * *

Meanwhile stocks are behaving nicely. Practically everybody is optimistic. Even

(Continued on page 1848)

Public Utility Securities

Natural Gas Stocks Offer Attractive Yields

As a group, stock of utility companies which distribute natural gas or mixed gas, sell at lower average price-earnings ratios, and offer higher yields, than the electric or electric-gas operating company equities. This is the case despite the fact that a number of them own their own gas supply and charge depletion on their gas reserves, which frequently helps to bolster the cash position if gas reserves are ample. A recent comparison between the two groups of stocks shows the following results:

	Average Yield	Average Price-Earn. Ratio
13 Gas (Natural or Mixed) Utility Stocks	5.85%	13.6
49 Electric & Electric-Gas Cos.	5.17	14.6

The highest price-earnings ratio in the list of gas stocks is 18.4 for Montana-Dakota Utilities (which has some electric business); the lowest is for Northern Natural Gas with a ratio of 10.3. The list of companies which are predominantly electric include price-earnings ratios as high as 22 (United Illuminating and Hartford Electric) and as low as 8 (California Electric Power).

In general, the difference between the averages for two groups is probably due to the more seasoned character of some of the electric companies, together with the fact that the regulation of the natural gas industry by the Federal Power Commission is not very well understood. Some investors have doubtless been over-apprehensive over the possibility of burdensome rate cuts or other readjustments, following the Hope Natural Gas decision by the Supreme Court last year.

There may also have been some feeling of uncertainty regarding natural gas reserves, in view of the very heavy demands made by the war industries and the temporary shortages which have developed in some eastern areas served by the Appalachian fields. However, the almost inexhaustible character of the gas reserves in Texas, Louisiana and Oklahoma, together with the fact that additional pipe line connections between these fields and northern consuming areas have been completed, should restore confidence in the retail companies' ability to obtain gas. Addiitonal pipe lines are now projected by American Light & Traction and others.

Moreover, a few of the natural gas stocks rival the electric companies in length of service. Washington Gas Light (which serves mixed gas to the capital city) has paid dividends for 78 years. Lone Star Gas has had a very stable record and dividends have been paid since 1926. Pacific Lighting has paid since 1909, American Light & Traction since 1904 and National Fuel Gas since 1909 or earlier.

Most of the natural gas or mixed gas companies serve substantial areas, including a number of municipalities (exceptions are El Paso, Peoples Gas, Washington Gas Light and Laclede Gas). This affords some diversification as to territory and industries served.

The average investor prefers his stocks to be listed where he can watch them more easily. Of the group here considered, the following are on the big board—Consolidated Natural Gas, El Paso Natural Gas, Pacific Lighting, Southern Natural Gas, Peoples Gas, Washington Gas Light and Laclede Gas (Columbia Gas & Electric might well be included in our list except for the fact that it is not a steady dividend payer. The following are found on the Curb list—Oklahoma Natural Gas, National Fuel Gas, Lone Star Gas, American Light & Traction and Montana-Dakota Utilities. Only one issue—Northern Natural Gas—is unlisted.

The companies in our group include several wholesalers — El Paso, Southern Natural Gas and Northern Natural Gas—but these were retained because of the fact that they service municipalities or retail distributing companies with a substantial part of their output.

NY Security Dealers Annual Outing in June

The New York Security Dealers Association will hold its annual outing at the Pomonok Country Club at Flushing, Long Island, on Friday, June 15, 1945. The golf course will be open to players throughout the day and later members will participate in softball and other such games. Arrangements have been made for a bar excellent dinner which will be served at 8:00 P.M.

It will be noted that this is a new place that the Association will hold its annual outing and the inspection of the clubhouse and grounds recently by the executive secretary of the Association indicated that it is all that can be desired for the purposes of a general gathering of the members of the Association.

The Dinner Committee will hold its initial meeting on May 1 to decide on the program for the affair which is planned to exceed that of any previvous one and it is confidently expected that the golf and door prizes that will be distributed this year will far surpass in number and substantiality those of last year which were generally conceded to be outstanding.

The committee is as follows: John J. O'Kane, Jr., Chairman; assisted by Hanns E. Kuehner, John F. Sammon, Chester E. de Willers, Otto A. Berwald, John H. Valentine, Chester A. Alberts, Bertram Seligman, Frank Koller, Jr., James Currie, Jr., Herbert Singer, Melville S. Wien and Stanley Roggenburg.

Hytron Radio Common Stock Offered Publicly

Herrick, Waddell & Co., Inc., and associates, on April 24, offered to the public 225,000 shares of Hytron Radio and Electronics Corp. ($1 par) common stock at $5 a share. Of the stock offered, 200,000 shares represent new financing by the company. The other 25,000 shares are being sold by certain stockholders.

Associated with Herrick, Waddell & Co., Inc., in the underwriting are Mann & Gould; Amott, Baker & Co., Inc.; Brailsford & Co.; Brush, Slocumb & Co.; Nelson Douglass & Co.; Enyart, Van Camp & Co., Inc.; Link, Gorman & Co., Inc.; R. H. Johnson & Co.; Maxwell, Marshall & Co.; Sutro & Co.; the State Investment Co.; Clayton Securities Corp.

Also Sills, Minton & Co., Inc.; A. L. Stamm & Co.; Stirling, Morris & Bousman; Newburger & Hano; Irving J. Rice & Co.; Hall, Tattersall & Co.; Emerson & Co., Inc.; J. H. Goddard & Co.; Prescott & Co.; Clair S. Hall & Co. and McDonald & Co.

Net proceeds from the sale, estimated to be about $822,570, when received by the company, will be added to working capital to finance expanding operations and to purchase machinery and equipment.

The company is one of the oldest producers of radio tubes in the country, the business having been started in 1921.

Upon completion of the financing there will be outstanding 373,835 shares of common stock.

Net sales in 1944 amounted to $5,264,088 and net income to $138,234, compared with $4,461,655 and $125,022, respectively, in 1943.

Draft Relaxed by British

Labor Minister Ernest Bevin announced in the House of Commons on April 12 that Great Britain plans to discontinue the conscription of men of 31 and older after May 1 except where a need for specialists or other special factors present themselves, it was stated in Associated Press advices from London on April 12, which added:

With the same exceptions, the conscription of men and women for war jobs under Britain's national service law will also be discontinued, he added.

No British women have been called up for a considerable time now.

Kaiser N. Y. Offices In Larger Quarters

Due to the steadily increasing activity in the nation's security markets, Kaiser & Co., San Francisco and New York investment and brokerage firm, has announced the removal of its New York office to 20 Pine Street.

The acquisition of these larger quarters marks a further expansion of the firm's brokerage facilities. In February, 1945, Leland M. Kaiser, general partner of the firm, was elected to membership in the New York Curb Exchange. In March, 1944, the firm purchased a seat on the New York Stock Exchange, and in December 1943, was elected to membership in the San Francisco Stock Exchange.

In addition to its brokerage activities, Kaiser & Co. is well known for its specialized investment business in state and municipal bonds.

Other members of the firm include Edwin R. Foley, general partner; Walter D. Heller and Allen E. Meier, special partners. Offices are maintained in San Francisco and New York.

William B. Holton With Merrill Lynch, Pierce

(Special to THE FINANCIAL CHRONICLE)

LEXINGTON, KY.—William B. Holton has become associated with Merrill Lynch, Pierce, Fenner & Beane, La Fayette Hotel Building. Mr. Holton was formerly with W. L. Lyons & Co. and prior thereto was president of Holton, Foster & Co. In the past he was an officer of J. D. Van Hooser & Co. and was a partner in Bacon, Whipple & Co.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

According to the latest issue of Best's "Insurance News", stock fire-marine insurance companies in 1944 wrote the highest premium volume in the history of the business. Complete figures have not yet been tabulated, but Best estimates the volume at $1,135,000,000, compared with $1,043,835,000 in 1943.

However, complete figures for nearly 250 companies, which write approximately 94% of total stock companies' volume, have been compiled, and the results are as follows:—

Year—	Net Prem. Written ($000)	Net Und. Profits ($000)	Net Inv. Income ($000)	Fed. Inc. Taxes ($000)	Total Net Op. Prof. ($000)	Dividends ($000)
1943	976,836	55,563	79,880	25,891	109,552	69,622
1944	1,064,627	12,508	84,875	10,819	86,564	65,554
Change	+9.0%	—77.5%	+6.3%	—58.2%	—21.0%	—5.8%

It will be noted that although premium writings increased 9%, net underwriting profits declined 77.5%, while net investment income increased 6.3%. This drastic decline in underwriting profits is attributable mainly to the high fire losses experienced in 1944, which were the highest in twelve years. Contributory factors were unfavorable experience on auto collision and tornado insurance. As a result, the average incurred loss ratio of the 250 companies was 57.0%, which was the highest since 1926 except for the abnormally high loss ratio of 59.0% in 1942, due to heavy submarine losses in the early months of that year. Compared with 1943 the average operating ratios for the 250 companies were as follows:—

	1943	1944
Losses incurred to premiums earned	52.0%	57.0%
Expenses incurred to premiums written	42.6	41.7
Combined ratio	94.6	98.7

The expense ratio is calculated before federal income taxes.

In the casualty-surety field, premium volume also hit a new historical high, which Best estimates at $1,220,000,000 compared with $1,129,602,000 in 1943.

Aggregate figures for companies which account for over 90% of total business are as follows:—

Year—	Net Prem. Written ($000)	Net Und. Profits ($000)	Net Inv. Income ($000)	Fed. Inc. Taxes ($000)	Total Net Op. Prof. ($000)	Dividends ($000)
1943	1,023,637	100,459	47,433	55,318	92,574	49,856
1944	1,104,896	106,290	50,408	46,406	110,292	53,015
Change	+7.9%	+5.8%	+6.3%	—16.1%	+19.1%	+6.3%

Contrary to the experience of the fire-marine companies, the casualty-surety companies enjoyed increased earnings in 1944, compared with 1943, and disbursed more dividends. Their operating ratios suffered little change, a slight rise of half a point in the loss ratio being offset by an equal decline in the expense ratio, as the following figures show:—

	1943	1944
Losses incurred to premiums earned	53.8%	54.3%
Expenses incurred to premiums written	36.6	36.1
Combined ratio	90.4	90.4

Again, the expense ratio is before federal income taxes.

It is now of interest to compare the relative market action of fire-marine stocks vs. casualty-surety stocks. For this purpose Standard & Poor's weekly indices will be used, and the period covered will be from Pearl Harbor to the present.

Briefly, between Dec. 3, 1941 and Dec. 10, 1941, fire stocks dropped 7.4% and casualty stocks 7.0%. Since then, up to April 18, 1945, fire stocks have appreciated only 20.0% compared with 33.9% for casualty stocks.

The comparison between the two groups is shown quite clearly in the following tabulation:—

Date—		Fire* Stock Index	Casualty Stock Index
Before P. H.	12- 3-1941	111.8	121.4
After P. H.	12-10-1941	103.5	112.9
Year-end	12-31-1941	105.9	109.7
Low	4-29-1942	86.8	101.4
High	7-21-1943	122.5	144.1
Year end	12-29-1943	114.7	141.0
Year end	12-31-1944	121.6	151.6
Current	4-18-1945	124.2	151.2

From Dec. 3, 1941 to the low of 1942, fire stocks declined 22.4% and casualty stocks 16.5%; from the low to the 1943 high fire stocks appreciated 41.1% and casualty stocks 42.1%. Currently, fire stocks stand 43.1% above the 1942 low, and casualty stocks 49.1%.

Particularly significant is the fact that fire stocks appreciated during 1944 only 6.0% against 7.5% for casualty stocks (25% better), but that casualty stocks have since declined while fire insurance have moved ahead 2.1% since the first of the year.

It seems probable that the market may be appraising the outlook of the fire insurance companies, for 1945 and the post-war readjustment period, more favorably than that of the casualty companies. In any event, fire insurance stocks have lagged behind the market since the lows of 1942, compared with the casualty stocks and especially the Dow Jones industrial average which has appreciated more than 76%.

Congressmen to See Nazi Atrocities

A group of 12 Congressmen and 17 newspapermen compose the delegation that will personally be shown by the Army the Nazi prison camp atrocities.

Associated Press announced from Washington April 21 that Gen. Dwight D. Eisenhower, in urging that such a delegation be sent, had said that the conditions prevailing in overrun prison camps are "almost impossible to describe in words."

The twelve congressmen designated today will join three Republican representatives — Clare Boothe Luce, of Connecticut; John Kunkel, of Pennsylvania, and Leonard W. Hall, of New York—who are already on the scene.

A ten-member group from the British Parliament also is undertaking a similar first-hand inspection.

Municipal Club to Hear

Tom Meany, PM sports columnist, will be guest speaker at a luncheon meeting of The Municipal Bond Club of New York to be held at the Bankers Club of America on Tuesday, May 1, 1945, at 12:15 p. m. His subject will be "Travels With a Donkey, or Overseas With the USO."

John J. Moore Dead

John Joseph Moore, of John Nickerson & Co., Inc., 61 Broadway, New York City, died at his home at the age of 54. Mr. Moore, who had been with the firm for nearly 25 years, was Assistant Vice-President, Assistant Secretary, Assistant Treasurer and a director at the time of his death.

A San Francisco Preview

(Continued from first page)

18-car trains, each carrying two club cars and two diners with all-day dining car and room meal service . . . The train food, with steak and roast beef dinners ordered from specially designed menus and gobs of butter, surpassed even the Colony and Club 21 fare . . . The porters and train crew were hand-picked on the basis of competitive records . . . **The Pennsylvania Railroad appropriately provided its Assistant Foreign Passenger Agent, while the Western Union sent along a squad of officials to make things comfortable both en route and out here** . . . The movie industry, never to be caught napping, arranged for two of its important public relations officials, Howard Dietz of MGM and Claude Lee of Paramount, to accompany the press and provide the continuous use of two theatres for the edification and entertainment of delegates and correspondents for the duration of the Conference . . . **And all Conference participants are about to be inundated with California's best edibles and wines . . .**

* * *

Splendid public relations technique and fostering of goodwill by the State organizations of all kinds and descriptions is in evidence . . . It appears that each of these organizations has eagerly accepted, and arrived with a chief "consultant" and two associates . . . **The State Department, furthermore, has provided a squad of liaison officers, including Mrs. Ruth Bryan Rhode, to function between it and these organizations . . .**

* * *

Truly remarkable is the great optimism as to Conference results being displayed by the public . . . Enthusiastic crowds were awaiting our Conference-bound trains at many stops, equalling the turnouts for movie stars and war veterans . . . **And among the participants here there is a spirit of dogged determination to play down the obvious difficulties publicly and give civilization a last chance to save itself . . .**

* * *

The Soviet completely dominates all thoughts here . . . The basic three-year question whether, once a common victory is achieved, she will wholeheartedly participate in an effective international organization, still remains an enigma . . . **Despite the correspondents' "gentlemen's agreement" to give the Kremlin every break publicly, there is general and acute concern over its current aggressions, its attitude toward neutrals, its complete taking-over of liberated territories, and over the Russian-Polish situation . . .** The Russian policy of "exclusive capture," and closing off from Allied participation, including even a black-out of news, in the case of the countries she has conquered, and capital cities like Vienna and possibly even Berlin, is thought to be just as serious as acts of more usual direct aggression, and just as important as questions of border determination . . .

* * *

Getting down to the actual coming proceedings, it is perfectly evident from all preliminary discussions, press conferences, and intellectual jam sessions, that there is complete confusion as to the exact nature of the Conference and of just what kind of international organization it is furthering . . . **For example, the desire of some powers to exclude various neutrals from both the Conference now and from the organization later, and to exclude enemy countries from the association permanently, suggests a holy alliance or a dressed-up entente of victor States, rather than a general association of nations to keep the peace . . .** Whereas Chapter Three of the Dumbarton Oaks proposals states that "membership of the organization should be open to all peace-loving States," it is now intended to bar the only countries who have actually kept the peace—namely neutrals . . . The confusion as to the nature of the Conference has, of course, been accentuated by its timing—its occurrence so close to the European war-end, bringing to mind peace-conference procedure . . .

* * *

Russia is understandably impatient with countries which, through their neutrality, may have prolonged the war and added to her terrible burdens . . . She may be justifiably annoyed with Switzerland for having blocked her funds at the start of the invasion by Germany and because of Swiss concurrent cracking down on Russian activities, and winking at inordinate German goings-on within Switzerland . . . **We may dislike the actual or fancied ideologies of other neutrals, but surely their exclusion from an association of nations will make it something different from a world organization fundamentally aiming to preserve universal peace . . .**

* * *

Of course there is the basic danger that the Security Council can easily be transferred into a dictatorship of the Great Powers, having control of all the United Nations' military resources . . . The permanent members—that is, the Great Powers can, if they possibly should want to, transform the Security Council into a concert of the world, on the pattern of the concert of Europe which the Great Continental Powers established in 1814 after the defeat of Napoleon . . .

* * *

This must be recognized as a key to understanding the moves of the powerful countries, the relationship of security—attainment to international idealism . . . While idealism and international cooperation are wholeheartedly desired, it is also recognized that they are for future attainment . . . While waiting for such desiderata, can one doubt that nations which have been bled white for victory will take the necessary steps to ensure their very existence in the interim? . . . **Russia's hurried construction of a security belt, Britain's proclaimed unwillingness to liquidate the Empire, the American Navy's longing for Pacific bases are regarded as necessary immediate steps in the present real world of power politics . . .** If idealism eventually follows, so much the better . . .

* * *

This philosophy is nowhere better exemplified than in the vital trusteeship mandate question, which in all its prospective phases surely at least counters the principles of the Atlantic Charter . . . Admiral King has urged that this country retain the Pacific islands liberated by our forces, and permanent seizure of lands has been volubly advocated by Congressmen as well as our military men, as an indispensable security measure . . . **But how can we pursue such a self-interest policy and at the same time expect other countries to practice pure idealistic democracy—including Russian abandonment of her designs in the Far East—is not at all comprehensible . . .** In any event, whether we eventually have all the American Pacific bases or not, it is thought that here at San Francisco not only will particular areas be omitted from trusteeship discussion, but except for lengthy debate by interested parties and pressure groups, the entire trusteeship mandate question will be dropped by the Conference as too hot to handle . . .

* * *

Naturally, the chief question that will be summarily settled, non-idealistically, is that of Poland . . . At the present moment of writing it is felt that the dispute will be compromised, but with the heaviest quotation marks surrounding the word compromised . . . **Unfortunately it seems that all events coming after disposition of the famous Polish question will be anti-climactic and academic . . .**

* * *

World finance and economics may be importantly determined here . . . An important section of the Dumbarton Oaks organization chart is the Economic and Social Council . . . Under its direct aegis are specifically the Bretton Woods International Monetary Fund and International Bank for Reconstruction and Development along with the International Labor Organization . . . If this Conference does not successfully put into effect the Dumbarton Oaks proposals, then it is expected that Bretton Woods will be killed also . . . **This is particularly true in view of the pro-Bretton Woods argument that opposition means unpatriotic undermining of world peace proposals . . .**

* * *

The Bretton Woods proposals, it is learned here, will be strongly opposed in England on the ground that, pending the post-war elections, the present government should not bind the future government on such crucially important policy . . . **Incidentally, the Britishers here are in complete disagreement as to whether the proposed fund furthers a gold standard or not . . .**

* * *

The great importance of the Economic and Security Council was demonstrated by Britain's Deputy Prime Minister Clement Atlee on his arrival here today . . . He regards it as the medium for creating the economic conditions so necessary for the prevention of future wars—following the thesis that the roots of the present war were economic rather than political . . . In pushing these Economic and Security Council objectives, Mr. Atlee and his Socialist cohorts will of course use it as an instrument to promote their own economic ideologies, including the pressing for an economy of abundance, opposition to economic nationalism in any form and against cartels . . . But it would seem necessary to have a separate and distinct world economic conference to further the international organization's economic aims . . . This will require, at the least, intra-country agreement as to a nation's own economic policies . . . **Even to a greater degree than in the case of the United States are post-war economic policies in Great Britain unpredictable . . .**

* * *

One specific financial matter to be brought up at the Conference will be agitation to have the Court of International Justice, or the Economic Council, obtain jurisdiction over the external obligations, consisting of government, municipal and private bonds, and public utility and other equities of countries whose nationalities are changed by the war . . . Efforts will be made to secure the safeguarding of private interest in such securities . . .

