Bretton Woods Pact
Revision Likelihood
By HERBERT M. BEATTER
In Belief That Bretton Woods
Agreements Will Be Amended,
Moves Are Underway to Find
a Least Common Denominator
On Which Propositions and
Critics Can Agree. First Change
Sought Would Limit Fund’s Activities to Short-
Term Operations; Next to Harmonize
and Unify Operations of U.S.
Bank and, lastly, Setting Up
of American Council on Inter-
national Financial Policy to Guide
Policy of Our Representatives
On Fund and Bank.
WASHINGTON, D. C., May 9—
There is no chance of any
Congressional amendment of the
BW agree-
ments that would require
another inter-
national conference, there
seems to be a
likelihood that the enabling
bill, HR221, will be
amended so as to bring into
being or more of the
im-
provements which
have been
sug-
gested in vari-
ous quarters.

So long as these changes can be described as not im-
portant, the Treasury Department is likely to go along
with them. Recently Congressman Jesse
(Continued on page 2076)

Price Prospects and Price Indexes
By ARYNESS JOY WICKENS*
Chief, Prices and Cost of Living Branch
U. S. Bureau of Labor Statistics
Government Price Expert Traces Wartime Trend of Prices and
Concludes That Price Controls Have Generally Been Effective. Points Out,
However, That Current Price Indexes Have Lost Their Significance Due to
Wartime Production Changes and to Absence of Recording Changes in
Equity Prices Such as Real Estate and Securities. Sees No General
Price Decline After V-E Day and Expects Continuation of Price Controls
To Prevent Runaway Prices of Consumer Goods. May Rise Because of Higher
Materials Costs. Long Term Outlook Held Uncertain and Confusing.

This war has already proceeded 16 months longer than World
War I, Wartime controls are still operative. By any standard, prices
have been well held in the U. S. in this war in comparison with the last
war. The success of the efforts to keep prices down has come not
from price control alone, although that has been of the utmost
importance. It has been made possible also by control of
the structure of scarce commodities—first, the purchase by the
Government of silk, tin, rubber and other important raw materials for distribution through its own
war; the Production Board’s controls of materials under the controlled materials plan

*Paper delivered before the New York City Chapter of the American Statistical Association.
(Continued on page 2074)

The Outlook for Prices
By DR. LEWIS H. HANEXY*—Professor of Economics, New York University
Professor Haney Predicts a Post-War Boom With Rising Price Levels as
Occurred in Other Post-War Periods. Holds Price Fixing Has Failed
and That Government Price Indexes Give No Indication of Time Situa-
tion. Bases Predictions on Plentiful of Money and Shortage of Goods,
and Says That Policy of Holding “Average Prices” Down While Sub-
sidizing High Cost Producers Stops the Largest Source of Supply Coming
From Low Cost Producers. Points to Depreciation of the Dollar in
Terms of Gold as Evidence of Inflation.

I venture to predict that, after a brief period of irregularity and
possibly minor recession, there will be a post-war boom, and that in
the course of this boom the prices of most goods will rise to a level
much higher than that which now exists. I can find no good reason
to doubt that in the post-
war period which lies ahead there will be a pat-
ttern substantially similar to that which has occurred in
other post-
war periods.

*An address by Dr. Haney before the American Statistical Association, at Hotel Sherry, New York City,
May 3, 1945.
(Continued on page 2084)

Index of Regular Features on page 5038.

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FINANCIAL CHRONICLE
Volume 161 Number 4384
New York, N. Y., Thursday, May 10, 1945
Price 60 Cents a Copy

The Outlook for Prices

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle
Confused Attitude on Reparations. A. F. of L. and C. I. O. Split on
Trade Union Congress. Fear of Soviet Influence and Domination,
Together With American Opposition to "Special Groups," Will Keep Labor Representation Out of
International Organization. Agreement of "Big Four" on Amendments Implementing "Justice" and
"Law" Has Not Yet Settled Status of "Social

SAN FRANCISCO, May 9—The difficulties sustained in the reparations negotiations were dis-
cussed here yesterday by Edwin W. Pauley, American Ambassador to Russia, and President Truman’s appointee as U. S. member of the
Allied Commission on Reparations, in hurried conferences with Messrs. Stettinius, Eden, Molo-
tov, Carroll, and Bloom. . . .