* * *

One of the knottiest political problems facing the Conference proceedings will be the question of guaranteeing territorial integrity . . . Will there be a freezing of boundaries, or will there be future appeasement by throwing the small nations to the wolves? . . . Will there be an equivalent of Article Ten of the League of Nations Covenant? . . . It will be recalled that the League's Article Ten was accompanied by Article Nineteen allowing "peaceful change" . . . The proposed technique of Dumbarton Oaks is, however, much more flexible . . . **Whether a replica of Article Ten guaranteeing borders inflexibly could gain the assent of the Congress is highly questionable . . .**

* * *

Related thereto is the general question of the maintenance of national sovereignty—one of the very knottiest and fundamental questions involved in this international organization, as it was in designing effective action by the League of Nations . . . **The question of how nations can submit to joint law, with enforcement action, and at the same time retain inviolate their national sovereignty, must be dealt with directly and effectively in the imminent proceedings . . .** The present war itself makes radical general change from the concept of sovereignty difficult, as it has accentuated the national consciousness of most peoples . . . Can people come to the necessary conclusion that collaboration with other nations, at the cost of sovereignty, is in reality in the national interest? . . .

* * *

The effect of Mr. Roosevelt's untimely death on the eve of the Conference is a moot question . . . But continually in the minds of persons here there is no question but that real leadership of the proceedings has been removed . . . Strangely the feeling prevails that the management of our international affairs is in the hands of "juniors" and there is an atmosphere similar to that when a bank or the Stock Exchange is taken over and run for a day by boys . . . **More specifically, Mr. Roosevelt's removal accentuates the State Department's weakness in European affairs, and its traditional concentration on the Far East and South America . . .** For example, the only really competent State Department authority on Russian affairs is Charles Bohlen, who was the Third Assistant Secretary of the Embassy. . . . Mr. Roosevelt's absence again will accentuate whatever tendencies the Conference shows to develop into a talk-fest . . . **Under present conditions the United States delegation will not bind itself to any new commitments, whereas Mr. Roosevelt would no doubt not have hestitated to issue directives at will . . .**

* * *

In the writer's considered opinion, President Truman's decision to remain absent from the Conference is eminently correct . . . His substitution for Mr. Roosevelt would have spelled a very great letdown for the Conference—to its extreme detriment . . . Again, it seems to be that the Conference and its likely results have been dangerously over-ballyhooed . . . The general public already anticipates much more than is intended to, or possibly can be, accomplished . . . If this is so, or if there should be relative shortcomings in the final results, the public's later deflation will be lessened, and the failures will be ameliorated, by the new President's absence . . .

* * *

The length of the Conference is anybody's and everybody's guess . . . A straw vote taken by the writer ran from three to six weeks, with a mean of four weeks . . . The general advice would be to put a maximum of three weeks on the proceedings, to prevent a tapering off of interest and attendance . . . This will depend largely on the desire and ability to shut off all the groups that are waiting to be heard, on such questions as Spain and Palestine . . . For example, the friends of the Spanish Republic are here under the leadership of Freda Kirchwey, editor of "The Nation," and former Loyalist Ambassador Del Vayo . . . **Their demands include (1) Exclusion of the Franco Government and (2) the admission of Spain only when there is a democratic government that will put a bomb under Franco . . .** If Mr. Stettinius is generally able to forestall the adolescent ideological dialectics ready to burst on the Conference without endangering goodwill, he surely will justify his reputation as a great executive, and earn the deep gratitude of the vast majority of the participants.

Wilcox-Gay Common Offered at $4 Per Share

Offering of 198,800 shares of common stock of Wilcox-Gay Corp. was made April 23 by Kobbe, Gearhart & Co., Inc., and Carr, Chapin & Co. The stock was priced to the public at $4 per share.

Proceeds from the sale of 180,000 shares of the stock will be used for additional working capital. The major portion of the proceeds will be needed for post-war general operating requirements incident to the needs of an enlarged volume of business which the company anticipates upon reconversion to civilian production. The balance of 18,800 shares is being sold for the account of a stockholder and does not represent financing by the company.

Upon completion of this financing the outstanding capitalization and funded debt of the company will consist of 350,300 shares ($1 par) common stock; a $60,000 15-year 4% debenture and a $1,000,000 regulation V-Loan under a revolving credit agreement.

Viner Admits

Amelia I. Viner has been admitted to partnership in Edward A. Viner & Co., 220 Broadway, New York City, members of the New York Stock and Curb Exchanges.

Mutual Funds

"New Era"

The following is reprinted from the current issue of **Brevits** with our sincere appreciation to **Vance, Sanders & Co.** for stating clearly what must be a fervent hope in the minds of many Americans.

"For the some 15 years that **Brevits** has been published, it has never been the policy of its editors to discuss politics or to become involved in the many ramifications which are bound to result from expressing a political opinion.

"However, it does not seem to be inappropriate at this time to make a few general observations about the possibilities of a more realistic view on the part of our Government as far as business enterprise is concerned.

"We speak now of the almost forgotten theory that it does not do an honest citizen a great deal of harm to accumulate a bit of wealth. This is a concept that has been almost totally absent in government thinking for the past 12 years.

"When we were younger, we could at least look forward to the possibility that an honest day's work would be rewarded by an honest day's pay, and it has been with a troubled mind that we have watched the developments of the past few years when we have had a new generation grow up under the influence of a planned economy in which a man with a pound of brains has been considered on a par with a man with an ounce of brains.

"It seems to us that one of the greatest things that President Truman could do for the men and women who are fighting this war and who will run the country for the next 25 years is to bring our government thinking back to the point where each and every citizen can at least hope that an honest effort will bring its just reward.

"With all humility for the virtues of our late President, who has undoubtedly established a great name for himself in the annals of history, let us go back to another great President who has worn well with the passage of years.

"Abraham Lincoln said, 'Prosperity is the fruit of labor; property is desirable; is a positive good in the world. That some should be rich shows that others may become rich, and hence is just encouragement to industry and enterprise. . . . Let not him who is homeless pull down the house of another, but let him labor diligently to build one for himself, thus by example assuring that his own shall be safe from violence. . . . I take it that it is best for all to leave each man free to acquire property as fast as he can. Some will get wealthy. I don't believe in a law to prevent a man from getting rich; it would do more harm than good.'

"While President Truman has not expressed his views in detail with respect to many subjects which will affect the future of America, we have a reasonably good idea that his thoughts and philosophies are in line with the concept upon which the country has become great—that it is indeed a country of dynamic force and is the antithesis of those countries which have lost faith in the capitalistic system.

"In our opinion, there is a good possibility that from here on in, we may experience a more down-to-earth philosophy with respect to the relationship between government and business. At least it would seem to be a reasonable prospect that we shall have fewer untried schemes and panaceas develop than has been evident for the past few years.

"In any event, let us back our new President to the best of our ability and let us see if the next few years will not produce a new era on the basis of the accepted concept of a free enterprise system."

Briefs

The growth of a $10,000 investment in **Commonwealth Investment Co.** over a period of 12 years is shown in a current folder issued by **North American Securities Co.** In the period from 1933 through 1944, net asset value of such a $10,000 investment increased to $24,486 and total dividend received amounted to $12,134.

* * *

"Fourteen times in three years," is the record for **Selected American Shares** in making up the difference between bid and asked prices.

* * *

Distributors Group in a new folder on **Group Securities' Low-Priced Shares** uses charts to show that: "On a return to 1936-37 highs, the profit possibilities in low-priced shares are from 3 to 10 times as great as for the higher priced stocks."

* * *

Calvin Bullock in its current **Bulletin** points out that only a tremendously wealthy man could buy 100 shares each of the 100 stocks owned by **Dividend Shares.** The investor of average means, on the other hand, can obtain the diversity and protection of dividend shares more economically by buying shares of the Fund than by purchasing one share each of the individual stocks held.

* * *

Lord, Abbett's Walter Scott, in the current "streamlined" issue of **Abstracts**, writes: "Bob Driscoll's Management Group (Research & Management Council, Inc., to be formal) is still very bullish on the main trend and bought stock during the reaction in March."

* * *

Vance, Sanders, in the current issue of **Brevits**, quotes from the annual report of the Provident Mutual Life Insurance Company of Philadelphia, referring to the inclusion of common stocks in its portfolio of investments. **Brevits** sees the possibility of a tremendous new source of buying power developing in the stock market as a result of the trend toward common stocks among the life insurance companies.

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Massachusetts Investors Trust, in its quarterly report to shareholders, reveals that the total number of shares outstanding at the close of the quarter was at an all-time high of 7,108,977. Inasmuch as the Trustees do not accept compensation for the management of assets represented by shares outstanding in excess of 6,000,000, the management fee of 5% of gross income was reduced during the quarter to 4.2% of gross.

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Calvin Bullock devotes the current issue of **Perspective** to "some assuring aspects of the steel industry." On the basis of forecasts set forth in the bulletin, "the conclusion is inescapable that steel shares as a group are undervalued."

* * *

"The basic trend for equity prices continues to be up," writes **Hare's Ltd.** The current analysis of this sponsor's fact-finding service continues to justify the expectation of substantially higher stock and commodity prices and stability for the time being in long-term bonds.

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Mutual Fund Literature

North American Securities Co.—Revised prospectus on **Commonwealth Investment Co.** dated Feb. 26, 1945. . . . **Putnam Fund Distributors**—Revised prospectus on the **George Putnam Fund** dated March 15, 1945. . . . **Selected Investments Co.**—Revised prospectus on **Selected American Shares** dated March 15, 1945. . . . **Distributors Group**—Current issue of Investment News, "First Reactions to Truman," and a current issue of Railroad News, "The Bull Market Resumes." . . . **Lord, Abbett**—First issue of the new Investment Bulletin, entitled "Parade," and emphasizing the statement: "There are many powerful forces making for higher security prices." . . . **Hare's Ltd.**—Memo on Aviation Group Shares of **Institutional Securities, Ltd.**; current issue of Current Considerations.

Dividends

American Business Shares, Inc.—A quarterly dividend of 4¢ per share payable May 20, 1945, to stock of record May 10.

Post-War Federal Taxes

(Continued from first page)

should even chartered life underwriters give it a place on this program? Why not devote yourselves to more attractive subjects like mortality rates? The answer is, of course, obvious. Taxation, particularly federal taxation, is no longer the concern merely of the middle and upper brackets. Over 40 millions of people are filing income tax returns each year now, and paying taxes at initial rates totalling 23 per cent. in the first bracket. Income and excess profits taxes are a major concern of every business. Income, gift, and estate taxes are a major concern of every thoughtful individual. We each have a great personal yearning to be relieved of our tax burdens. At the same time, we each have a vague and disquieting conviction that the good old days of the twenties and thirties will never return. Can we even hope to retain the system of free private enterprise? Is it only a question of years until life insurance becomes a function of the State, with standard policies for all? What is the economic outlook of the United States of America?

Obviously, I cannot hope to cover all this territory. I shall confine myself wholly to the federal tax outlook. Moreover, I do not want merely to gaze into the crystal ball, and to tell you the figures of tax receipts and expenditures I see there. It will be more serviceable to you for me to attempt to outline the premises on which fiscal policy should be based, and the choices open to the Congress and the people after the war. With this foundation, you can formulate your own tax system.

Taxation in Postwar Economy

There can be little question that the federal tax program is bound to be a factor of major importance in the postwar economy. The first question is: Are we willing to be taxed at a level sufficient to cover current expenditures? Of course, there will be years of transition after the end of hostilities first in Europe and then in Asia, in which the budget probably will not be balanced. Some day, however, perhaps two or three years after the war is all over, we will arrive at the beginning of a normal postwar period. We will already have incurred the greatest public debt we have ever known, and the interest charge will be the one great inflexible item in our budget. We want business to go forward, to provide steady and increased employment, to enter into the broad new fields of activity that the inventions of the war as well as the destruction and deprivations of the war have made possible. The primary need for active business will be confidence in fiscal and monetary stability. We cannot expect any such confidence, if our ordinary peacetime budget is not balanced in normal years. Businessmen and investors can be expected to take business risks, if they regard the national economy as stable. The economy will be anything but stable if there is little confidence in national fiscal soundness; if serious inflation seems to be just around the corner.

Free Enterprise Involved

We believe in the economic system of free private enterprise. We believe that the best hope for the future of this country lies in the maintenance and in the continued growth of that system. National well-being depends upon a high volume of production and employment. To foster it requires a substantial flow of capital funds into old and new enterprises under the stimulus of the profit motive. Among other conditions conducive to large production and stable employment is confidence in fiscal and monetary stability. Maintenance of this confidence requires prudent management of the public finances.

Our interest is in a tax program for a solvent America. Taxation should produce total revenues sufficient to cover current expenditures and to make some provisions for debt retirement. Taxation is always burdensome, yet it is the price we must pay for the services of government. Intelligent fiscal planning demands a constant balancing, by legislators and their constituents, of the burdens of additional taxation against the gains to be derived from additional governmental services.

The postwar federal budget will exceed anything of the kind in the nation's pre-war experience. Yet there will be only one item in that budget which will be inflexible, namely, the interest on the public debt. As to all other services, some leeway in the cost is possible according as the people incline to prudence or extravagance. Prudence in expenditure is a policy most likely to diminish the restraint which taxation imposes upon the enterprise incentives. Nevertheless, a believer in the democratic process cannot logically oppose extravagance provided that the people have weighed the cost in terms of the tax burden and the effects on enterprise and are prepared to pay the bill as they go. Before setting the budget at a high figure it should be perfectly clear that all of the people have participated in a rational decision on this point.

Premises of Fiscal Planning

These are the two major premises on which fiscal planning should be based: active business under a system of free private enterprise, and a balanced federal budget. Two more issues directly related to the kinds and burdens of taxes must then be considered. What may the national income be expected to be? Second, how much national expenditures are to be met with taxes? After these questions are answered, the choices of particular taxes lie immediately before us.

Qualified students have estimated the postwar national income at various figures. Two estimates which have attracted attention are $125 billions (Brookings Institution) and $140 billions (C.E.D. and Ruml-Sonne). The former is a more conservative calculation, and hence may best be used as the basis for our calculations. It assumes active business and a high level of employment. The national income has been much higher than $125 billions during the war years, but in normal pre-war years it was never anything like so much. Thus, in 1929, the national income was about $80 billions. Active business and full employment after the war is a national article of faith. Businessmen and government alike will bend their best efforts to make our faith come true. We can fairly formulate our tax estimates on the basis of a national income of $125 billions, which assumes such business conditions.

Post War Budget

The total of federal expenditures can vary between wide limits. As I have stated, the major inflexible item is interest on the national debt, likely to run at least $5 billions per year. How much do you want to spend on national defense? We could spend $3 billions or $4 billions or $5 billions or more. How much do you want to spend on veterans' pensions? It could be $1.5 billions or more or less. What for the civil departments? For aid to agriculture? For lease-lend? A low budget of federal expenditures will run around $15 billions, about twice what we spent in the thirties. A high budget could run to $10 billions more, but perhaps would actually stop at $22 to $24 billions. The best brake upon expenditures is the final consideration before us, namely, how are these expenses to be paid for?

Customs, the taxes on liquor and tobacco, and a selected list of other excise or sales taxes which have long been levied might be expected to yield $3.5 billions in a postwar year. If the estate and gift taxes and the gasoline taxes are levied by the federal government, about a billion more can be obtained. The rest of the necessary revenue will have to be obtained from income taxes, individual and corporate. If the total of expenditures to be met were $15 billions, at least $10.5 billions must be raised by income taxation. This is a tremendous sum, compared to the $2 billions proceeds of this tax in 1940, but it is much less than the total of $33 billions income and excess profits taxes paid in 1944. Since the bulk of the income flow comes to persons in the lower and middle brackets, the exemptions must remain about as they are, $500 per person. The initial rate of the tax would be 15-18 per cent.; and the total of normal tax and surtax would be about 42 per cent. at $25,000 and 51 per cent. at $100,000. To any taxpayer whose potential savings have been taken in taxes during the past several years, an income tax of this sort would be tolerable, though it would be much heavier than the taxes of the twenties or thirties.

If the budgetary expenditures rise above $15 billions, the income tax rates must increase **pari passu.** Aid to farmers or veterans, a very large military establishment will have a strong appeal to many citizens and may largely increase budgetary expenditures. We must always balance their advantages against their cost, as we do in the case of our personal expenditures. Bear in mind that the bulk of the revenue will have to be raised by an income tax. Excise and sales taxes will no doubt be used, but increases in expenditures will nearly all have to be met by heavier income taxation. If the total to be raised is $18 billions, the initial income tax rate can be 18-20 per cent. (that is, a little less than at present) and the surtax rates can also be somewhat less, but still notably more than would be required to meet a $15 billion budget. If the budget calls for $22 billions, the starting rate would need to be at least 20 per cent., and even more than that, unless there were use of very heavy taxes at all other points. In other words, a $22 billion peacetime budget will not give us much relief from present tax rates.

Whatever the budgetary level, individuals should receive a credit with respect to corporation dividends at the initial or basic rate (corresponding to the traditional "normal tax") for the tax paid by the corporation on the income distributed. Long-term capital gains should continue to be taxed at a 25 per cent. rate and all capital losses should be deductible against ordinary income on the same basis that the capital gains would be includible.

Tax Alike Business and Individual Incomes

Business income whether earned by individual businesses or corporations should be taxed, so far as possible, like other income. Corporation income and individual incomes from business or other sources should be taxed at the same basic or initial rate. The excess profits tax should be repealed when the peak of war production has passed, perhaps as of December 31, 1946. The capital stock and declared value excess profits tax should be repealed. The double taxation of intercorporate dividends should be eliminated, as well as the additional penalty tax on income included in a consolidated return. The reason for all this is one of our initial premises: we want active business and full employment. We want to encourage business to expand into new fields. We want to encourage new investment and venture capital. The excess profits tax can be tolerated by an established enterprise, but it is the great brake upon new enterprise and growing enterprise. There seems to be general agreement that it should be repealed as promptly as possible after the war.

The scope of the excise taxes must depend upon revenue requirements. A reasonable number of excises will promote revenue stability in times of fiscal strain, distributing a part of the tax burden according to the spending, rather than the receipt, of income. Sales of liquor and tobacco will surely be taxed, and taxes on other widely used commodities may be required. If the budget should rise to a sufficiently high level, say $22 billions or more, it will be difficult to maintain budgetary balance without resort to a sales tax.

Inheritance Taxes Should Go to States

The taxation of inheritances and estates, as well as gifts, should be returned to the states, as one means of revenue equalization. If these taxes continue to be levied by the federal government, the gift tax should be integrated with the estate tax; no estate tax should be levied on transfers to the decedent's spouse; and the rates should be somewhat reduced and stabilized.

This is a very summary outline of a very big subject. I have not attempted to fill in the many details. The Committee on Postwar Tax Policy, of which I have been Chairman, will shortly publish a full report on the subject, in an endeavor to give businessmen and citizens generally the information to enable them and their legislators to make intelligent choices after the war.

Let me repeat: The tax program which the United States will adopt after the war, and its impact upon the economic and social life of the country, depends upon a series of major choices. The first great questions are: What services do we want the government to perform for us, and how much are we willing to pay for them? The next great question is: Do we believe in a solvent America, in which current governmental expenses are met out of current governmental revenue? Expenditures will necessarily be at a high level, compared to pre-war days, but if we as citizens encourage the Congress in a policy of careful control of governmental outlays, a series of further choices of the components of the tax system are open. On the other hand, if a policy of free spending is followed, very few choices among taxes will be possible. The Treasury will have to seek all the revenue it can get from all the sources available to it.

The citizen can make his own choices. Sound ideas, if clearly presented, will gain acceptance in the market place.

Governor Dewey Signs Bill Changing Stock Transfer Tax

Approves Mitchell-Coudert Bill Which Repeals Emergency Tax and Fixes a Scale of Rates Based on Value

On April 19, Governor Thomas E. Dewey signed the Mitchell-Coudert bill, which provides for repeal of the emergency stock transfer tax of 1932, and which revised the scheme of the normal tax from the imposition of a flat rate, to a scale of rates based upon the selling price of the shares taxed.

The new schedule, which goes with effect July 1, increases the regular transaction tax on each share from 1½c to 2c, except where shares are sold. In effect, this represents a decrease because the combined regular and emergency taxes totaled 3c.

The graduated rates on shares sold will be under the new law, 1c for each share selling at less than $5; 2c per share selling at $5 or more but less than $10; 3c per share between $10 and $20, and 4c per share at more than $20.

Dunbar Elected Secretary

Charles E. Dunbar, Assistant Vice-President of Discount Corporation of New York, 58 Pine Street, New York City, has been elected Secretary to succeed Francis D. Bartow, Jr., who has resigned from the firm.

Oak Manufacturing Co. Bonds & Stock Offered

A new issue of $1,000,000 ten-year 5% sinking fund convertible debentures and 350,000 shares ($1 par) common stock of Oak Manufacturing Co. were offered April 24 by a banking group headed by Paul H. Davis & Co. of Chicago. Oak Manufacturing makes parts for radio, radar and radio-electronic apparatus at Chicago and Crystal Lake, Ill.

Participating in the offering are: Ames, Emerich & Co., Inc.; A. C. Allyn & Co., Inc.; Reynolds & Co., and Bear, Stearns & Co.

The debentures were offered at par and accrued interest from April 1 and the common stock at $10 per share. The company will receive the proceeds from the sale of the debentures and from 50,000 shares of common, a total of $1,340,950 which is to be used to retire $960,000 of five-year 4% debentures and $440,000 of ten-year 4% subordinated debentures. Any additional funds needed to effect the refunding will be taken from the company's working capital. The remaining 300,000 shares of common involved in the financing represent a part of present holdings of five stockholders.

IBA Urges System For Local Financing For Small Business

A nation-wide system of local community investment houses to provide venture capital for post-war small business was urged by the Investment Bankers Association of America, it was revealed in Associated Press dispatches from Washington on April 24, which had the following to say about the proposal:

The proposal was presented to the House Post-War Policy Committee by John F. Fennelly, of Chicago, chairman of IBA's small business section.

He suggested investment companies be spread over the country to form "a system of decentralized investment funds under the management of local business men, who are the only persons well qualified to evaluate the merits of small local enterprises."

U. S. and Britain Sign Tax Agreement

The United States and Britain have signed agreements designed to avoid double taxation on the same income or estate by both countries and to prevent tax evasion, said Associated Press advices from Washington on April 24, and added: Secretary of State Edward R. Stettinius, Jr. and the Earl of Halifax, British Ambassador in Washington, signed the two conventions April 16, the State Department announced on April 24. The United States has similar pacts with Canada, France and Sweden.

Railroad Securities

Chicago, Milwaukee, St. Paul & Pacific Income "B" 4½s, 2044

There are two major systems likely to emerge from the reorganization in 1945. They are the Seaboard Air Line and the Chicago, Milwaukee, St. Paul & Pacific. Of the two, the larger and more important is the St. Paul.

In considering the St. Paul, the investor cannot overlook the improvement in the fundamental position of this system. This improvement has resulted from (1) the industrial growth of the Northwest and (2) the improved national agricultural outlook whereby some 30 to 40 million acres of tillable soil may well be returned to cultivation. The St. Paul should obtain more than its proportionate share of this development due to its geographical location. Industrial growth of the Northwest should continue, since the war has concentrated 15-20 years' industrial development within the short span of five years. A great deal of this industry will remain since the territory will be benefitted by the development of government-financed power projects in the Northwest (Grand Coulee and Bonneville) and cheap power should be a major factor in the transformation of much of this war industrialization to peacetime industrialization.

The reorganization plan of the St. Paul was very drastic, the reduction in fixed debt amounting to 69.98% and fixed and contingent debt 57.41%. Even more striking is the reduction in fixed interest effected as a consequence of this reorganization, namely 74.55%, and in fixed and contingent interest, 61.88%. The following table will indicate (a) the over-all coverage through the Income "B" bonds in the years 1940 to 1944 inclusive, together with such coverage in a normal post-war year as estimated, and (b) such coverage giving effect to probable refunding of the First Mortgage 4s immediately following emergence from reorganization, on a 3% basis (there have been rumors of a 2¾% coupon), and to the refunding of the Income "A" 4½s with a possible 3¾% coupon. We believe it more than likely that the Income "A" 4½s will be the first of the reorganization Income bonds to be refunded on a lower coupon basis:

Year—	Overall Coverage (a)	(b)
1940	1.71x	1.98x
1941	3.33x	3.86x
1942	4.07x	4.73x
1943	6.03x	7.01x
1944	3.96x	4.60x
Post-War Estimate	2.29x	2.67x

The overall coverage as shown above compares very favorably with other "when issued" securities, as well as with those Income bonds of companies already emerged from reorganization. Traffic density of the St. Paul is not particularly outstanding, but nonetheless satisfactory. Net ton miles per dollar of debt, however, is very high, equalling or exceeding the majority of Income bonds either currently outstanding or to be presently outstanding upon completion of their reorganizations.

The table does not take into consideration the possibility of debt retirements. Net working capital of this system rose from $37.6 million at the end of December, 1941, to $128.4 million at the end of 1944, despite a cash distribution of $21 million made in 1942 covering almost three years' interest accruing to the General Mortgage bonds. If we allow for distribution of $52 million authorized by the Court for accruals of interest and dividends up to January 1, 1944, and for interest payments for 1944 and 1945, and probable preferred stock dividends for those two years, and if we further provide for payment of reorganization expenses and repayment of the RFC loan, St. Paul should emerge from reorganization with around $40 million of working capital. Unless the funds are to be used for gross capital expenditures far beyond those presently expected, a part of this surplus working capital could be used to retire debt at the discretion of directors. It is interesting to note that in the period 1937-1943 gross capital expenditures of this system totaled $85.3 million, which suggests the need of further gross capital expenditures on a large scale.

The bonds that are particularly outstanding are the Income "B" 4½s, selling currently at 84 with nine points accruals which will be paid as of emergence from reorganization, now expected by the end of this year. This reduces the price to 75, at which level a yield of slightly more than 6% is afforded, an excellent yield in this market. The First Mortgage 4s, currently selling at 105½ and callable at 105 are institutional in character and likely to be refunded. The Income "A" 4½s, selling currently at 99 (9 points accruals as of December 31, 1945) and callable at 101 represents one of the best, if not the best, Income bonds of the major carriers and in turn, as already stated, should be one of the first Income bonds to be refunded on a favorable interest basis.

The preferred stock, selling currently at 61, with probable dividend disbursements of 10 points covering the years 1944 and 1945, is particularly attractive for those seeking higher yield than afforded on the Income "B" 4½s. The common stock is a high leverage issue possessed of considerable speculative merit and attractive to those in a position to undertake a greater-than-average speculative 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)

JACKSON, MICH.—**John W. Hazelworth** has become associated with **H. H. Butterfield & Co.,** Jackson City Bank & Trust Co. Bldg. In the past Mr. Hazelworth was with E. H. Rollins & Sons, Peninsular State Co. and Cray, McFawn & Petter.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, FLA. — **Ernest Ross Cochran** has been added to the staff of **Clark Davis Co.,** Langford Bldg.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, MO.—**Marianne P. Bray** has joined the staff of **The Boatmen's National Bank of St. Louis,** 300 North Broadway.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, FLA.—**Alfred T. Farrell** is with **W. H. Heagerty & Co.,** Florida Theatre Bldg.

(Special to THE FINANCIAL CHRONICLE)

SHEBOYGAN, WIS. — **Rudolph Finst** is connected with **Heronymus & Co.,** Security National Bank Bldg.

Caffrey Approved by Senate Committee

The nomination of James J. Caffrey of New York to be a member of the Securities and Exchange Commission was approved by the Senate Banking Committee on April 24, it was made known in a United Press dispatch from Washington on the same day from which the following has been taken:

Mr. Caffrey was nominated by the late President Roosevelt, but Chairman Robert F. Wagner told reporters that President Truman "is well satisfied." Mr. Caffrey's appointment was given in the April 12 issue, page 1597.

Army To Release Enlisted Men of 42

The War Department announced on April 24 that enlisted men 42 years of age or over will be discharged from the Army at their request, according to Associated Press advices from Washington on April 24 which added:

The ruling will not apply to any soldier who is undergoing disciplinary action or who is in need of further medical or surgical treatment. Approximately 50,000 men in the Army are 42 or over, the department said.

Soldiers overseas who apply for and are eligible for discharge will be brought back to this country for release at the "earliest practicable date."

Post-War International Credit And the Bretton Woods Proposals

(Continued from first page)

usually of two years' maturity, up to four years, extended to the Soviet Government itself to finance the purchase of capital goods. Their total volume was very limited—a drop in the bucket of reconstruction needs. And they would not do because of comparatively short maturity.

Another exception to the rule is direct investments by corporations undertaken for the benefit of commercial profits. Risk-capital of this kind, such as for facilities needed by oil companies, may be available to some extent even for a country surrounded by exchange restrictions, but for obvious reasons it cannot amount to much. Nor can special arrangements of the Dawes loan type.

True investment capital, the kind desirable for reconstruction, and such as Germany received after the last war, and in vast volume at that, could not possibly flow through regular commercial channels to countries which promise to pay the interest, but threaten to freeze the capital.

Who will buy British or French securities if he has no prospect to liquidate them in a lifetime? How could a market be developed in such securities—unless under a special regime of international control to which no self-respecting country is likely to submit—if the debtor is not able or willing to permit the transfer to the creditor, or retains the right to stop transfers at any time? Even the investor who intends to "sink" his capital in a permanent fashion wishes to have the possibility of at least partial liquidation if an emergency arises. Effective exchange regulations which freeze the foreign investor are simply not compatible with the free flow of capital.

This much has to be said as introduction to discussing the prospects of post-war capital flow, because virtually every one of the Allied governments which have actively participated in the war is planning to continue the control of capital movements for an indefinite period. Every one of them lays hands on its citizens' foreign assets, and prohibits the export of the capital of its own nationals as well as the repatriation of capital invested in its country by foreigners. It is essential to realize that what we used to call the system of international finance, the flow of capital from countries with low interest rates to those with capital shortage, that system which has been so essential in developing a capitalistic world and reconstructing areas devastated by war or earthquake—that system belongs in the past, unless the freedom of capital movement is restored again. But there is not the slightest prospect at present that it will be restored. And there are additional inhibitions to be faced.

Private (non-political) creditors expect attractive interest or profit rates. But England is sold on Cheap Money, and it will be very difficult to move her off that track because one-sixth or so of the vast national debt (approximating $100 billions at present exchange rates), will accumulate in the commercial banks which could not survive the depreciation of their portfolios, to say nothing about the damage to insurance companies and other institutions. Nor could new bonds easily be sold with rising interest rates, and they will have to be sold since the deficit will continue for some time. France, too, has lately accepted the Cheap Money philosophy—its chief opponent just quit De Gaulle's Cabinet — and most western European Allies are likely to follow the British pattern that will militate against attracting U. S. money into their fixed interest-bearing securities.

So will high taxes against the sale of stocks issued by corporations domiciled in Britain, unless the deduction of income tax at the source will be "relieved." In England—less so on the Continent—trade union policies tending to freeze wages and employment at war-time levels, will be another factor discouraging foreign risk-capital.

II.

Widespread agreement prevails in Britain that after the war their country will retain both: artificially low money rates and a very large measure of control over its foreign exchange market, especially over capital movements. But few seem conscious of the fact, or willing to admit, that the consequence will be to deprive Britain of the normal flow of foreign capital without which reconstruction will be greatly impeded and delayed—unless a substitute can be found.

However, consciously or otherwise, **Britain's outlook on her own place in the post-war world economy** is decisively influenced by the prospect that foreign funds will not be available in a measure comparable to her vast needs for recapitalization, not at any rate through commercial channels. The reaction takes different forms, expressed in the passionate discussion of the Bretton Woods program.

Many businessmen and financial experts, supported by a minority of economists, long to return to the gold standard. They are sick and tired of Managed Money and of the all-pervasive governmental interferences. They frown upon the artificialities of Bretton Woods, which they consider as typical of current trends in academic economics. (A leading London banker coined the *bon mot:* modern economics is "a cacophony of pleonastic tautologies.") This school of thought has not yet come into the open with a concrete program for the handling of a prospective $1½ to $2 billion annual deficit in Britain's balance of payments. What would be the effect of a return to normalcy in a country that would soon lose its gold reserve, exposing itself to a severe price deflation or to a run-away depreciation of its currency? Presumably, a transitory period of control is unavoidable, but the idea is that gradual relaxation and ultimate restoration of free exchanges should be the objective.

The opposite extreme is represented mainly by academic economists of the Keynesian school who carry their master's philosophy to its logical conclusions. The younger generation of Oxford and Cambridge students, in particular, which has grown up during the great depression, and cannot visualize capitalism except in its depressed and somewhat defeatist British inter-war variant, is sold on over-all management and financial self-sufficiency for Britain. The most vocal among them are refugees from the Continent who have absorbed the planning ideologies prevalent in Russia and Germany. They are violently opposed to classical economics, taking their cue from Keynes' last book. (I heard some of them state that economics began in 1936, when that book appeared.) Presently, they attack Keynes for having become "untrue" to his own basic premises. Their chief argument is that the U. S., being a *laissez-faire* country (under the New Deal, mind you), is heading for a big depression against which Britain can insulate herself only by a self-sufficient Sterling bloc, to include the colonies and western and well as southern Europe. They do not worry about a precise definition of the area to be covered, or its willingness to join, impressed as they are by the "success" of totalitarian experiments in full employment under foreign exchange blockades. Although a small group, the intellectual influence of these younger economists is not be underestimated. In Parliament their line is represented by the radicals within the Labor Party rank, They are violently opposed to international agreements which allegedly limit Britain's freedom of action—her freedom to regulate and manipulate the exchanges.

In a milder fashion the same opposition to Bretton Woods is fairly widespread among conservatives, too, with the difference that the autarchy ideal of the latter has an imperialistic tinge. They dream of an imperial economic unity, overlooking that such vital parts as Canada and South Africa are bound to be gold-standard-minded or more American than British oriented. Their nationalistic sentiment is opposed to anything that smacks of American leadership or "preponderance" which is read by many Englishmen into the Bretton Woods project's emphasis on gold, and gold is not popular with a nation that must get along without it.

In spite of criticism from right and left, official Britain and her following adhere to Bretton Woods *in toto*. They do so under the spiritual leadership of Lord Keynes, but in a more or less apologetic fashion, and without clearly stating the fundamental idea: that the only way to provide Britain with American capital and at the same time to maintain a fair amount of freedom in her monetary and economic policy—that is, the freedom to regulate capital movements, keep interest rates low, wages high and the budget unbalanced—is by accepting what Washington calls International Monetary Cooperation. That involves, they claim, "sacrifice" on the part of Britain by foregoing the full freedom to manipulate exchange rates, but the price should be more than worthwhile. Even among officials in London one meets occasionally a slight cynicism to the effect: "let the Americans have their gadgets, provided the world gets what it needs." But, on the whole, the British supporters of the project seem convinced that it is the one road to reopen the portals of international prosperity available at present.

III.

It is in the light of the foregoing that we have to look at the Bretton Woods agreements. The argument against it that it would be preferable to open up the free channels of credit rather than to base international finance on an artificial apparatus misses the point—that the normal mechanism of credit-flow does not operate under exchange control, which can be abandoned by the debtors under present circumstances only at the risk of a financial earthquake. But this is exactly what the British want to avoid by all means: the "earthquake," for which their public opinion is certainly not prepared. In other words, the alternative is, **for the time being,** not between free flow of capital or an international agreement, but between the latter or monetary warfare methods on the German and Russian pattern.

The crucial question, then, is: does the Bretton Woods program fulfill its main objective, namely, to provide the framework which will permit the free flow of capital during the transitory period of two to four years as well as over the longer run? Will it supply merely a political and temporary substitute for genuine capital movements or will it help to create the conditions under which the latter can start and develop?

It is apparent that the primary purpose of the International Bank as well as of the Fund is to provide substitutes for credits which would not be available otherwise. However, they will have available between them little more than $6,000,000,000 in U. S. money, an amount that would be barely sufficient to cover the deficit on international accounts of Britain alone for more than a few years. As a matter of fact, our Administration intends to commit this country, if it has not committed it already, to substantially larger additional amounts of post-war lend-lease for England, France, Russia and others. As a substitute for normal credit facilities, the Bretton Woods project is deficient in size, if not superfluous altogether. What is the use of putting up complicated institutions for a need which has to be satisfied mainly by lend-lease or similar interstate operations? The function of the International Bank, in particular, to guarantee long-term loans for individual reconstruction ventures could be just as well provided on each occasion by arrangements be-

(Continued on page 1847)

J. Harold Marache Is With Battles in N. Y.

Battles & Company, Inc. announces that J. Harold Marache is associated with them in their New York office, 90 Broad Street. Mr. Marache in the past was with Albert H. Weck Co., Garvin Bantel & Co., and was a partner in Marache Brothers in New York.

New Partnership

CINCINNATI, OHIO—A new partnership of Ellis and Company, Dixie Terminal Building, has been formed. Partners are James M. Levy, David W. Ellis, Jr., and Adele L. Ellis.

Ohio Brevities

Stockholders of Thompson Products, Inc., will vote at a special meeting May 7 on the company's proposed issuance of 60,000 shares of 4% cumulative preferred stock, par value $100 a share. Company said the new stock would be priced between $104 and $107 a share with the dividend rate not to exceed 4%.

It is planned to offer 45,000 of the shares, on a share-for-share basis to the holders of the company's present 5% preferred stock. A cash adjustment, if necessary, will be made if the price of the new stock is below the redemption price of the 5% issue.

The balance of 15,000 shares, and any not taken in the exchange, will be purchased by an underwriting group headed by McDonald & Co. of Cleveland and Smith, Barney & Co. of New York, for public distribution.

The purpose of the new issue, the company stated, is to effect retirement of the 45,000 outstanding 5% preferred shares; to retire the balance of outstanding notes of $900,000, and for general working capital.