Before returning to the White House last night for a ten-day stay prior to his departure for
Moscow, Mr. Pauley confirmed to your corre-
spondent the need for stipulating payments en-
grily in goods and services in this post-war period; to avoid repeti-
tion of the financial breakdowns successively suffered after World

(Continued on page 2091)

Conflicting Social Concepts
Prevalent at San Francisco

By A. WILFRED MAY

Index of Regular Features on page 5038.
We Maintain Active Markets in U. S. FUNDS for
CANADIAN INDUSTRIALS
CANADIAN BANKS
CANADIAN MINES
CANADIAN UTILITIES
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Dempsey Named to Head Municipal Bond Club
L. Walter Dempsey of B. J. Van Ingen & Co., Inc., has been
nominated to head The Municipal Bond Club of New York for the
year 1946. The report of the nominating committee, which has been
filed with the Board of Governors, also proposes John C. Clapp, Jr., of B. J.
Van Ingen & Co., Vice-President; David H. Callaway of First of Michigan
Corp., for Secretary; Darnall Wallace of Coffin & Burr, Inc., for Treasurer; and
Winifred F. Stephens of Hemphill, Royce, & Co., and Charles R. Chas. E. Wetherly & Co., Inc., for
members of the Board of Governors. Election of officers is sched-
uled for June 8, at Bankers Club.

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members of the Board of Governors. Election of officers is sched-
uled for June 8, at Bankers Club.

Some Aspects of Investments In Railroads
By SAMUEL S. HALL, JR.

Railroads, Stock Prices, and the General Economic Situation

By far the most important gains have come in the
railroad investment group, and the situation is
much the same as it was at the time of the
summer editorial of "The Chronicle," April 26, 1945. Dr.
Melchior Palyi, of the Committee on the
Bretton Woods Proposals, has prepared a
report to the Committee on this subject, and his testimony has been com-
municated on the floor of both houses and has
been widely distributed. For this reason,
we are pleased to reproduce the following excerpts from his ex-
temporaneous testimony.

Dr. Melchior Palyi
I would like to begin with the personal statement, if I
may, that I wholeheartedly agree with one objective of the Bretton Woods agreements, which is em-
phazized in those agreements, namely, the objective to stabilize currencies and eliminate discontin-
uous international balances of payments.

There are, however, other ob-
jectives mentioned in the intro-
ductive paragraphs of the agree-
ments, with which I do not agree.
But that one objective, I think, is
the essential one, most desirable
— (Continued on page 2978)

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From the Chronicle, April 26, 1945. Dr. Melchior Palyi, of the Committee on the
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— (Continued on page 2978)
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Henry J. Kaiser Plans Huge New
Home and Community Project

Envisages Project as Providing Jobs for Kaiser Shipyard and Other War Workers—Homes Would Be Fully Equipped, Including Electronic Gadget for Dust and Germ Removal.

SAN FRANCISCO, May 9—The resourceful Henry J. Kaiser today staged his official special V-E celebration to demonstrate the details of a giant new enterprise for home and community building. If Government restrictions on building and building materials are lifted promptly, Mr. Kaiser assures the nation that the "Poster Child," and "The Chronicl," post-war employment problems on the West Coast will be immeasurably alleviated. Not only thousands of displaced Kaiser shipyard workers, he said, but other war workers on the West Coast, immediately and nationally after he gets into production, will be enabled to transfer directly from war weapons to homes.

Mr. Kaiser estimates the national production of homes at two million housing units a year, of which he expects to build at least 100,000. With Government restrictions on building materials he maintains he can turn out 50,000 in 1945.

He adds that houses will cost $4,000 to $5,000 and will be aimed at providing housing accommodations for the $1,500-$2,000 wage group, and will carry full electric power. Construction will be fully equipped, including an electronic gadget for dust and germ removal.

A Distinguished Banking
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Verdict Acquitting Chase National Bank of Violation of Order Freezing Foreign Funds Should Focus Attention on Desirability of Having Congress Stop Prosecutors and Administrative Bodies From Carrying Out "Smear Campaigns" by Issuing Releases梅ely for the Purposes of Influencing Public Opinion.

After deliberating for almost 12 hours, a jury in the United States District Court for the Southern District of New York, before Judge Simon H. Rifkind, brought in a verdict finding the Chase National Bank innocent on all counts of two indictments, which charged a violation of the Presidential order freezing funds of foreign nationals.

That there should have been an indictment at all in the first instance brings several matters up for consideration.

From the testimony as a whole, it is fair to say the Chase National Bank was pursuing a consistently honest and whole-hearted effort to properly administer the regulations applying to the freezing of funds of foreign nationals.

In the administration of the affairs of so large an institution, the creeping in of some slight and unintentional error will occur; but any investigation or suspicion presupposes a criminal intent, and it must have been apparent that the Chase National Bank had no wrongful intent of any kind. Hence, the verdict of not guilty was a proper one.

It is unfortunate and regrettable that an institution should have been involved in any such proceeding.

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Dean Madden Points to Possible
Legislation to Reduce Bank Profits

Because Banks Hold Large Portion of Government Debt, Holds Attempt
May Be Made to Ease Debt Burden at Expense of Bank Profits. Re-
\unding of Short Term Obligations Through Banks Will Force Treasury
\r to Keep Discount Rates Low and Create Serious Economic Consequences
A bulletin entitled "The Public Debt and the Banks" issued May 9
by Dean John T. Madden, Director of the Institute of International
Finance of New York University, states:

The holding of a large portion of the public debt by the banks
and the fact that the earnings of the banks
are to a large extent derived from
Government obligations have raised a num-
er of questions which are of great
importance not merely to the future of the
banks and the money market, but
also to the entire economic sys-
tem of the country. The questions may be
boiled down to the following:

1. What will be the attitude of Congress in particular in the post-war period, while the pressure to reduce taxes is bound to be great, when the expenditures of the Federal Government will be much larger than ever before in peacetime? Will Congress endeavor to alleviate the debt burden at the expense of the banks?

2. What will be the attitude of the monetary authorities, i. e., the Board of Governors of the Federal Reserve System and the Treasury, toward such a policy?

3. What measures could be taken to alleviate the debt burden at the expense of the banks?

4. That whatever is done will have

Have Stock Prices Discounted
Reconversion?


The Customers Brokers Association on May 1 listened in the Board of Governors Room of the New York Stock Exchange to a staff symposium of the Argus Research Corporation dealing with the ques-
\ tion: 'What Stock Prices Discounted Recronversion?'

The discussion was opened and concluded by Harold B. Dorsey, the economist of the Argus Research Corporation.

The subject assigned to us for discussion by the Customers Brokers Association was 'Have Stock Prices Discounted Reconversion?'

"The discussion was opened and concluded by Harold B. Dorsey, the economist of the Argus Research Corporation. The subject assigned to us for discussion by the Customers Brokers Association was 'Have Stock Prices Discounted Reconversion?'." Dr. Dorsey began, "Since as much could be said for the economic reasons alone, he concluded, it is necessary to dismiss other relevant factors by merely mentioning their presence. It is taken for granted that all will recognize other extremely important items such as the tremendously strong money situation, the presence of huge pent-up demands to be satisfied in the post-war period and the recent change in the domestic political picture. Furthermore, we must assume that, for economic purposes, the war in Europe has been brought to a victorious conclusion but that the war in Japan will continue until an indefinite period.

"All of these items have a direct bearing on the short-term and

(Please continue on page 2065)

THE BATTLE HYMN OF THE REPUBLIC

Min's eyes have seen the glory
Of the coming of the Lord;
He is trampling out the vintage
Where the grapes of wrath
are stored:
He hath loosed the fateful lightning
Of His terrible swift sword;
His truth is marching on.

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(Please continue on page 2064)
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The Future of Investment Business

By JOHN A. STRALEY*

*Vice-President, Hugh W. Loeb & Co., Inc.


On an occasion of this kind there is always the temptation to pontificate on such subjects as the Gold Standard, the San Francisco Conference, Dunbar, Oaks, Inflation, the recent change in the White House, or what the Stock Market will do and when the war will end, as well as talking about the investment business. However, this last subject is closest to all of you. With your permission, I’ll throw all the others out the window.