* * *

Seven Cleveland firms participated in the public offering of 150,000 shares of May Department Stores Co. $3.75 cumulative preferred stock, no par, priced at 103½ per share and dividends. One of the houses reported a heavy oversubscription, getting five times as many orders as it had stock. The company plans an extensive expansion program and modernization of existing properties. Goldman, Sachs & Co. headed the underwriters.

The Cleveland houses and their allotments included: Hayden, Miller & Co. and McDonald & Co., 1,500 shares each; Curtiss, House & Co., Hawley, Shepard & Co., Hall, Burge & Kraus, Maynard H. Murch & Co. and Merrill-Turben & Co., 1,000 shares each.

* * *

Merrill-Turben & Co. now controls Western Reserve Investing Corp. following its purchase of the majority of each of the corporation's three classes of outstanding securities.

Merrill-Turben acquired from stockholders 4,000 shares of prior preferred stock at $130 a share, or $23 a share above the highest price ever paid for the stock on the Cleveland Stock Exchange; 11,000 unit certificates at $29 a unit, and 19,000 shares of common at 50 cents a share. The corporation had been controlled by the partners of Hayden, Miller & Co.

Members of the new stock-owning group are C. B. Merrill, C. F. Turben, R. M. Coe, C. F. Kling and L. C. Williams, who is Vice-President. Turben is Secretary and Treasurer.

* * *

On May 17, 25,000 shares of 4¼% cumulative preferred stock of Standard Oil Co. of Ohio, will be redeemed at $105 per share and accrued dividends, President W. T. Holliday has announced. He said shares will be selected by lot and redemption will be made through the Chase National Bank.

At a meeting on April 2, company shareholders voted to split common shares on a 2½-for-1 basis, increasing the number of common shares from 1,300,000 to 3,250,000 and changing the par value from $25 to $10 per share.

The company said holders of certificates drawn for redemption of the preferred stock have the option of converting their shares into common at the rate of 5.825 shares of the new common for each preferred share. The new common, now being traded on the Cleveland board, is expected to be put on a regular annual dividend basis of $1 a share.

* * *

Otis & Co. was a member of three successful competitive bidding accounts in one day last week.

The Halsey Stuart-Otis bid was high for $5,500,000 first consolidated mortgage bonds series H, due 1953, of Erie Railroad, the winning bid being 99.33 for 2s. They were reoffered at par.

The same group was top bidder for $2,640,000 equipment trust certificates of Seaboard Air Line Railway on a bid of 99.759 for 2s, due 1945-1960. Reoffering prices were 0.80% to 2.25%. First Cleveland Corp. also was a member of this account.

In the third instance, Otis & Co. was a member of the Glore Forgan & Co. group which was the successful bidder for $9,650,000 City of Los Angeles Electric plant water and power department revenue bonds. The bid was for a 0.935% interest cost for various coupons. Bonds, due 1946-1959, were reoffered to yield from 0.20% to 1%.

* * *

Field, Richards & Co., Wm. J. Mericka & Co., Otis & Co. and First Cleveland Corp. were the Cleveland houses which participated in the public offering of $50,000,000 first mortgage 2¾% bonds of New York Power & Light Co., due 1975. Halsey Stuart & Co. were successful bidders.

* * *

McDonald & Co. and Field, Richards & Co. headed an underwriting group that offered 40,000 common shares of Harshaw Chemical Co. at $24 per share. The company, with plants in Cleveland, Philadelphia, Elyria, O., and El Sagundo, Cal., said proceeds would be added to funds available for general corporate purposes.

Others in the account were Curtiss, House & Co., Fahey, Clark & Co., First Cleveland Corp., Ball, Burge & Kraus, Merrill-Turben & Co., Hayden, Miller & Co. and Otis & Co., all of Cleveland; The Ohio Co. of Columbus; Eastman, Dillon & Co. and Shields & Co., New York; Paul H. Davis & Co. of Chicago, and G. H. Walker & Co. of St. Louis.

This boosts the number of common shares outstanding to 177,652 out of 250,000 shares authorized.

* * *

General Tire & Rubber Co. common stockholders took 62,887 shares of a total of 65,857 new common stock offered them at the rate of one new share for each eight held. Price was $21.50 a share.

The underwriters, Ball, Burge & Kraus, Kidder, Peabody & Co., and Goldman, Sachs & Co., purchased the unsubscribed portion of 2,970 shares.

The same group sold publicly 3,123 shares of the company's 4¼% cumulative preferred stock, the unsubscribed amount of 65,000 shares issued under a recent exchange offer to holders of 4½% preferred shares.

* * *

William T. Robbins, formerly of the firm of Robbins, Gunn & Co., has been appointed manager of the trading department of Ball, Burge & Kraus.

* * *

Lorain Telephone Co. has asked the Ohio Public Utilities Commission for authority to offer 14,853 shares of no par common stock at $16.50 per share. The company would reimburse its treasury for $245,000 in uncapitalized, capital expenditures between May 1, 1941, and last Dec. 31.

* * *

A total of $10,500,000 first mortgage sinking fund 3¼% bonds of Youngstown Sheet & Tube Co. has been called for redemption, by lot, on May 1. Redemption was in anticipation of sinking fund installments due on each Nov. 1, beginning with 1948 and extending through 1954.

Ohio Municipal Comment

By J. AUSTIN WHITE

Conversations with "country" bankers around Ohio last week centered principally on the following topics of discussion—in about the following order:

1. Banks are making money "hand over fist." The banker who isn't actually pleasantly surprised at the profit he is showing, is truly the exception. Large banks, small banks, county-seat banks, cross-roads banks, industrial banks, farmers banks—all are generally making more profits than they ever made before. **These large and growing, profits are the results, of course, of the income from vastly increased investments. Some banks are augmenting this investment income with profits from the sale of securities, but the interest alone from investments is producing sufficiently large profits to amaze most bankers.**

J. Austin White

2. Taxes are worrying most bankers. Quite naturally, high incomes mean high taxes. But as most bankers, around Ohio at least, are pleasantly surprised at their mounting profits, they are even more unpleasantly surprised at their mounting taxes. Those who have not considered this unsavory concomitant of high profits are destined for no little shock when the tax bills are paid. Several profitable banks with between five and fifteen million deposits are unpleasantly surprised at finding themselves in a 53% tax bracket. Some such bankers even seem unwilling to believe that merely the combined normal tax and surtax amounts to 53% of taxable income between $25,000 and $50,000.

Yet, bankers seem anxious to discuss their tax problems, for indeed taxes have become important problems. Several banks with deposits of even less than $15,000,000 are coping with the difficult problem of avoiding excess profits taxes. In order to avoid paying such a tax, some banks of even modest size have already found it necessary to use their credit for two previous years. Practically all bankers expect the tax problem to be more difficult this year than last, and even more so next year than this year.

3. There is a strong demand for municipal bonds, and an even stronger reluctance, almost a refusal in fact, to sell municipals. With taxes mounting generally, and with actual tax rates also rising for many banks as their taxable incomes rise into certain ranges, the need for tax exempt income from municipal bonds is becoming obvious to more and more bankers.

A bank with taxable income ranging between $25,000 and $50,000 is in a 53% tax bracket and to such a bank a yield of 1.00% on a municipal bond is the equivalent of a yield of 2.13% on a fully taxable bond.

It is more than interesting to realize that the highest yield available before taxes on any Government bond that banks can buy in the present market is only 2.29%, and that is figured to an option date of 1967 on a bond with a maturity of 1972. To a bank in this 53% bracket, a yield of 1.50% on a municipal bond is the equivalent of a yield of 3.19% on a fully taxable investment—and where can such a return be found on a high grade bond? Obviously, with profits rising and taxes rising in rate as well as in amount, there is a broad general demand for municipals based upon an expanding general need for them.

But, finally, this need becomes acute for those banks that are struggling to keep out of the excess profits bracket—and it was surprising last week, to notice how many are faced with that problem.

4. Practically everybody gave vent to a feeling of optimism for the future of the country. Practically everybody was imbued with a confidence, that has not been noticeable before, and that is based upon a feeling that now the legislative, the judicial and the executive branches of the Government will have an opportunity to function as coordinating branches, each with its own respective importance and duties, with the result that the people generally will have a greater voice in determining the policies of the Government. There was a feeling that even bankers would again be considered citizens, with a right to have something to say about what is done by their Government—maybe even about what the Government does to their own business.

5. Several banks in farming areas reported some increase in local demand for loans during the past month or two.

However, practically nowhere is there any expectation that loans will soon assume the importance they once had to the income of the banks..

In fact, in too many banks, the loan account has dwindled to an almost insignificant proportion of total assets. In days gone by, bond salesmen had to idle away many an hour waiting to see the bank cashier or president while some local customer of the bank was negotiating a loan. By 1941, the bond salesman usually found he was competing not with a local borrower for the banker's time and money, but rather with another bond man.

Now, however, with so many bond men in the armed forces, and with the local customer a creditor of the bank rather than a debtor, the banker welcomes the occasional bond man who does show up as a long lost friend who will give him some ideas about how to use his surplus cash or how to lessen the tax impact thereon.

Ohio Municipal Price Index

Date—	*	†	‡	§
Apr. 18, 1945	1.19%	1.34%	1.03%	.31%
Apr. 11	1.19	1.34	1.03	.31
Apr. 4	1.21	1.37	1.05	.32
Mar. 14	1.27	1.43	1.11	.32
Feb. 14	1.30	1.47	1.14	.33
Jan. 17	1.33	1.49	1.17	.32
Dec. 13, 1944	1.34	1.51	1.18	.33
Nov 15	1.36	1.53	1.19	.34
Oct. 18	1.35	1.53	1.18	.35
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
June 14	1.31	1.46	1.16	.30
May 17	1.31	1.46	1.16	.30
April 12	1.32	1.46	1.17	.29
Mar. 15	1.34	1.50	1.19	.31
Jan. 19	1.40	1.57	1.23	.34
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 higher grade bonds. §Spread between high grade and lower grade bonds.

Foregoing data compiled by J. A. White & Co., Cincinnati.

Post-War International Credit And the Bretton Woods Proposals

(Continued from page 1845)

tween the creditor and the debtor countries, with no need for a clumsy bureaucratic apparatus—for a permanent machinery to produce intermittent "Dawes loans," every one of which the Bank's statutes submit anyway to a complex procedure.

But the statutes of the Bretton Woods Bank have little or no reference to monetary policy, unless by indirection, while those of the Fund abound with such references. They are most emphatic in laying it before the members' doorsteps that it is their obligation to maintain the stability of their currency, to eliminate old exchange restrictions and to avoid the introduction of new ones. The repeated warnings in this direction, accompanied by open or implied threats of sanctions—ineffective as they may be—leave no doubt about the underlying good intention: to bring about a semi-rigid stability, an approximation to the pre-1914 international gold standard. Morally, the members' obligation to refrain from the arbitrary use of monetary warfare methods is beyond doubt. But, in effect, the loopholes in the statutes are so large as to annul the moral obligation.

In practice the construction of the Fund permits the unlimited operation of monetary policies which interfere with the freedom of capital movements. For an undefined transitional period, to begin with, "members may . . . maintain and . . . introduce where necessary restrictions on payments and transfers for current international transactions" (Art. XIV, Section 2). For the initial period, exchange stability is eliminated at once. And even beyond that period "members may exercise such controls as are necessary to regulate international capital movements" (Art. VI, Section 3). Accordingly, members have to repurchase their own currency or balances held abroad only if "they have been recently acquired as a result of current transactions; or their conversion is needed for making payments on current transactions" (Art. VIII, Section 4a). In other words, the obligation to pay for one's debts does not apply either to what is termed capital transactions, or (*ibid.*, Section 4b) to debts which have accumulated previous to the removal of exchange restrictions, nor (Art. XIV, Section 1) to an "international indebtedness arising out of the war." Moreover, all restraints on exchange regulations will be wiped out at once and automatically, if the critical currency to pay with has been declared "scarce" (Art. VII, Sections 1 and 3b), *i.e.*, after the debtor members have exhausted their quotas, and cannot borrow from the Fund any longer. This amounts to sanctioning in advance the debtors' default, without any pressure exerted on them to put their houses in order and to refrain from manipulations deadly to a self-regulating system of international finance.

IV.

Briefly, all that the Bretton Woods agreement supplies is an initial sum by the creditor and a conditional promise by the debtor, with no provision for the effective use of the one or the enforcement of the other. As a matter of fact, it is built on assumptions which are bound to produce the reverse of the objective its authors seem to expect.

First, the strict distinction throughout the Fund's statutes between current international obligations which should be paid and capital movements which might be frozen, is fallacious. The dividing line between the two is not sharply definable and the distinction opens up the possibility of misuse. What is more important, current transactions and capital transactions are often intimately interwoven; the one cannot function freely while the other is frozen. It is entirely fallacious to assume that international trade could develop to its potentialities without being supported by international investments, or that the latter could jump over the barbed wires of the exchange regulations which the statutes concede to every member.

Second, it is apparently assumed that the natural tendency of members is to live up to the moral obligation they underwrite by doing their utmost, without compulsion or pressure, to safeguard their own exchange stability. Article IV, Section 5(f) brings home this implied assumption by stating explicitly that the Fund shall not object to a proposed change in the par value of a currency "because of the domestic, social, or political policies of the member proposing the change." In plain English, the Fund has no right to criticize or interfere with the internal policies of a country, even though such policies are likely to be responsible for its exchange instability.

Third, it is assumed, implicitly, that after the dollar reserves of the Fund will be exhausted, only temporary disturbances will arise—that either American political credits (lend-lease) will be made available or else the U. S. will import so much from the debtors, without raising its own exports, as to correct the disequilibrium. The original Keynes (Clearing) plan stated this assumption with all clarity, and semi-official American comments indicate it, too. In other words, the idea is that if the plan should fail to reopen the channels of private capital flow (as it is bound to), it will be supported indefinitely at the expense of the American taxpayer and producer.

Lastly, the authors of the agreements apparently labor under a dangerous illusion. They seem to imagine that the machinery of international finance can be set into gear in an experimental fashion, without assurance of permanence in the monetary set-up. Long-term investments, and in distant countries at that, are hazardous enough even under conditions of full monetary stability. Without such security no reasonable interest rate is high enough to compensate the entrepreneur or capitalist for the risk involved. A plan operating on the assumption that long-term ventures can be based on a makeshift which may or may not have to be abandoned (according to its own statutes), is condemned to failure from the outset.

V.

To sum up: Bretton Woods starts out on a desirable principle, namely, to restore the essential of the gold standard—international exchange stability—and to do so by reopening the flow of capital from creditor to debtor countries. Unfortunately, it does so in a half-hearted fashion, compromising the objective of free capital movements by conceding the freedom of exchange restrictions. The **arguments** with the aid of which the Administration attempts to force the issue with Congress, misrepresent the case altogether.

It is being argued that the world is waiting anxiously for the Bretton Woods program to be enacted, and would be deeply disappointed even by a partial change in its text. The truth is that the vocal majority in England, *e.g.*, is opposed to it and hopes for its rejection by Congress, knowing that once we accept the plan it would be a diplomatic impossibility for Britain not to join. Russia was reluctant to participate at all, and left no doubt that she would prefer the old-fashioned gold standard. In France public opinion has not yet crystallized itself one way or the other, but there certainly is no enthusiasm for the project, the workability of which is doubted by the European experts, unless it will be supported by vast lend-lease and similar operations.

It is a gross error, too, that the Bretton Woods project is in any way interrelated with the Dumbarton Oaks program. True, the latter is understood in many countries as implying American financial help to the "peace-loving" peoples. But there is no sign, and there scarcely could be any, that the rejection or modification of Bretton Woods by Congress would be interpreted as unwillingness on our part to participate in post-war reconstruction and international cooperation.

That brings up the most significant misrepresentation in which official American propaganda for Bretton Woods has indulged. It is the argument that there is no other alternative to "chaos" but Bretton Woods. In reality, financial cooperation can take many forms widely different from the one proposed. For one thing, it does not have to be institutionalized and bureaucratized. It could proceed from one instance to another as they come up, or in the order of their urgency, with or without advance decision about the total amounts of American capital to be allotted, and certainly without fixing in advance the forms and conditions under which they should be mobilized.

It is difficult to believe that the Administration spokesmen should not be aware of this fact. The reason why they insist on Bretton Woods may be political rather than economic. They may fear that the opportunity to "railroad" through Congress any such international arrangement might slip out of their hands. On the side of the British Government, there could be a similar motive at play: that nothing short of some such international commitment with morally binding effects can keep the threatening wave of economic nationalism from carrying England in the direction of unsound autarchy policies.

Be that as it may, the course international cooperation should take has been indicated—unwittingly—by no less an authority than Winston Churchill himself. On Feb. 27, 1945, reporting to Parliament on the Crimean Conference, he told about his visit, together with Mr. Eden, to Athens. "My right honorable friend, the Foreign Secretary," he said, "remained a day longer in Athens than I did, and he was at pains to bring home to the Greek authorities the fact that, now that political stability has been achieved, **financial and economic problems must take first place, and that the burden and responsibility are upon the Greek nation** and that they must, on no account, sit back and leave these tasks to foreigners."

The implication that the smaller Ally should put his own house in order was obvious to the Prime Minister's listeners, who were aware of the sacrifices Britain had incurred to help Greece, and who applauded his forthright acceptance of sound financial principles. But what is sauce for the goose should be sauce for the gander. What is, as it always has been, sound policy for Britain when she is a creditor, should indicate the direction for a sound program of international cooperation under American leadership.

Business Man's Bookshelf

Airline Finance—Bankers Trust Company of New York, Mutual Life Insurance Co. of New York, Chase National Bank of New York, and the New York Trust Company—paper.

Conditions of International Monetary Equilibrium — Ragnar Nurkse—International Finance Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J. — paper.

Manpower Problems and Their Effect on War Production—Automotive Council Statement by George Romney to the Senate War Investigating Committee—Automotive Council for War Production, 320 New Center Building, Detroit 2, Mich.—paper.

Postwar Production of Steel in the Western States—three booklets compiled by the industrial department of the Los Angeles Chamber of Commerce.

Preferences and Discriminations in International Trade—Howard P. Whidden, Jr.—Committee on International Economic Policy, 405 West 117th Street, New York 27, N. Y.—paper—10c.

Problems of Reemployment and Retraining of Manpower During the Transition from War to Peace—a selected, annotated bibliography—Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper—50 cents.

Protection of Industrial and Intellectual Property in China—Report by Sub-Committee on Industrial Property Law Committee of National Foreign Trade Council, Inc., 26 Beaver Street, New York 4, N. Y.—paper.

Says Canada Will Seek To Remove Internat'l Trade Barriers

Analyzing the Canadian Government's post-war economic program, Bank of Montreal's monthly business summary made public on April 25 states that the general aim of the Government will be to build up the exporting capacity of other nations, so that Canada can ultimately receive payment in imported goods for her own sales abroad, and that it will press other nations for "zealous collaboration on broad lines for the reciprocal reduction and removal of trade barriers."

A goal of $1,750,000,000 representing 60% in dollar value above the average annual pre-war scale of exports, according to this analysis, has been set for the Dominion's export trade, recognized by the Government as "the greatest dynamic force influencing the level of national income and employment in Canada."

The bank states that restrictive taxation policies will be reversed, that the Government proposes not only to reduce taxation as rapidly as possible, but also to develop its fiscal policy on lines which will encourage the increase of private investment to a high and stable level. One special aim will be to minimize or eliminate taxation which contributes to increased production costs.

Herbert J. Sims Co. Formed in New York

Herbert J. Sims & Co., Inc., with offices at 52 Wall Street New York City, has been formed to continue the business of Churchill, Sims & Co. Inc. Officers are Herbert J. Sims, President and Treasurer; Murray L. Sims, Secretary, and S. E. Sims (who is now on war duty) Vice-President.

Canadian Securities

By BRUCE WILLIAMS

Can Canada support a population of 100 millions? The late Dr. Stephen Leacock always contended so, and it was often forgotten that this prophet of Canadian greatness was not only a renowned humorist but also an economist of international stature.

It is only in recent years that Canadians themselves have begun to appreciate the tremendous potentialities of the vast dominion. No longer is it believed that the only habitable section of the country is a narrow belt adjoining our northern border. Air transport has permitted penetration into hitherto inaccessible areas and the mineral wealth of the fabulous Pre-Cambrian Shield is now commencing to be uncovered. Moreover, the climate is beginning to be appreciated not as a deterrent to human activity but a stimulus. There is little doubt that history will record the fact that a great Canadian era was initiated with the full exploitation of the Laurentian Shield.

In the past, the great bulk of immigration into the Dominion was agricultural and, therefore, of little glamor. Now, the age-old lure of the precious metals and oil is added to the attraction of readily obtainable farming land in a country which although new is governed by old and stable laws. Some of the best and most diversified pioneer stock in the world has had a glimpse of this huge land of promise, and events are likely to prove that the British Commonwealth Air Training Scheme not only played a large part in the salvation of Britain but also helped to an important degree in the building of Canada.

Refugees from war-ravaged Europe have already installed themselves in the Dominion and have established flourishing new industries. They will be followed by relatives and friends, and others whose homes and associations in Europe will never be the same again, in seeking a new existence in a new country where hard work will erase bitter memories.

Although it can be foreseen that there will be thus a large measure of spontaneous immigration, nevertheless the Dominion must take positive action, if its possibly greatest problem—that of population deficiency—is to be solved.

There are, of course, many political cross-currents, and it is to be doubted whether a policy of the "open door" will be adopted in the near future. However, much can be done by a logical approach to the question. For example, the mining of coal in Britain is becoming increasingly expensive and after the last war thousands of miners were on the government dole. Canada has thousands of square miles of virgin coal deposits, much of it in the form of outcrops, but the inadequacy of the Canadian population precludes its exploitation.

For years after the war there will be a universal food shortage. Britain, Holland and the Scandinavian countries have the man-power but not the tremendous virgin agricultural acreage still available in Canada.

Thus it is seen that the Dominion's immigration policy is of international as well as national concern. Moreover, it cannot be questioned that the fullest possible development of Canada's immense natural resources will be of universal benefit.

Turning to the market for the past week, there were a few scattered offerings in connection with the Eighth Victory Loan, but although the tone was firm there was no marked increase in activity. Albertas were once more the exception and there was considerable turnover at new high levels. As constantly stated, Premier Manning's plan was the worst the bondholders could expect. With the strong constructive intervention of Finance Minister Ilsley, and the less adamant attitude of the spokesman for the Alberta Government, it will not be surprising if the plan ultimately adopted results in the full rehabilitation of the provincial credit.

Internal securities were active with golds again to the fore. Consolidated Smelters justified previous favorable comment and moved up to 64 on strong demand.

With regard to the possible future trend of the market, the present high confidence in low interest rates and the few doubts concerning the Federal election point towards the maintenance at least of the current peak levels.

Van Denburgh & Kerr

LOS ANGELES, CALIF.—The firm name of Van Denburgh & Bruce, Inc., has been changed to Van Denburgh & Kerr, Inc. The firm, which is a member of the Los Angeles Stock Exchange, maintains offices at 523 West Sixth Street.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1838)

those who look at them with a jaundiced eye can't see much more than a minor setback. But it is such minor setbacks that concern this column.

* * *

Just as every market which rallies has within it the seeds of a major upturn, so has every reaction within the makings of more than just a "technical correction." It is practically impossible to decide beforehand how the public will jump. It isn't too hard to see that the great majority of buyers will follow the path of least resistance. If prices are strong they are bullish. If they're weak, they're bearish. But that's not enough. We still have to appraise how far the public will go in either direction. For while basic influences will eventually take hold the cross currents witnessed in the interim can be not only confusing but disastrous to brokerage accounts.

* * *

In the last ten days or so there have been three "gap" openings. (A gap is when a stock opens higher than it closed the previous day.) Eventually such gaps are closed, though sometimes it takes a long time before it is accomplished. Yet they have to be closed some day. For just as in physics, nature abhors a vacuum, so does the market try to fill its vacuums. Experienced traders are aware of this influence. In the old days when commissions were an 1/8 of a point, traders would buy such gap stocks and stop them just under their previous night's closings. With commission today being what they are, this kind of trading is no longer practical. But its barometric influence is still present. As gaps increase all over the list the possibilities of a setback become that much greater, hence the stops.

* * *

Applying this to your own holdings it means that the green light no longer applies. It hasn't turned to red yet, but it is certainly yellow and that means proceed with caution.

* * *

Hudson Motors which you bought at 18 is now about 29. Last week's stop was 21. This no longer applies. Raise it to 26.

* * *

Jones and Laughlin is about 32. You bought it at 29. Keep stop at 29.

* * *

Phelps Dodge, currently about 29, came in at 27. Keep stop at 27½.

* * *

U. S. Rubber was acquired at 56. It is now about 60. Last week's stop of 57 still holds good.

* * *

U. S. Steel, bought at 59, is now about 67. On a strict day to day trading basis the stop should be about 3 points under current price. But Steel seldom conforms to general market behavior. So it is suggested that stop of 63 be used.

* * *

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.]

Arthur Cable Dead

Arthur G. Cable, partner in Shearson, Hammill & Co., died on April 12. Mr. Cable made his headquarters at the firm's Chicago office, 208 South La Salle Street.

Municipal News & Notes

Co-incident with announcement of the signing by Governor Thomas E. Dewey of a bill authorizing Long Beach, N. Y., to refund $5,443,000 of outstanding bonds, City Auditor John J. McCabe made public various data reflecting the sharp improvement that has occurred in the municipal financial structure in the past four years.

During this period, it is noted, the city "has paid off its entire floating debt, $408,000 in judgment bonds, and other debts aggregating almost $1,000,000."

Aside from the debt extinguishment, the city's tax collections are now almost 100% effective, according to Mr. McCabe, and property on which the city held tax liens has been transferred to the tax rolls to the extent of an assessed valuation of $1,907,150. Real estate sales are described as the best in the city's history and non-speculative. This latter fact is emphasized in the result of a survey of recent real estate purchases which indicated that almost all of the buyers intend to build homes as permanent residences as soon as materials and manpower become available.

Both the projected debt refunding and the fiscal policies followed during the past four years under the guidance of Mayor Theodore Ornstein, Long Beach taxpayers may anticipate tax reductions up to $1,500,000 in the next 15 years, according to the City Auditor.

The recently signed debt refunding bill was drafted by State Comptroller Frank C. Moore and provides for the refinancing of the following described existing debt: 4¾% General Refunding Bonds, dated Dec. 1, 1933; 5½% General Refunding Bonds, dated Dec. 1, 1933; 5¼% Water Refunding Bonds, dated Dec. 1, 1933; 5½% General Refunding Bonds, dated Jan. 1, 1936; 6% General Refunding Bonds, dated Jan. 1, 1938; General Refunding Bonds, dated Jan. 1, 1938, stamped as 4% as of Dec. 1, 1940; 4% General Refunding Bonds, Series A, dated Dec. 1, 1940; 6% Water Refunding Bonds, 1938; Water Refunding Bonds, dated Jan. 1, 1938, stamped as 4% as of Dec. 1, 1940; 4% Water Refunding Bonds, dated Dec. 1, 1940, and General Refunding Bonds, Series B, dated Dec. 1, 1940.

City officials are confident that the proposed new refunding issue can be sold at an interest rate of between 2% and 3%.

Recent Sales Point Up Low Assessed Values of Atlantic City Property

An indication of the improving real estate situation noted in Atlantic City, New Jersey, is the sale reported in the Atlantic City Press last week of two pieces of hotel property, the Chelsea and the Cosmopolitan.

The Chelsea, a 12-story, 420-room hotel, was reported sold for $1,000,000 in a straight cash deal to one of the senior officers as well as one of the largest stockholders of the General Motors Corp. in Detroit. The property has a 250-foot frontage on the Boardwalk between Morris and Brighton Avenues and is assessed by the city for tax purposes at only $531,950.

The Cosmopolitan, a 44 room hotel recently occupied by the Navy, was sold for a price reported at approximately $115,000. Situated on Atlantic at Trenton Avenue, this property is assessed by the City for tax purposes at only $38,450 or one-third of the amount of the sale.

The sale of the Chelsea was one of the largest cash transactions in the resort city's realty history.

St. Louis County, Mo., Toll Bridge Creditors Receive Progress Report

Holders of the $2,600,000 St. Louis County, Mo., 3¾% toll bridge revenue bonds, dated Oct. 1, 1940, were advised recently in a letter distributed by members of the County Court that although the bridge has been in continuous operation since Dec. 11, 1944, sufficient revenues have not as yet been realized to permit resumption of bond interest.

No payments of interest have been made since Oct. 1, 1943, the default being attributed to the fact that construction of the span was "delayed by unavoidable circumstances occasioned primarily by wartime restrictions."

The recent letter addressed to creditors contained a statement of operating revenues from Dec. 11, 1944, when the bridge was opened to traffic, to March 11, 1945, inclusive. The statement is reproduced here:

Period—	Gross Receipts	Approx. Daily Av.
Dec. 11 to Dec. 31, 1944	$2,517.90	$125.00
January	4,312.38	140.00
February	4,454.55	160.00
March 1 to March 11	2,604.85	236.80

The communication observes that daily average receipts of between $315 and $320 are necessary in order to provide for payment of operating expenses and interest on the bond issue.

Every effort is being made to develop traffic on the bridge, also to hold operating expenses to a minimum in order to conserve as much of gross earnings as possible for payment of debt service. The County Court acknowledges with appreciation the cooperation it has received from bondholders and will advise them as soon as funds are available for payment of interest charges.

The $2,600,000 3¾% bond issue was offered to the public on Oct. 31, 1940, at a price of 101 and accrued interest. The bonds are dated Oct. 1, 1940, and mature Oct. 1, 1965. Proceeds of the issue were used by the county to construct a bridge adjacent to Jefferson Barracks, Mo.

Callable Electric Bonds of Memphis, Tenn., to Be Redeemed on June 1

Major Thomas H. Allen, President of the Memphis, Tenn., Light, Gas and Water Commission, disclosed at a meeting of the Commission on April 16 that all of the outstanding $4,770,000 of electric utility callable debt will be redeemed on June 1. This will complete redemption of all the optional obligations outstanding against the three utilities. The electric properties were acquired by the city in 1939.

In order to permit the impending debt redemption, the Commissioners approved the borowing of $2,500,000 each from reserve funds of the gas and water divisions, with the balance of $900,000 to consist of cash on hand in the electric department.

The electric debt scheduled to be extinguished includes all of the existing callable 2.10% bonds having maturities from 1950 to 1961. After this operation the remaining debt against the electric system will consist of $4,828,000 in regular maturities. In addition, there will be a debt of $3,375,000 against the water division bearing due dates of 1966 and 1971, respectively.

Thus there will be an aggregate debt of no more than $8,202,000 against the three utility properties, the combined value of which is estimated in excess of $40,000,000.

Municipal Electric Utilities Make "In Lieu" of Taxes Payments

Municipally owned electric utilities contribute from one-sixth to one-fourth of their gross revenue to city operating funds in lieu of taxes, a report to the International City Managers Association shows.

The amount of the gross revenue transferred to the general city government ranges from 1% in Seattle and Tacoma to 45.5% in Jacksonville, Fla.

Contributions average a little more than 29% of the gross revenue of the utilities in 81 Council-Manager cities. Contributions were more than 50% of the gross revenue in eight cities—Bedford, Va.; Belleville, Kan.; Brownsville, Texas; Cushing, Okla.; Ellwood City, Pa.; Front Royal, Va.; Gastonia, N. C., and Tallahassee, Fla.

A study of the 128 municipally-owned electric utilities in Kansas shows that 118 cities contribute an average of 26.2% of their gross revenues to city operating funds.

A survey of the amounts contributed in 22 cities over 50,000 population having city-owned electric utilities shows that in one-half of the cities no contributions of any kind is made to city operating funds. The utilities in the other 11 cities contribute an average of slightly less than 17% of their gross revenue to the city.

The report compares the information about municipally-owned electric utilities with information available on taxes paid by privately-owned utilities.

The President of the Edison Electric Institute recently estimated that 24% of the gross revenues of privately-owned electric utilities is paid out in taxes. This estimate agrees substantially with a detailed analysis of 245 privately-owned utilities made in 1943, showing they paid in taxes an average of 22.6% of their gross revenues.

Nelson Named Auto Aid

J. A. Krug, chairman of the War Production Board, named H. D. Nelson as aid to the reconversion of the automobile industry. Mr. Nelson has been head of the aircraft division of the WPB, and will retain this job.

Associated Press advices from Detroit announced:

Mr. Krug went to Detroit on April 5 to consult with automotive men on the industry's reconversion problems and following an all-afternoon session said: "We did not talk about automobile production at all. No new cars will be approved until the collapse of Germany and maybe for some time after that."

The WPB chairman said some time was spent in consideration of the various preliminaries, such as machine tool equipment, plant rearrangement and other technical questions that must be disposed of before automobile production can be resumed.

Motives At Bretton Woods Hearings

(Continued from page 1827)

Senator Aiken: I have just one other question. The Secretary, of course, is more aware than anyone else of a wide-spread campaign in this country to defeat the Bretton Woods Agreement, and of the fact that this campaign seems to be vigorously sponsored by certain New York banking houses which are known as international banking houses. Now, I wonder if the Secretary would be willing to tell us what in his opinion is the reason that the stabilization fund is being so vigorously opposed by these very large banking houses, whether their profits would be adversely affected by setting up the stabilization fund, as they are trying to influence certain parts of the Government, and whether their policies would be affected.

Secretary Morgenthau: I can't explain their psychology, but I can give you an account of the record, and the very same people who are now opposing—they say the Bank is all right, but they don't like the Fund—they have this record. They appeared before Congress and opposed Postal Savings. They appeared before Congress and vigorously opposed the Federal Reserve System. They appeared before Congress and they vigorously opposed the formation of the Securities and Exchange Commission. They appeared before Congress and vigorously opposed the Federal Deposit Insurance. They opposed not so vigorously, but criticized the creation of the American Stabilization Fund and now, as you put it, vigorously oppose the Bretton Woods proposal on the assumption that we could get along with one institution. Now, that is their record, and I think their record speaks much louder as to their attitude than any possible criticism that I might make of them.

Senator Aiken: Do you know of any reason why the earnings of a reputable, honest banking house should be adversely affected by the adoption of the Bretton Woods Agreement?

Secretary Morgenthau: Quite the contrary. I think their earnings would go up, and right now the earnings of the National Banks are higher than they have been any time since 1929, and that was under ex-President Roosevelt's marvelous leadership, and during that period from bankruptcy to the period now, the closing of the end of this last year, the national banks of this country last year earned more money than they have at any time since 1929, and I really believe that if Bretton Woods is passed — that these institutions, other things being considered, will still continue to make plenty of money. So, I can't give you the reason other than I think that their record speaks much louder than any interpretation that I can give.

An Exporter Testifies

Mr. Carl M. Wynne, speaking for the Chicago Export Managers Club, in a vigorous and complete endorsement of the Treasury position on BW also agreed with the Treasury views on the motives of bankers who oppose BW. In the course of his testimony Mr. Wynne said that BW will be of direct advantage to American exporters. He testified that he had been in close contact with the Treasury on currency stabilization well before the Treasury had sought the views of the bankers, and elicited from certain members of the committee spirited defense of the bankers, as well as some views of Congressman Wolcott not previously expressed by the Michigan representative and member of the United States delegation at the BW conference. Although Mr. Wynne is himself not well known in financial circles, for the reason mentioned his testimony is of interest here.

Mr. Wynne stated that, because his foreign customers could not obtain dollars to pay for their orders, he had studied the exchange problem. As for BW, he said: "I claim to know quite a good deal about it." He was for BW "wholeheartedly . . . completely . . . as is." But he wanted "three or four minutes" to talk about the opposition and their motives. On this topic he read to the committee a columnist's article, which Mr. Wynne endorsed "rather completely," and which said that the opponents of the BW Fund are "political isolationists . . . and a small group of powerful bankers in New York." These, Mr. Wynne added, "about 10 or 12 of the big New York banks who deal heavily in foreign exchange and who control the foreign exchange market in this country." They have a right to be against BW, said Mr. Wynne, while "we have a right to appraise their reasons."

One by one, Mr. Wynne sought to knock down the chief banker arguments against the BW Fund. He advised the Committee that those bankers "are against both the Fund and the Bank, because they said they were. Mr. [Winthrop] Aldrich made a speech in Chicago and he condemned both of them. Well, that sounded so crazy that even the people in his own bank were not in favor of it, so he hedged on it and now he says he is for the Bank. . . ."

"The real reason why the banks are against the Fund," according to Wynne, is because it will work too well. They do not want any kind of regulation that will diminish their power, or interfere with their avenue of profit, and that is why they are against the Fund."

Mr. Wynne expressed confidence that BW will work. However, he admitted that under BW he would still not take a chance, but would want to hedge his foreign exchange contracts until BW "shows that it will work." What he objects to is the banks' "influence towards keeping the unstable condition of exchange," adding: " . . . they would oppose any plan, just as they were against . . . the Federal Reserve System, which took away their power."

Congressman Wolcott Speaks Up

Congressman Jesse Wolcott, ranking Republican member of the Committee, rarely has much to say on BW, but Mr. Wynne's testimony resulted in much questioning by the Michigan representative. Mr. Wolcott saw no more reason for questioning the sincerity of the banker opponents of BW than to question that of Mr. Wynne, who had at least as much in the way of business profits at stake and "a little bit more, perhaps."

Wolcott asked Wynne just which bankers he meant, when he stated bankers are "heavily interested and dominate the exchange market." To quote only briefly from the transcript:—

Mr. Wolcott: What bankers in the United States dominate the foreign exchange market?

Mr. Wynne: The big New York banks.

Mr. Wolcott: Who are they?

Mr. Wynne: I would rather not mention them.

Mr. Wolcott: well, you have made the charge that you are not in favor of the position taken by the banks that dominate the foreign exchange market. We have had before us bankers who are high in banking circles, such as the members of the New York State Bankers Committee which represents as I understand it, both the small and big bankers in their report and in their report they came to the same conclusions as the American bankers did.

If you know of any particular banks that are working contrary to the interest of the American people, I think this Committee should have it and remedy it by proper legislation, if necessary.

Mr. Wynne: There is one bank in New York whose position is outspoken and well known, and I think it is perfectly proper for me to mention that bank. The head of the Chase National Bank, Mr. Aldrich, has made numerous statements to the public. I do not agree with his viewpoint. If he represents the view of the bank, and it is assumed that he does, I do not agree with the Chase National Bank.

Mr. Wolcott: Who else?

Mr. Wynne: The others have not been in the press. The other banks have not officially spoken, so far as I know on this, and I do not care to mention them.

Mr. Wolcott: Leon Fraser spoke before his death before this Committee. Randolph Burgess has spoken before this Committee.

Mr. Wynne: Dr. Burgess spoke as representing the ABA, not the National City Bank.