There must be a subject of more vital concern to every man in this room than our post-war investment business. It means not only his own future, but that of the business as a whole for the next 20 years. What becomes of the investment business in this country during the next two decades may well depend upon two things.

First, the ability of the investment banker to carry out his traditional function of providing funds for deserving business—acting as liaison between industry, needing dollars, and the inevitable surplus of our nation.

That is the side of our business the public rarely knows and seldom if ever appreciates, but it is one in the consumption of which all of us are as unselfish as a justifiable pride. Despite the time and effort our investment fraternity has ungrudgingly given to War Loan drives, new financing continues at record levels.

A Basis for Judgment

The second phase of our business—what is it by this phase that

*An address by Mr. Straley at the annual dinner of the Rochester Bond Club, Rochester, N. Y., May 4, 1945.

(Continued on page 2061)
It's COOPERATION that closes the trade

Experience has well proved that cooperation between dealers produces profitable results for both. For instance, it's just as important to be able to know where you can buy the securities you need as it is to know where they can be sold. And it's equally necessary to have room to turn around in making that trade. That's what we mean when we say "it's cooperation that closes the trade."

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BOND TRADERS CLUB OF SEATTLE

The Bond Traders Club of Seattle, due to the manpower short¬age, has had to discontinue their monthly meetings. On March 31 however, they had a very interesting and well attended meeting at which time Mr. Alex Gould, formerly with Wm. P. Harper & Sons in the Trading Department, told the meeting of his interesting experiences in the North African and Sicilian campaigns.

Kingsan & Co. and Riverside Cement.


Electroline Co. Common—Report discussing this stock as an attractive low-priced dividend payer—Hutches & Trest, 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—Hill, Thompson & Co., Inc., 231 South La Salle Street, Chicago 4, Ill.

Garrett Corporation—Brochure and statistical information, available to dealers—Fred W. Freeman

Punta Alegre Sugar Corp.

Haytian Corp.

COMMERCIAL & FINANCIAL CHRONICLE

Volume 161 Number 4384

2057

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Market Opinion—General discussion—Bennett, Spitzer & Co., Inc., 165 South La Salle Street, Chicago 3, Ill.

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Quarterly Canadian Review—Includes a review of current Canadian Companies and brief analyses of six Canadian Provinces—Canadian Securities Corporation, 40 Exchange Place, New York 5, N. Y.

Railroad Review, 1945 Edition—Actual study in booklet form of 41 selected coal class 1 railroads giving seven years earnings record, debt retirement and dividend record—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pa.

Reconversion and Post-War Prospects—Booklet discussion of outlook, with particular reference to certain selected industruies—J. Arthur Warner & Co., 120 Broadway, New York 5, N. Y.


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(Continued on page 2059)
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Holding Company Plans

A number of utility holding company integration plans are now before the SEC. Some are results of recent SEC decision or findings. Progress recently has slowed down somewhat, following a "trend of activity" a few years ago. The following comment is designed merely to give a brief summary of the present important holding companies.

By WALTER WHYTE

The indications of a renewal in the upsurge evident last fall are confirmed by the appearance of market up like a shallow pool of water in dry sand. Based on what has happened in the market in last few days there is enough cause to look for bomb shelters. At least it would be wise to know their location if not elsewhere.

Under present conditions, however, it is next to impossible to be specific on one day's, or even three days' action. For the present performance one day will be followed by an exhalation one the next. The resultant confusion and hardly tends to lead to any hard or fast decisions, particularly where stocks with respectable prospects are concerned.

On a long range basis the market acts okay. The little ripples that are always part of a major movement may seem disquieting. Yet long pull holdings are definitely preferable. The present markets have always the way the case in inflationary times. And anybody with a knowledge of the market can't call this anything else but inflation. Reducing inflation to its obvious ultimate form of bringing to have to go any further than your local butcher, or the corner grocery to see it will involve a time lag in which may be around any mythical corner. It is here right now.

Practically everything from labor to goods has been affected by inflation. The problem of deciding whether the commonstock. True, stocks have been advanced in the last few years. But compare that advance with the increase in consumer goods and services and you'll see that the rise in stock prices is small in comparison.