Mr. Wolcott: He spoke with a sincerity that convinced me that he was not only expressing the opinion of the American Bankers Association, but his own opinion as well.

Mr. Wynne: Well, he is a very convincing speaker, Dr. Burgess is.

Mr. Wolcott: Do you think that we should take the Bretton Woods Articles of Agreement as they are without any change?

Mr. Wynne: Yes, I do. I do not mean by that that I think they are perfect.

Mr. Wolcott: Well, is it not our job as Congressmen to do that?

Mr. Wynne: Well, here is the danger of doing that. There is not anything that you can do in Congress, in my humble opinion, by way of improving them that will not be done better later on, because you will be uncertain of just what you can do; you undoubtedly are now, and as you study them more, after you have heard a thousand more fellows like me, who thinks he knows something about it, you will be even more in doubt than you are now, as to just how you could change them and the chances are if you made a change you would make the wrong one. That is, there would be just as good chance that you would make a wrong one as a right one, let me put it that way.

I would say great concentration has been put on these agreements. The best financial minds that these countries could send to these conferences have concentrated on it. And they have presented a plan here with which you can find very little wrong. It will stand up under scrutiny and examination, and look awfully good.

Mr. Wolcott asked the witness to tell him the justification for giving Russia a quota of $1,200 millions in the Fund; to tell him whether political questions were not involved in setting up the quotas; whether Congress should not examine such matters before accepting the plan. To the last question, Wynne answer, "yes." Wolcott continued:—

Mr. Wolcott: Now, throughout these hearings, we have been constantly told that we can not touch the language of the Bretton Woods Articles of Agreement. We should not change them because, oh, for various reasons, that it would encourage other countries to offer suggestions, and there would be the necessity of calling a new conference, and so on. To me, that is just a lot of rubbish, because I believe that if we as a Congress can agree for participation on the part of the American Government in a manner which will effectuate the purposes of Bretton Woods, there is not another one of those 43 other countries that would not be glad to accept our position. . . . They know that if they make a fundamental change which is unsatisfactory to us, that we might not come in, and if we do not come in, there will be no Fund, and there will be no Bank, and we, as a nation, are in a much better position to ride the crest of these waves in the future alone than any other country in the world.

Mr. Wynne: Well, I would say this, has any one brought forth up to now an amendment or a change that is so important that it is entitled to favorable consideration? If so, I have not heard of it.

Mr. Wolcott: Certainly.

Mr. Wynne: You refer to the ABA report?

Mr. Wolcott: Yes, and the CED report, and several suggested changes in the enabling act in respect to our participation in the Funds. I think the Congress has got to provide for some closer liaison between the managers or the directors and governors of the Bank and Fund, and the Congress, I think, we are expected to exercise a little bit more control over our participation that is contemplated by the enabling act.

I am inclined to think that several things could be done to impel if not compel closer cooperation in the operation of the Bank and Fund, and these are things which would necessarily change the language of the Articles of Agreement.

By the same token, that we do not suggest any changes because of fear of other changes, the position which we take in providing a closer affiliation between the Bank and the Fund, in our enabling act, would encourage the other nations, of course, to take similar action. . . .

If the American Congress decides that the purpose of the Fund can be effectuated by establishing a stabilization department in the Bank, and that it is not necessary because of that action to set up a separate Fund, and it is somewhat apparent because of the majority action taken here in Congress, that the U. S. Government is willing to cooperate in effectuating the purposes of the Bretton Woods Agreement, but finds it unnecessary to set up two distinct organizations to accomplish that purpose, would there be any danger of the other 43 countries not coming in?

Fund Will Be Used for Capital Purposes

Mr. Wolcott: Why is it necessary to set up an eight billion, eight hundred million dollar fund, if the use of that fund is restricted solely to stabiliza-

(More dividend notices on page 1855)

tion? . . . Do you know whether or not that amount was predicated upon the fact that much of it would be used, not for stabilization of currencies, but for rehabilitation and reconstruction purposes?

Mr. Wynne: I do not think that they expected to use any of it for that.

Mr. Wolcott: Let me tell you then, that Russia, as I understand it, being intellectually honest, said that they are going to draw out all the exchange they possibly could get for rehabilitation and reconstruction purposes. That she would have to do that in order to neutralize. . . .

Is France not in the same position?

Mr. Wynne: To the extent that they use the Fund for that purpose, they will have less privilege and less use of the Fund for their current transactions.

Mr. Wolcott: All right, if all countries which have been devastated physically or financially used the Fund for rehabilitation and reconstruction purposes, the Fund would be exhausted so there would not be anything left for stabilization. . . . Do you not think that China is going to be in a position where she will want to take most of her $550,000,000 out for reconstruction and rehabilitation purposes? . . .

Russia, with a billion three hundred million dollars, I think we can safely assume that Russia and China will use the Fund for reconstruction and development, and many of the other countries. Do you not think it is logical to assume that many of the countries which are now reasonably stable, so far as their currencies are concerned, to get a favorable advantage in the postwar markets, will want to buy some heavy goods, and manufactured and consumer goods, and if she is going to predicate her stabilization upon the acquisition of enough capital goods with which to stabilize her industries so that it will follow ipso facto that her currency will be stabilized?

Patman Asks a Question

Congressman Wright Patman asked the witness a few questions, eliciting from him the estimate that 90% of this opposition to BW comes from the bankers, "those who are selfish about it." There followed this interchange:—

Mr. Wolcott: Why do you say that these bankers have a selfish motive in wanting to continue to assume these risks on unstable currencies. I do not understand that.

Mr. Wynne: Well, for instance, under present conditions, suppose they bought pesos very cheap. Suppose they bought pesos at the unofficial rate, in the Argentine, or suppose they created a scarcity of a foreign currency by several of them acting in concert?

Mr. Wolcott: All right, but you are assuming something that we have not got any right to assume, that legitimate bankers doing legitimate business are going out and creating conditions in world currencies because they are virtually gambling in exchange. I think we have a right to assume the bankers were telling the truth when they said that any bank they do that in is about in the same position as a banker who will bet on a horse race.

Mr. Wynne: Well, is it not a common practice among the banks.

Mr. Wolcott: No. The New York banker might try to make the peso cheap and the Chicago banker might try to make it expensive and they would get caught in a squeeze and lose a lot of money.

Mr. Wynne: It is not a common practice, but we know it has been done in the past and we know it can be done now and we know without some plan like this to make it difficult, it will undoubtedly be done in the future. It is not a common practice.

Mr. Patman: But the fee is definite and common?

Mr. Wynne: Oh yes.

Mr. Wolcott: It is not common practice for banks to manipulate foreign exchange which might result in prejudice to their stockholders. Of course not, so you are basing the conclusions that the bankers as you say are against this Fund although they have not said they were against the Fund, upon the practices of a few crooked bankers, which I hope are very much in the minority.

Mr. Wynne: No, that is not crooked. They have a right to do that. It is not illegal.

Mr. Wolcott: Well, it is illegal or crooked when they go out and manipulate exchange to the prejudice of our industries and farmers for the purpose of making a dollar or so. . . . I personally do not think you have made out a very good case in your imputation of a motive for any selfishness on the bankers' opposition to the Fund.

Representative Sumner Has a Point

Representative Sumner of Illinois was unable to get the witness to admit that BW constitutes a subsidy to exporters — although to Mr. Wolcott the witness had admitted the BW Fund would safeguard the interests of exporters. Miss Sumner, however, concluded that stabilizing the price of foreign exchange for the foreign trader is much like stabilizing market prices for the farmer, removing one risk from doing business.

When Did Treasury Consult Bankers on BW?

An interesting part of Mr. Wynne's testimony related to his conferences with the Treasury before that Department had sought the bankers' views on the experts' plan. As recorded in the transcript:

Mr. Wynne: I happen to know, Miss Sumner, that the Treasury has consulted every banker in this country who has an opinion worth listening to on stabilization and exchange. Because I have been in the meetings; I have been in the meetings with White and Bernstein, where it was discussed. They have consulted every opinion and shade of opinion. They have invited the fullest comment and criticism on the part of all the banks in New York interested in this problem, or any other cities in the country. I know, because I was in the meetings. They have consulted not only the orthodox, but the unorthodox opinion, and the public as well.

Miss Sumner: There was some complaint here from the bankers that they were not consulted. Would you mind telling me when those meetings were, because they were complaining they were not properly consulted.

Mr. Wynne: I can explain that to you. What they mean is that they were not consulted soon enough. They were not consulted freely until the story broke in London. In other words, this story broke in London, got in the press, was called the Keynes plan, and made the headlines over here. Up to that time the bankers had not been consulted freely. Some of them had been, but generally speaking, they had not been. Now, the reason why they had not been was because the Treasury had not made up its mind itself what they wanted to present to them. The matter was still under exploration, and it was their intention all along, when they did develop this plan, to the point where they thought it was as good as they could make it, for the time being, that they would throw it out on the table and let the bankers throw it apart and criticize it.

I know that because I raised the question with Dr. White myself. I knew about this for sometime back; just through certain circumstances. It is because I have contributed a little to it. I said: "At what point are you going to consult the bankers?" He said, "When we get something to consult them on. When we get it in definite form, then we are going to consult them on it. We want their opinion; we want to know what they think about it." But the thing leaked out in London before we wanted it to. It was too good to keep. So it got into the press over there and it forced the hand over here—in other words, we had to immediately announce it over here, which was done, the Secretary of the Treasury called several committees of Congress together, and I think this Committee, and told you about it. That was sometime back.

Miss Sumner: Did you urge them to consult the bankers?

Mr. Wynne: I would not say that I urged them to do it. I suggested it.

Miss Sumner: Did you ask them to?

Mr. Wynne: I suggested it, yes.

Miss Sumner: And they felt it was not —

Mr. Wynne: I felt that their position was all right. They had a good reason for waiting to consult the bankers until or unless they had a definite plan to present. But they did consult, from that point on, they consulted the bankers freely. There were many meetings with them, every banker had a chance to present his criticisms and his suggestions and they have received full consideration. You may be absolutely sure that that is true. . . .

And I believe—I do not know whether you have asked that question or not, but if you do,

I believe the bankers will tell you the technical provision of this Fund, as laid out in the Bretton Woods agreement, is fine.

Farm Bureau Meets Mr. Smith

The BW hearings have contained some expert testimony from both officials and bankers who obviously have given much study to the proposed Fund and Bank. Also, the hearings to date have included support for BW from various organization spokesmen who, under questioning, revealed inadequate familiarity with BW as an operating machine, but who rather were for the program "just because." In this category were witnesses representing the National League of Women Voters, the American Association of University Women, and the American Farm Bureau Federation.

When the latter was before the House Banking and Currency Committee, President Edward A. O'Neal did not do so well under cross examination by Congressman Frederick C. Smith (R.) of Ohio. The Congressman is an outspoken opponent of BW. Mr. Smith developed the fact that the Farm Bureau is on record as favoring development of foreign trade on the basis of balancing exports with imports. He elicited Mr. O'Neal's admission that the BW program, along with expansion of the Export-Import Bank and repeal of the Johnson Act, as provided in H. R. 2211, will result in a large addition to our exports, including farm products, which of course is the chief point of interest to the Farm Bureau. Congressman Smith proceeded to cross examine the witness concerning what new and additional imports this country could make to liquidate the billions in loans to be made through BW and otherwise; but Mr. O'Neal, despite obvious squirming, was unable even to create the impression that the Farm Bureau, in drafting its resolution on BW, had thought of that very important matter.

Mr. O'Neal said simply: "Let us give money now, in order to have trade." On what commodities we might import to pay for the loans we are to make: "Well, Mr. Smith, I can not be a prophet on that . . . That is a difficult question to ask . . . I am not an industrialist . . . You are asking me to be God Almighty." O'Neal was doubtless no little relieved when Chairman Brent Spence broke in with: "I think that the pursuit of this questioning of the witness serves no useful purpose."

Congressman Smith, however, concluded otherwise, to the effect that the Farm Bureau's stand on BW was not the result of "a careful study and analysis," but rather —in view of Mr. O'Neal's reiterated support of farm subsidies— was based on BW as a subsidy for farm interests through the stimulus to exports based on loans.

Hilbert Co. to Admit Sherow as Partner

Alonzo B. Sherow will become a partner in Hilbert & Co., 120 Broadway, New York City, members of the New York Stock Exchange, as of April 12th. Mr. Sherow was formerly in the New York office of Stein Bros. & Boyce and with with Paine, Webber & Co.

Investing in America's Vital And Growing Companies

(Continued from page 1826)

currence. Because these general price swings are frequently related to such an intangible factor as human psychology, I believe all here will freely admit that the science relating to them is not so exact as is true of individual security selection. Consequently, the security analyst has also turned his attention to ameliorating the influence of the cycle on his carefully selected stocks.

One method of coping with the general price cycle that has come into prominence over recent years has been the so-called formula plan. This plan has been dignified by its acceptance on the part of a number of prominent funds, such as those of Yale and Vassar. It recognizes that no recent price tree, with the possible exception of the German experience following World War I, has ever sunk its roots quite to China or lifted its branches quite to heaven. Accordingly, as prices in general move upward the plan contemplates a reduction in share holdings; as prices move downward, an addition in share holdings. All things considered, there is much to commend this approach. Its weakness, it seems to me, is that it may dull the investment sensibility to the occurrence of a sustained upheaval in prices, such as occurred throughout Europe following the last war, based upon permanent deteriorating in national monetary units. Under these conditions it is essential that full equity positions, granting proper selection, be maintained intact throughout the price rise in its entirety.

Today, I should like to deal with a method evolved in our own organization, not for excluding but, at least, for moderating the influence of the ugly little fact of the cycle on our hard earned work in the field of individual stock choice. Naturally, I hold that unless and until the long term capital gains tax becomes prohibitive, the ideal investment operation in stocks would be to accumulate a choice and full line at the exact bottom of a cyclical decline in general prices and to move out of this position at the exact peak of the succeeding cyclical upswing, repeating this process *ad infinitum*. Because I have been unable to perfect any such process, however, and because, during twenty-six years of experience in the Street, I have yet to find any one else who has. I have been forced to look around for other tools, in addition to such benefit as is nevertheless still to be gained out of following the cycle. One of the most helpful and satisfactory of these tools is the growth stock.

It has long been the practice of our organization each year to establish an approved list of stocks and to confine all purchases throughout the year to issues on such approved list. These approved lists have represented those issues out of all stocks traded over the New York Stock Exchange and New York Curb that were regarded as having the maximum appreciation possibilities over the twelve months ahead, all such issues being likewise subjected to certain tests as to satisfactory financial position and other factors having to do with the investment quality of the issue. This approved list has been revised during the course of the year, although once the list has been established in the early part of each year, there have been only a few changes during the succeeding quarter, the major changes in the list being at the beginning of the year when earnings estimates for the new year have been worked out by us.

In March of 1938, in establishing our list, out of the 600 or 700 issues examined, 184 were admitted to the approved group. As usual, these issues were selected, not only because of their satisfactory quality from a financial and managerial standpoint, but because our various statistical determinations indicated that, relative to the general market, such issues enjoyed attractive appreciation possibilities. **However, in the 1938 selections we determined upon another check, namely, we rated each issue as to whether, from a long-term or five to ten-year approach, we regarded the issue as being in a growth earnings trend, a stationary earnings trend, or a declining earnings trend.** For illustration, the leading chemical companies were accorded a long-term growth rating; a majority of the steel stocks, a stationary growth trend; and the few railroad stocks that were on our approved list, because of their twelve-month appreciation outlook, had to be accorded a declining growth trend. Those long-term ratings were established because of our belief, based upon the history of a considerable number of sizable accounts placed under our supervision, that, over a broad period, the issue that was enjoying long-term growth in earnings as against a stationary or declining trend of earnings should develop the most creditable performance for the investment account. We, therefore, felt that by so rating, in early 1938, our total list of approved issues we could, over a period of several years, obtain a check upon the validity of this belief, with the hope of improving our methods of selecting investment stocks. Of the 184 stocks which appeared on our total approved list in the first quarter of 1938 as attractive from a cyclical viewpoint. 50 stocks rated as being in a long-term growth or "+" trend, 104 stocks in a long-term stationary or "o" trend, and 30 stocks in a long-term declining or "—" earnings trend.

In the somewhat over two years that elapsed from March 31, 1938 to June 10, 1940, the general market, as reflected by the Dow-Jones industrial average, advanced from March 31, 1938 to Nov. 12, 1938 by some 60%; declined from Nov. 12, 1938 to April 8, 1939 some 23%; advanced from April 8, 1939 to Sept. 13, 1939 around 28%; and, from Sept. 13, 1939 to June 10, 1940, declined around 28%. The net effect of these various moves was to leave the Dow-Jones industrial average, on June 10, 1940, approximately 13% above its level of March 31, 1938. In other words, over the two-year period the market just about made a round trip. The period was a critical one inasmuch as it witnessed the gradual deterioration in European political conditions, the outbreak of war, and the conquest of Continental Europe by the German armies. From a standpoint of testing the selection of stocks as discussed above, based upon their long-term earnings trends, the period, however, might be regarded as almost ideal in the sense that both upward and downward markets of considerable dimension were witnessed, with the overall period, as noted above, ending not far from where it started.

On the diagrams that are before you we have indicated the performance of the various groups over the two-year period in question. The first chart shows the price course of the four groups of stocks for the period March 31, 1938 to June 10, 1940. These groups, in order, are the Dow-Jones average (solid line), the 50 stocks designated by us in early 1938 as possessing long-term growth or "+" trends (dashed and dotted line), the 104 stocks designated by us as having a long-term stationary or "o" earnings trend (solid line with circles), the 30 stocks designated by us as having a long-term declining or "—" earnings trend (dashed line).

It will be noted, in the cyclical rise occurring in the year 1938, that all three of the designated groups, that is, the "+," "o," and "—" stocks making up our total choice of 184 stocks, materially exceeded the rise in the Dow-Jones industrial average, the movements shown representing percentage changes. This ability of all three groups to appreciate more widely than the general market was in line with and confirmed the validity of our approved list selection methods at the time, which, as noted above, was chosen on the basis of a selected group of issues out of all traded over the New York Stock and Curb Exchanges that should do better than the general market. However, studying the performance of the various stocks over the two-year period, it will be noted that the 50 growth issues gradually moved ahead of the balance of the list, that is, the stationary issues, the Dow-Jones average, and the declining earnings issues.