But while all the above is comprehensible reasoning on long pull holding it's dangerous for the trader. Stocks, in the long run, will reflect basic condition but basic conditions have a nasty way of changing and no amount of foresight or eye-peering study can prevent them from sometimes being out of phase with market action. At times momentary statements will disclose this change.

The stock market, however, does hint at coming events. Sometimes these may be wrong, but often they are times lower ones. But higher or lower markets have a faculty of forecasting them far enough in advance for the initiate to take advantage of. This is one of the reasons that new investors are so often not successful. They are affected by the market; or at least it affects them less than usually expected.

V-E Day is here and there is all kinds of news in the market. Usually somebody knows what the news will be and how it will affect stocks. Nothing is known. Knowledge is translated into stock market action. But with all the current activity and cross current going on today, the market seems to be a lost art. This brings us back to the opening paragraph of this article. New life is still consistent in present day markets.

Various individual issues show up while others show down. As we are more directly concerned with stocks than the stock market my advice is to hold all positions previously recommended. This doesn't mean that all caution can be thrown to the winds. So stops should not be overlooked.

Here is the current stock list, price bought, approximate current price and their stops:

Hudson Motors, bought at 19, now about 29, stop 25. Jones Brothers, bought at 29, now about 33, stop at 29. Phelps Dodge, bought at 27, now about 28, stop at 27 1/2. U. S. Rubber, bought at 56, now about 59, stop at 57. U. S. Steel, bought at 59, now about 69, stop at 65. And last week's recommendation, Walthorn bought at 11, where it is now. Stop should be kept at 9.

More next Thursday.

—Walter Whyte

PUBLIC UTILITY SECURITIES

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Dealer-Broker Investment Recommendations and Literature
(Continued from page 2057)

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


Red 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, 70 Pine Street, New York 5, N. Y.

Seaboard Railway Company—Complete arbitrage proposition on preferred—Schafer Bros., G. C. & glass.

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

Serrick Corp., class A—Current bulletins—Schafer Bros., 209 South La Salle Street, Chicago 4, Illinois.

Stromberg-Carlson—Description of new products at office—Montgomery Ward & Co., Inc., 125 Broadway, New York, N. Y.

New York, Chicago & St. Louis Railroad 3½% of June 1, 1938—Offices—Montgomery Ward & Co., Inc., 125 Broadway, New York, N. Y.


Panama Coca-Cola—Discussion of this situation—Heit, Rose & Trautman & Co., Liberty Place, New York 6, N. Y.

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Chicago railroad securities
Erie Railroad
Recent developments, particularly with respect to its refunding operation, have focused attention on Erie preferred and common shares.

Erie went into receivership Jan. 18, 1929 and emerged in the latter part of 1941, one of the quietest of all railroad reorganizations. In this reorganization fixed debt was reduced from $314.6 million to $201.57 million. Fixed charges were reduced sharply in this reorganization from $115.6 million to $59.89 million and including contingent interest, but excluding capital stock and sinking fund costs, to $8.18 million. However, $5.89 million does not include fixed charges in their entirety, since there were $908,000 of lease line rentals not included. Since the reorganization Erie has gradually pared down its debt. At the end of 1944 total interest bearing debt, including the income due, amounted to $191.14 million and total fixed charges, including rent for leased routes and other charges, to $5.97 million and including contingent interest to $10.94 million.

Following the recent financing whereby $201.57 million series C 5½%, 1990, and $40 million series G 3½, 2000, were sold at prices slightly above par, the net result will be at the rate of $4.96 million, a reduction in slightly over two years of 26.8%.

Erie is a very efficiently operated property, tapping the rich industrial north central region. Emerging from reorganization with a reduced capitalization, this carrier has been handicapped by a very adverse tax situation, with the result that Erie’s earnings on the preferred and common stocks have eroded sharply from their 1942 peak. Whereas earnings on the preferred and common in that year amounted to $30.30 and $5.89 million respectively, in 1944 they declined to $11.82 and $2.30, respectively. Because of the loss of Erie’s capital and income taxes, which in 1943 amounted to $17.55 million and $40 million in 1944 to $11.82 million, Erie’s security holders are provided with a cushion against contraction of earning power when traffic declines in the post-war period. The extent of the tax burden is best indicated by comparing the tax load of 1943 with 1944, namely $17.55 million and $11.82 million, respectively, with net operating income for these two years of $19.80 million and $16.36 million. For the first quarter of 1945, there have been a substantial number of decisions brought about by annual operating expenses incidental to very heavy snow removal costs in the Buffalo area for the months of January and February. Earnings for the full year, however, should compare favorably with those of 1944 since, as previously indicated, the heavy tax burden will provide a substantial cushion.