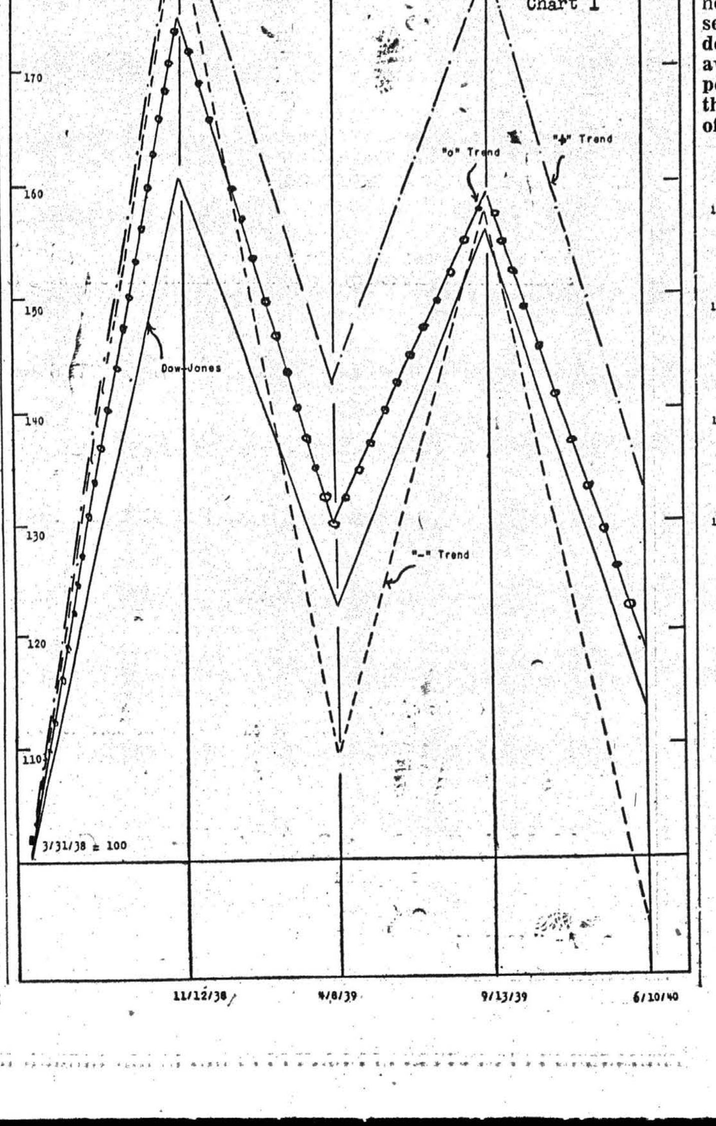
Of particular interest is the fact that while the growth issues were materially above the Dow-Jones average at the close of the two-year period, the declining earnings issues were materially under the Dow-Jones average. It should be borne in mind that these declining issues, however, had been previously subjected to certain quality checks by us which lent a certain measure of strength to them. Had the list of declining issues been as broad as the list of stationary or growth issues, undoubtedly the decline would have been considerably more over the two-year period. Specifically, the Dow-Jones average, for the two-year period, or from March 31, 1938 to June 10, 1940, advanced by 13.0%; the growth issues, by 33.2%; the stationary issues, by 18.5%, whereas the declining issues registered a net loss of 6.3%. **Making the conservative assumption that dividend return on the growth issues averaged out at 4% a year, the performance of these issues over the two-year period on the basis of dividends plus appreciation in market value was at the rate of approximately 20% annually—this despite the fact that critical conditions endured throughout the two-year period as concerned the general market movement.**

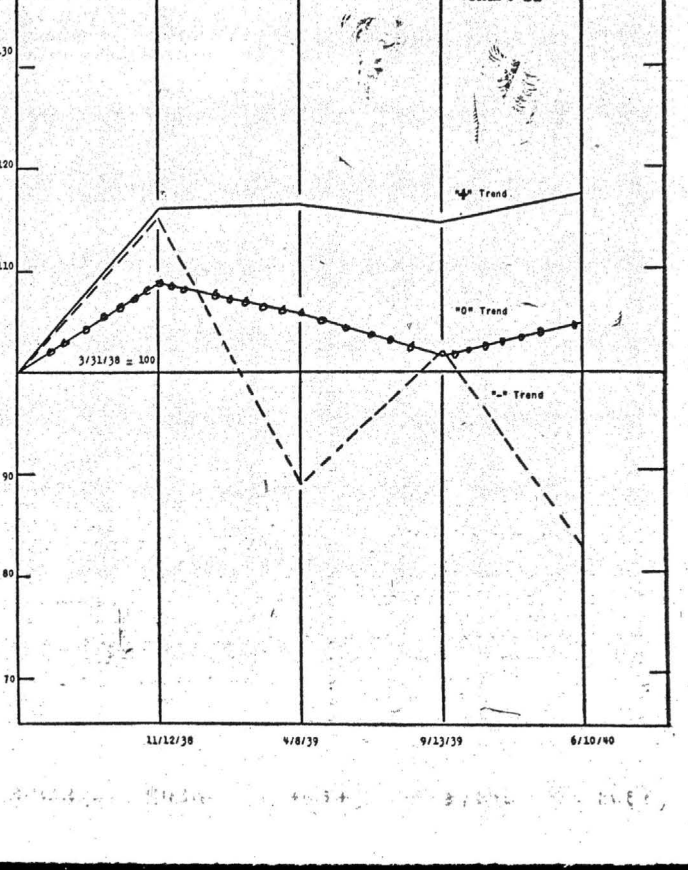
Chart II merely presents the results of Chart I in a different way. This chart shows where the holder of the growth or "+" issues, the stationary or "o" issues, or the declining or "—" issues would have stood at the end of the two-year period as against one who held the general market, as reflected by the Dow-Jones industrial average, over the same period.

Chart III is a study in which the 50 growth stocks selected by us in 1938 are shown as to performance, not only for the period from 1938 into 1940, but whose price course is retrospectively carried backward to 1921 on a statistical basis which permits a comparison of the price course of these issues with the general market. The purpose of this check was merely to determine growth performance over a broader period than the actual two-year test made by us, as previously discussed. This retrospective check tends to bear out, over a broader interval, the same conclusions to be arrived at on the basis of the two-year selections as initially worked out in 1938. Of course, one may question whether these issues would have been designated as growth stocks in 1921, but there is no question as to their designation or superior performance between early 1938 and mid 1940. This twenty year chart, in a secular or decade to decade, way, repeats the experience of the 1938-1940, or cyclical chart, namely, that the growth issue meets support at successively higher levels at each important bottom. It also reaches successive new highs at each important top.

Chart IV shows the performance of certain individual issues out of the total 50 stocks in our growth or "+" list which were favored for purchase during the period by us as against the performance of the Dow-Jones industrial average over the two-year period. For illustration, whereas the Dow-Jones industrial average advanced some 13% over the period, Square D showed an advance of some 150% over the period.

In summary, by selecting stocks on the basis of the attractiveness of their long-term earnings outlook the investor, while in no way





losing the advantages of a cyclical or one to two-year upswing in business, establishes a portfolio which, over a considerable number of years, including business declines as well as advances, should gradually appreciate in market value and income return in comparison with the general market. Stated otherwise, whereas the general market reflects, over any period broad enough to iron out the cyclical or 1 to 3 year earnings, the progress of all industry within the country, a selection of growth issues represents the segment of all industry that is demonstrating the greatest vitality and growth. Railroad stocks during the closing decades of the past century, oil stocks early in this century, automobile stocks from 1910 to 1929, each, in turn, along with others, belonged in the growth group. Other issues are now to be emphasized, among which plastics and other chemicals, metal alloys and air transportation are abovious examples.

This 1938-1940 experience substantiated, at least to our minds, the proposition initially assumed by us in early 1938, namely, that the growth stock merited particular emphasis in selection. Accordingly, during what we then regarded as the accumulative market period—speaking in terms of the general price cycle — of 1940-1942, we devoted our full attention to the growth issue, feeling that by stressing it and eliminating stocks with a long-term stationary or declining earnings trend, the investor's holdings should respond most fully to favorable industry and company influences seen as ahead and be best able to withstand the erosion continuously being witnessed throughout the field of corporate investment.

The results of our growth selections have not disappointed us. For comparison with leading and representative stocks in general, as reflected by the Dow-Jones industrial average, of some one hundred odd issues of investment grade, medium risk and speculative grade category making up our current list an average advance from the 1942 lows to the recent March highs of 114% had been achieved if each issue is given equal weight; of 159% if each of the 3 groups—investment grade, medium risk, speculative grade—instead, are given equal weight. Over the same period the stocks in the Dow-Jones industrial average advanced by 80%. The average itself advanced by 75% but the above 80% calculation allows for the individual stocks in the average making their lows and their highs, not simultaneously, but on different dates.

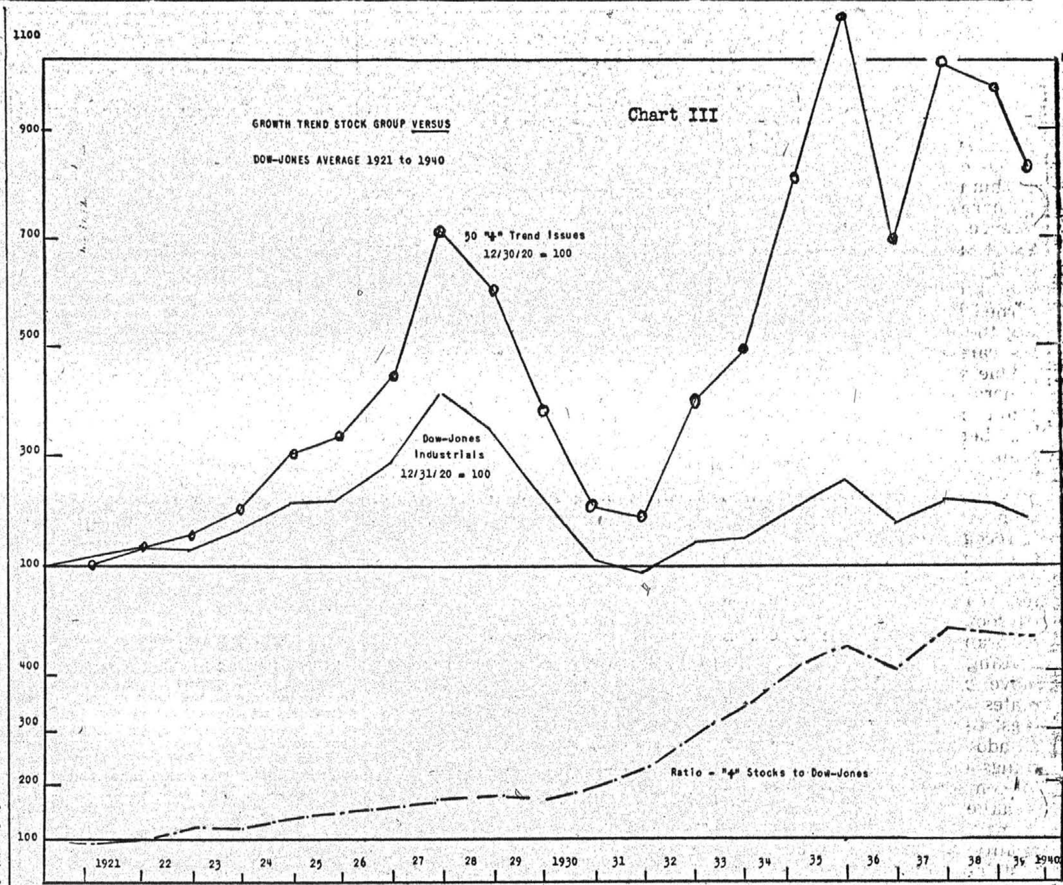
When in the 1940-42 accumulation period the nature of the excess profits tax was known, our insistence on emphasizing the growth issue was subject to some criticism on the ground that such a tax would, for the duration, penalize this type of company. And the tax has penalized the growth of company by retarding current earnings as against what they would have been if no prewar standard of normal earnings had been set up. Yet, despite this penalty, the growth issues, as just indicated, have out-performed the general list.

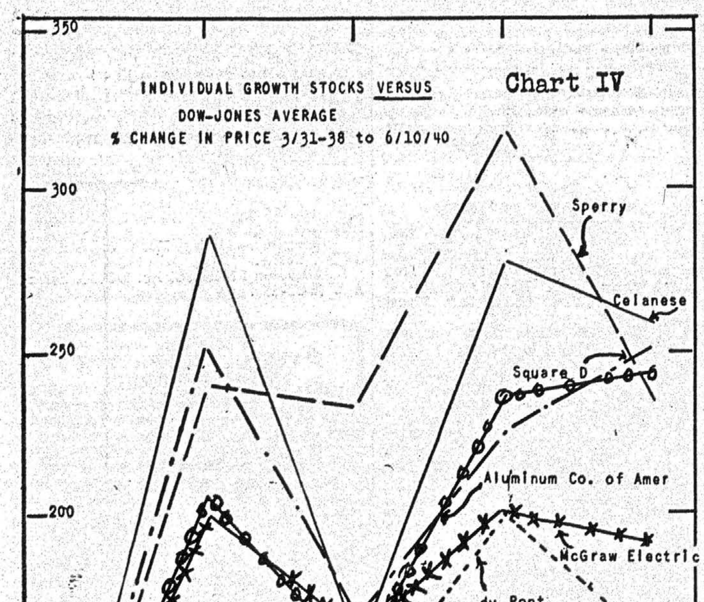
Another criticism of the growth approach has been that it excludes what we term the special situation. This may be some single economy, or some one or more industries, where long-term earnings growth is not under way but where one or more years of excellent earnings or increased asset values may be foreseen because of some controlling though passing development. Rails and public utility holding company preferreds are examples in the current cycle; undoubtedly railroad equipments will be among examples in the next cycle. In answering this criticism let me point out what can be done with the growth stock as an offset to what we term the special situation.

During 1940 to 1942 we intermittently recommended one growth stock and another for purchase. Recognizing, as did every one else, the precarious period through which we were passing, we were particularly attracted to issues of investment grade when they become available on a 5% yield basis. Two examples, in particular, were Owens Illinois Glass at 40 on a $2 dividend and Union Carbide at 60 on a $3 dividend. However, when the market, in April, 1942, broke well under the 100 level on the Dow-Jones average, it seemed to us that the market was on the bargain counter. Accordingly, we culled over our total list of growth issues with the thought of narrowing down to a package of some 20 issues. This package was further subdivided to meet the tastes of our various investors, into 10 investment grade stocks, 5 speculative grade stocks and 5 low-priced speculations. On May 23, 1942, we issued this list to our subscribers. It represented our only "Especial" buying bulletin of the 1940-42 period. This study is included with the charts that you have, giving not only the list of stocks but the reasons why we believed they were a purchase and the methods by which we narrowed down to the smaller number of 20. Of chief interest has been their performance from May 23, 1942, prices to the recent March highs. The 10 investment grade stocks had advanced, on average, 98%; the 5 speculative stocks, 182%; the 5 low-priced speculations, 510%.

The point I wish to make is that here is an "especial" list, chosen entirely out of stocks regarded by us as growth issues. This list included no special situations such as rails or utility holding company preferreds. Yet, I would be interested in seeing a list of "special situations," chosen at the time, that, quality for quality of stocks, out-performed these growth selections. Please bear in mind that I feel the "special situation" approach is also a valuable one. I am merely trying to show advocates of "special situation" stocks that the growth approach is not without merit also, particularly when it is borne in mind that special situations come and go with each cycle, and are discerned but by the few, as against which the growth stock is plenteous, if not in majority, and is with us, cycle on cycle. Furthermore, it works while you sleep, cycle without end. You can afford to get caught with it at a top, because it will do better at the next top. Neither do I think that the value of the growth approach is diminished when I say that we recommended to our clients the sale of the 5 low-priced selections when, a year after their purchase was recommended, they had advanced, on average, only 290%. This recommendation was a function of policy, not stock selection.

Lastly, let me point out that with lifting of the excess profits tax—which we all expect in a year or two—the growth stock should be given an added impetus. Then it should come in alignment with its natural earnings trend, which trend has been moving upwards during the war period, although concealed by the excess profits tax.





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 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. April 9 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).
Details—See issue of April 19.
Offering—The price to the public will be filed by amendment.
Underwriters—F. Eberstadt & Co., is named principal underwriter.

SUNDAY, APRIL 29

GRAHAM-PAIGE MOTORS CORP. April 10 filed a registration statement for 200,000 shares of 5% convertible preferred stock cumulative (par $25).
Details—See issue of April 19.
Offering—Price to the public will be filed by amendment.
Underwriters—Allen & Co., New York.

MONDAY, APRIL 30

GIBSON REFRIGERATOR CO. April 11 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.
Details—See issue of April 19.
Offering—Price to the public is $11.75 per share.
Underwriters—Paul H. Davis & Co., and Shillinglaw, Bolger & Co., Inc. of Chicago, are named principal underwriters.

B. F. GOODRICH CO. April 11 filed a registration statement for $35,000,000 first mortgage bonds series due 1965. The interest rate will be filed by amendment.
Details—See issue of April 19.
Offering—Price to public will be filed by amendment.
Underwriters—Goldman, Sachs & Co. is named principal underwriter.

FAIRCHILD ENGINE AND AIRPLANE CORP. April 11 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.
Details—See issue of April 19.
Offering—The price to the public will be filed by amendment.
Underwriters—Smith, Barney & Co. head the underwriters, with the names of others to be filed by amendment.

TUESDAY, MAY 1

UNITED STATES PLYWOOD CORP. April 12 filed a registration statement for 100,000 shares of common stock (par $1).
Details—See issue of April 19.
Offering—Price to the public will be filed by amendment.
Underwriters—Eastman, Dillon & Co., is principal underwriter, with names of others to be filed by amendment.

MOBILE GAS SERVICE CORP. April 12 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.
Details—See issue of April 19.
Offering—Offering price to the public will be filed by amendment.
Underwriters—The shares are to be offered for sale at competitive bidding by Consolidated. Names of the underwriters will be filed by amendment.

WEBSTER-CHICAGO CORP. April 12 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.
Details—See issue of April 19.
Offering—The price to the public is $[illegible].75 per share.
Underwriters—Principal underwriters are Brailsford & Co. and Shillinglaw, Bolger & Co., Inc., both of Chicago.

MORRISON-KNUDSEN CO., INC., April 12 filed a registration statement for 4,000 shares series M 5% and 3,000 shares series [illegible] 6% cumulative preferred stocks both $100 par value; $100,000 series G 3% and $[illegible]30,000 series Q 3% certificates.
Details—See issue of April 19.
Offering—The preferred stock will be sold at par. The certificates also will be sold at par.
Underwriters — Wegener & Daly, Inc., who, is underwriter for the preferred stock. The certificates will be sold through officers and employees of the company.

WEDNESDAY, MAY 2

TENNESSEE GAS & TRANSMISSION CO. April 13 filed a registration statement for $[illegible],000,000 first mortgage pipe line bonds, [illegible]% series due 1965 and 75,000 shares of [illegible]% cumulative preferred stock, par $100.
Details—See issue of April 19.
Offering—Price to the public will be filed by amendment.
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.

BALTIMORE PORCELAIN STEEL CORP. April 13 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).
Details—See issue of April 19.
Offering—The price to the public is $5 per unit consisting of one share of preferred and one share of common stock.
Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

THURSDAY, MAY 3

LINK-BELT CO. April 14 filed a registration statement for 100,000 shares of common stock (no par).
Details—See issue of April 19.
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.
Underwriters — Kidder, Peabody & Co., heads the list of underwriters, with names of others to be filed by amendment.

SATURDAY, MAY 5

RUSS BUILDING CO. has filed a registration statement for $2,000,000 4¼% 20-year sinking fund debentures due 1965.
Address—San Francisco, Cal.
Business—Operating office building.
Offering—Price to the public will be filed by amendment.
Proceeds—Redemption of 6% first mortgage sinking fund gold bonds series A due 1951.
Underwriters — Blyth & Co., Inc., is named principal underwriter, with others to be named by amendment.
Registration Statement No. 2-5704. Form S-1. (4-16-45). Registration statement originally filed in San Francisco.

SUNDAY, MAY 6

FRED B. PROPHET CO. has filed a registration statement for 100,000 shares of common stock (par $1). Shares are issued and outstanding and are being sold by Fred B. Prophet, President, Treasurer and Director.
Address—706 Fisher Building, Detroit, Mich.
Business—Industrial catering business.
Offering—Of the shares registered the underwriters have purchased 86,500 which will be offered to the public at $6.25 a share. The remaining 13,500 shares will be offered by Mr. Prophet to officers, directors and employees of the corporation at $5.25 a share. Any of the 13,500 shares not purchased by such officers, etc., will be purchased and offered to the public by the underwriters at $6.25 a share.
Proceeds—Will go to the selling stockholders.
Underwriters—Smith, Hague & Co., Detroit, and Straus & Blosser, Chicago, are named principal underwriters.
Registration Statement No. 2-5702. Form S-1. (4-17-45).

THERMOID CO. has filed a registration statement for $3,000,000 first mortgage bonds due April 15, 1960, and convertible preferred stock, $2.50 cumulative, par $50. The interest rate on the bonds and the number of shares of preferred will be filed by amendment.
Address—Whitehead Road, Trenton, N. J.
Business—Manufacture and sale of various types of automotive friction and rubber products, etc.
Offering—Price to the public will be filed by amendment.
Proceeds—To redeem at 106 and accrued interest $2,406,000 4¼% first mortgage bonds and $600,000 demand notes, balance will be added to working capital. The notes to be redeemed are guaranteed by the company and were issued by Thermoid Textile Co., a subsidiary, to provide funds for the acquisition by Textile of all of the outstanding stock of Thermoid of California, Inc., and for a loan of $98,000 to the California company to provide it with working capital.
Underwriters—Blyth & Co., Inc. and Estabrook & Co. are the principal underwriters for the bonds. The names of others will be filed by amendment. The name of the stock underwriter will be filed by amendment.
Registration Statement No. 2-5703. Form S-1. (4-17-45).

MONDAY, MAY 7

JOSEPH E. SEAGRAM & SONS, INC. AND DISTILLERS CORP. - SEAGRAMS, LTD. have filed a registration for $50,000,000 20-year debentures due May 1, 1965. The bonds are to be guaranteed unconditionally by Distillers-Corp.-Seagrams, Ltd. Interest rate will be filed by amendment.
Address — 405 Lexington Avenue, New York City.
Business—Company and its subsidiaries distil, blend and market various brands of whiskies and gins.
Offering—Price to the public will be filed by amendment.
Proceeds—Will be applied to pay off $15,000,000 in bank loans of Joseph E. Seagram & Sons, Inc., and subsidiaries and the balance will be added to working capital.
Underwriters—Harriman Ripley & Co., Inc. head the list of underwriters, with names of others to be filed by amendment.
Registration Statement No. 2-5705. Form A-2. (4-18-45).

SOUTHWESTERN ELECTRIC SERVICE CO. has filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).
Address—Republic Bank Building, Dallas, Texas.
Business—Company was incorporated on April 14, 1945, to acquire from Southwestern Public Service Co., electric properties serving two groups of communities in the east central portion of Texas.
Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.
Proceeds—A portion of the proceeds will be paid to Southwestern Public Service for the Texas properties and the remainder will be retained by the company as initial working capital.
Underwriters—To be filed by amendment.
Registration Statement No. 2-5706. Form S-1. (4-18-45).

TUESDAY, MAY 8

TEXTRON INC. has filed a registration statement for $5,000,000 15-year 4½% convertible debentures due April 1, 1960. The debentures will be convertible for a period of six years from April 1, 1945, into common stock on the basis of 30 shares of common for each $1,000 principal amount of debentures if conversion takes place between April 1, 1945, and March 31, 1947, and 25 shares in the next two years and 20 shares in the remaining two years.
Address — 808 Turks Head Building, Providence, R. I.
Business—Rayon yarns, etc.
Offering—Price to the public will be filed by amendment.
Proceeds—Approximately $1,930,075 will be used to redeem at 102½ $1,883,000 15 year 5% convertible debentures; $500,000 to purchase from American Associates, Inc., $500,000 of debentures of Newmarket Manufacturing Co.; to repay American Associates the unpaid balance of a loan and to reduce an outstanding bank loan.
Underwriting—Principal underwriters are Blair & Co., Inc., New York, and Maxwell, Marshall & Co., Los Angeles.
Registration Statement No. 2-5707. Form S-1. (4-19-45).

POTOMAC EDISON CO. has filed a registration statement for 63,784 shares of preferred stock (par $100). The dividend rate will be filed by amendment.
Address — 55 East Washington Street, Hagerstown, Md.
Business—Public utility.
Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.
Purpose—For refinancing the outstanding preferred stock.
Underwriters—The company will retain a dealer-manager to aid it in obtaining acceptances of the exchange offer.
Registration Statement No. 2-5708. Form S-1. (4-19-45).

LAISTER-KAUFFMAN AIRCRAFT CORP. has filed a registration statement for 17,702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).
Address—201 North Fourth Street, St. Louis, Mo.
Business—Manufacture of gliders, cargo fuel tanks for airplanes, etc.
Offering—The offering initially will be made to stockholders of the company.
Proceeds—For construction, equipment, development and working capital.
Underwriters—John R. Kauffman Co. is named principal underwriter.
Registration Statement No. 2-5709. Form S-1. (4-19-45).

CITY STORES CO. has filed a registration statement for 125,000 shares of common stock (par $5). Shares are issued and outstanding and are being offered by Bankers Securities Corp., parent.
Address—1315-17 Walnut Street, Phila., Pa.
Business—Holding company owning directly or indirectly all of a substantial majority of six department stores: Lit Brothers, Phila.; Maison Blanche, New Orleans; Lowenstein's, Memphis; Loveman, Joseph & Loeb, Birmingham; Kaufman Straus, Louisville, and R. H. White, Boston.
Offering—The price to the public will be filed by amendment.
Proceeds—The proceeds will go to the selling stockholder.
Underwriters—Lehman Brothers is named principal underwriter.
Registration Statement No. 2-5710. Form S-1. (4-19-45).

WEDNESDAY, MAY 9

THOMPSON PRODUCTS, INC. has filed a registration statement for 60,000 shares of 4% cumulative preferred stock (par $100).
Address—2196 Clarkwood Road, Cleveland, and 23555 Euclid Avenue, Euclid, O.
Business—Manufacture and sale of a wide range of engines and other parts for automobiles, trucks, tractors, etc., parts for aircraft engines, marine and industrial engines, etc.
Offering — Company is offering 45,000 shares of new preferred to holders of its 45,000 shares of 5% preferred in exchange on a share for share basis plus a cash adjustment being the difference between the offering price of the new preferred and the present $107 redemption price of the 5% preferred. The unexchanged shares and the 15,000 remaining shares will be offered by underwriters at a price to be filed by amendment.
Purpose—Proceeds will be used to redeem any unexchanged shares of 5% preferred, to retire $900,000 outstanding notes, and for working capital.
Underwriters—Principal underwriters are Smith, Barney & Co., and McDonald & Co.
Registration Statement No. 2-5711. Form S-1. (3-20-45).

PRINCESS SHOPS, INC., has filed a registration statement for 25,000 shares of 60 cent cumulative dividend preferred stock (par $5) and 25,000 shares of common stock (par 50 cents).
Address—101 West 31st Street, New York City.
Business—Operates shops selling women's and children's wear.
Offering—The stock is being offered in units consisting of one share of preferred and one share of common at $10 per unit.
Proceeds—Proceeds from sale of stock, with other funds of the company, will be used to pay the cost of opening additional stores, inventory and working capital for the new stores, etc.
Underwriters — First Colony Corp. and Childs, Jeffries & Thorndike, Inc. head the underwriters, with the names of others to be filed by amendment.
Registration Statement No. 2-5712. Form S-1. (4-20-45).

HUSSMAN-LIGONIER CO. has filed a registration statement for 30,000 shares $2.25 cumulative preferred stock (no par) with accompanying common stock purchase warrants.
Address—2401 N. Leffingwell Avenue, St. Louis, Mo.
Business—Manufacture of commercial refrigerators and refrigerator display cases, meat grinders and coffee mills, etc.
Offering—Company is offering to holders of its common stock right to subscribe to one share of the new $2.25 preferred for each 5.7 shares of common held at a price to be filed by amendment.
Proceeds—Net proceeds will be applied to reimburse company for funds set aside or used to redeem and cancel all the 9,870 shares of preferred series of 1936 at $53 per share and accrued dividends, estimated to require $529,895; $500,000 for expansion of manufacturing facilities and the balance added to working capital.
Underwriters—W. E. Hutton & Co. is named principal underwriter.
Underwriters will purchase unsubscribed stock and offer it to the public at a price to be filed by amendment.
Registration Statement No. 2-5713. Form S-1. (4-20-45).

SAN JOSE WATER WORKS has filed a registration statement for 79,739 shares of common stock (par $25). The shares are issued and outstanding and were purchased by the underwriters from General Water Gas & Electric Co.
Address—374 West Santa Clara Street, San Jose, Cal.
Business—Public utility water company.
Offering—The price to the public will be filed by amendment.
Proceeds—Will go to the selling stockholders.
Underwriters — Union Securities Corp., Harriman Ripley & Co., Inc., W. C. Langley & Co., Hornblower & Weeks and Kuhn, Loeb & Co., who purchased the shares.
Registration Statement No. 2-5721. Form S-2. (4-20-45).

CALIFORNIA WATER SERVICE CO. has filed a registration statement for 116,568 shares of common stock (par $25). The shares are issued and outstanding and were purchased by the underwriters from General Water Gas & Electric Co.
Address—374 West Santa Clara Street, San Jose, Cal.
Business—Public utility water company.
Offering—The price to the public will be filed by amendment.
Proceeds—Will go to the selling stockholders.
Underwriters — Union Securities Corp., Harriman Ripley & Co., Inc., W. C. Langley & Co., Hornblower & Weeks and Kuhn, Loeb & Co., who purchased the shares.
Registration Statement No. 2-5722. Form S-2. (4-20-45).

THURSDAY, MAY 10

HINDE & DAUCH PAPER CO. has filed a registration statement for 35,900 shares of $4 cumulative convertible preferred stock (par $100) and 119,666⅔ shares of common (par $10). The latter are being registered in event of the conversion of the preferred stock.
Address—407 Decatur Street, Sandusky, Ohio.
Business — Principal business manufacture and sale of corrugated and solid fibre boxes and packing materials, etc.
Offering—Company is offering to holders of its 35,900 shares of $5 cumulative convertible preferred right to exchange such shares, on a share for share basis, subject to certain dividend adjustments. Any unsubscribed shares will be purchased by underwriters and offered to public at a price to be filed by amendment.
Proceeds—Any proceeds from sale to underwriters of unexchanged preferred, with additional funds of the company, will be applied to the redemption of any outstanding $5 preferred stock at $105 per share plus accrued dividends.
Underwriters—Glore, Forgan & Co. and Maynard H. Murch & Co. are principal underwriters.
Registration Statement No. 2-5714. Form A-2. (4-21-45).

EKCO PRODUCTS CO. has filed a registration statement for 29,664 shares of cumulative preferred stock, 4½% series (par $100), and 240,000 shares of common (par $5). Shares are issued and outstanding and are being sold by certain stockholders.
Address — 1949 North Cicero Avenue, Chicago.
Business—Producer of bakers' and household tinware, kitchen tools and cutlery.
Offering—Prices to the public will be filed by amendment.
Proceeds—Will go to the selling stockholders.
Underwriting—Union Securities Co. is named principal underwriter.
Registration Statement No. 2-5716. Form S-1. (4-21-45).

COVENTRY GOLD MINES, LTD., has filed a registration statement for 333,333 shares of common stock.
Address — McKinnon Building, Toronto, Canada.
Business—To explore and develop gold mining properties.
Offering—Price to the public is 30 cents per share.
Proceeds—For development, etc.
Underwriting—None named. The company proposes to market its own securities.
Registration Statement No. 2-5717. Form S-3. (4-21-45).

TEXAS POWER & LIGHT CO. has filed a registration statement for $31,500,000 first mortgage bonds due 1975. Interest rate will be filed by amendment.
Address — Interurban Building, Dallas, Texas.
Business—Public utility.
Offering—Bonds will be offered for sale at competitive bidding with the successful bidder naming the interest rate. The price to the public will be filed by amendment. Of the bonds registered $4,900,000 are to be issued to American Power & Light Co., in exchange for a like amount of outstanding 4¾% series due 1965. The balance $26,600,000, will be issued and sold at competitive sale.
Proceeds—The net proceeds from the sale of $26,500,000 of bonds and $2,500,000 of 2% 10-year notes together with company cash, including cash to be received from parent, American Power & Light Co., will be used to redeem company's funded debt at an aggregate expenditure of $40,288,875. Prior to, or concurrently with, the issue of the new bonds and notes, American will make a contribution of $8,500,000 in cash to the common stock equity of Texas. The company proposes to credit this contribution to capital surplus, which, together with the amount of $5,000,000 to be credited to capital surplus through the surrender for cancellation by American of 1,500,000 shares of common stock of the company and the restatement of the remaining 2,500,000 shares of common stock at $6 per share, will create a capital surplus in the amount of $13,500,000. Texas will also make plant adjustments.
Underwriters—To be filed by amendment.
Registration Statement No. 2-5718. Form S-1. (4-21-45).

SATURDAY, MAY 12

A. HARRIS & CO. has filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).
Address—Main & Akard Streets, Dallas, Texas.
Business—Retail department store.
Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.
Proceeds—Of the net proceeds $525,000 will be applied to the retirement of company's 7% preferred stock at $105 per share and $145,000 will be used for general corporate purposes.
Underwriters—Dallas Rupe & Son of Dallas, Texas.
Registration Statement No. 2-5720. Form A-2. (4-23-45).

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.

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.

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 in-

terest, 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.

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.

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 to public, the preferred at $27.50 per share and the common at $36 per share.

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 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to date of redemption. Company proposes to make a cash adjustment which, together with dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange privilege a dividend at rate of $7 per share per annum or $6 per share per annum, respectively, up to respectively up to the redemption date of these stocks.

Kirchofer & Arnold and R. S. Dickson & Co., Inc. are dealer managers.

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.

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.

DIANA STORES CORP. on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants.

Details—See issue of Feb. 15, 1945.

Offering—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants and the payment of $7 per share.

Underwriters—Not named.

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.

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.

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.

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.

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.

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.

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.

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 public will be filed by amendment.

Underwriters—The principal underwriter is Allen & Co.

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.

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.

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.

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.

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.

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.

TIDE WATER ASSOCIATED OIL CO. on April 6 filed a registration statement for 300,000 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 preferred stock the right to exchange such shares for the new preferred and for the new preferred convertible preferred stock the right ers with names of others to be filed by amendment.

Underwriting—Kuhn, Loeb & Co., and Lehman Brothers are principal underwriters; ferred 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.

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.

Underwriters—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.

Registration Statement withdrawn April 17.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Treasury, in not offering the intermediate-term 2% bonds in the Seventh War Loan, and by prohibiting the insurance companies and savings banks from selling the medium-term issues acquired in previous drives, while offering the 1½% bonds only to individuals and to a limited extent to banks with savings deposits, has modified extensively it's previous policy and has created an entirely new pattern of financing. . . . If the Treasury is able to adhere to this policy it will achieve the following results:

(1) Lower cost of financing and eliminate the constant turnover of government bonds by insurance companies and savings banks.
(2) Finance the deficit without the aid of the banks.
(3) Laid the foundation for the sale of lower coupon obligations to the banks after hostilities cease, when the ability of ultimate investors to absorb government securities is diminished.
(4) Ascertain the absorptive capacity of the market outside of the banks.

POSES SEVERAL QUESTIONS

This departure by the Treasury from the previously established method of war financing raises the question: will the new pattern be successful . . . ?

Also, would one successful War Loan drive under the new method be sufficient proof of the ability of the Treasury to finance its needs without bank credit . . . ?

It was pointed out by informed students of the money markets that the Treasury in the six previous War Loan drives was not able to meet its needs through the sale of its obligations to ultimate investors and had to rely heavily on the banks. . . . Exclusive of the purchase of securities by Federal, it is indicated that the commercial banks, during the several drives, were responsible for between 36% to 47% of the total amounts raised, which shows their importance in these drives. . . . Also figures showing the increase in the total government debt for the calendar years reveals that in 1942 the portion of the debt increase taken by the banks was 49%; in 1943 it was 42%; in 1944 it was about 37%. . . .

Since the Treasury has had to rely so extensively on the banks in the past, there is considerable doubt as to whether the government will be able to meet its needs in the future without these institutions. . . .

WHAT OF THE FUTURE?

If the Treasury should succeed in attaining its goal in the Seventh War Loan, will this new policy permit the financing of future deficit . . . ? It was pointed out that if these deficits were small, it might be possible for the Treasury to do this, but it is indicated that the excess of expenditures over receipts will continue to be large for a considerable period. . . . The end of the war in Europe will not bring any drastic reduction in expenditures, maybe $15 to $20 billions at the most, while revenues will also decrease, so that the deficit for 1945-46 is bound to be substantial. . . .

Also it is believed that for at least one year after the end of the war in the Pacific the deficit will be large, so that no material change for some time is indicated in the needs of the Treasury for funds. . . .

Also, during the reconversion period, redemption of government obligations owned by individuals and corporations will conceivably be large. . . . Based on these assumptions, it is believed that after V-E Day the Treasury will be more dependent on the banks than before. . . . This leads to the query as to whether the Treasury will continue in the future the policy initiated in the Seventh War Loan, even if the present drive should exceed the quotas set. . . .

THE MARKET

The taxable obligations again featured the government bond market with new all-time highs being made in the 2% group, and the unrestricted 2¼s and 2½s. . . .

While the 2s registered new highs, the pace of the advance of these issues has slowed considerably and it is indicated that the major part of the upward trend in some of these securities has already taken place. . . .

It is believed that developments during the coming War Loan Drive will have an important effect on this group of securities. . . . However, pending some clarification of this situation, fluctuations in the 2s from present levels will probably not be too marked in either direction. . . . The sharpest demand was for the 2½s due 1956/58 and 2½s due 1967/72, with both of these issues advancing the limit of 8/32s during two trading sessions. . . . The volume of transactions we reportedly light. . . .

Because of the heavy demand and the lack of offerings in these 2½s, the spread between the bid and asked prices widened to about ⅛ of a point, compared with the usual close market of 1/32 to 2/32s. . . .

If the present pattern of financing is to be continued, is it likely that individuals and corporations will be sellers of the unrestricted 2½s at these prices . . . ?

INCREASE DEMAND

The great demand that would be created among the deposit banks under this new financing pattern, for the longer term high coupon obligations, should result in much better than present prices for the unrestricted issues, particularly the 2½s due 1967/72. . . .

In some quarters the opinion is held that the insurance companies and savings banks may be sellers of the 2½s due 1956/58 and the 2½s due 1967/72, with the proceeds to be reinvested in the outstanding restricted 2½s. . . .

This would increase the supply of the long-term issues available for purchase by commercial banks and at the same time it would make the market for these bonds more orderly. . . . However, it is doubted that this will take place unless the government gives approval to such changes, as being "normal portfolio adjustments." . . . On the other hand, if any change in policy were to be allowed by the Treasury it is believed that these institutions would prefer to sell the 2s and hold the 2½s. . . .

BUYING BY RESERVE BANKS

Although the amount of securities purchased were not large, the Federal Reserve banks, for the week ended April 18, the first time in many months, reported an increase in their holdings of government bonds. . . . It is indicated that Federal stepped in during the recent weakness in the restricted 2½s and took on some of these bonds that came into the market. . . .

It was reported that individuals and corporations are letting out these securities at present levels to adjust their position to the new offering that will be available in the near future. . . .

It is believed that there will be further sales of the restricted 2½s as we move along in the drive, with Federal probably the principal buyer. . . .

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