Now that the company’s financial problems have been more or less solved, it is relatively certain, with its mature ties properly spaced and its first mortgage bonds a lower coupon basis, it would appear that the company can now take steps toward increasing its dividends. Furthermore, when following V2

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Real Estate Securities

Interim Report of Savoy-Plaza, Inc. Shows Improvement

In its recently reported to holders of Income Bonds and to holders of Class "A" Common Stock, indicating that a minimum of $100 per $1,000 bond will be distributed as interest on Oct. 1, 1945. We quote from the report:

"In order to keep you posted on the progress made by our Corporation we take pleasure in bringing the following figures and information to your attention:

<table>
<thead>
<tr>
<th>Months Ending April 30</th>
<th>1945</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>$2,741,359</td>
<td>$2,580,071</td>
</tr>
<tr>
<td>Interest</td>
<td>1,002,835</td>
<td>1,020,515</td>
</tr>
<tr>
<td>After all expenses, taxes, insurance and first mortgage interest there has been earned in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nine Months Ending April 30</td>
<td>1945 (Unaudited)</td>
<td>1944</td>
</tr>
<tr>
<td>Total Income</td>
<td>$7,145,502</td>
<td>$7,127,176</td>
</tr>
</tbody>
</table>

This is at the rate of about 13% on your bonds. Should the same relative earnings continue through the remaining three months of this fiscal year, you should receive a minimum return of $1 per $1,000 bond on Oct. 1, 1945.

In this connection it will be of interest to you to know that as of April 30, 1945, the company, Inc., has recently reduced its amount of indebtedness by $146,00 on each $1,000 bond, which will be paid if and when earned.

You will be further interested to learn that the first mortgage has been reduced to $2,000,000 from $2,500,000 only three years ago. The annual interest charge now at the rate of 4% has therefore been reduced from $100,000 to $60,000. Arrangements have been made and are awaiting execution whereby the rate if interest will be further reduced to 3% on Oct. 1, 1946, bringing the annual charge to $57,000."

Company owns in fee about 5,228 square feet of land, fronting 105 feet on east side of Fifth Avenue, between 58th and 59th Streets, with a depth of 275 feet. New York, N. Y., and 33-story apartment hotel and 6-story addition known as The Savoy-Plaza. Main building completed in 1928, and additions officially opened in October, 1928, contain approximately 1,000 rooms and 21 stores and shops.

Broker-Dealer Personal Items

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

New York, N. Y.—Harold T. Morris has been associated with the Government bond department of Securities, Inc., 40 Wall Street.

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should with the victorious forces of the United States of America.

P. Boyd Brown, N. Brown
Sgt. Thomas Fitzgerald
Capt. Gilberti M. Haas
Capt. Charles Lana
John Murphy, U. S. N.
Lieu. Henry Sanders
Charles E. Schrank, U. S. M. M.
Capt. Joseph Smith
Cpl. James E. Sieper
Sgt. Morris Waldman

* * *

Special tribute is paid to
Sgt. John M. Starr, Jr.
who made the supreme sacrifice
that we might live to see this day.

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Los Angeles, Calif.—Fred
Glenn is now with G. Beardsley & Co., 510 South Spring Street.

(Special to The Financial Chronicle)

Los Angeles, Calif.—Henry A. Boulanger has been added to the staff of Pewell & Co., 453 So. Spring Street. Mr. Boulanger was previously with Maxwell, Marshall & Co.

(Special to The Financial Chronicle)

Los Angeles, Calif.—Gordon E. Buckhout has rejoined the staff of Samuel B. Franklin & Co., 215 West Seventh Street. He has recently been with Bankamerica Corporation.

(Special to The Financial Chronicle)

Los Angeles, Calif.—Louis B. Barnes and Arthur C. Karr are now with the District Bond Company, 523 West Sixth Street, both formerly with Conrad, Bruce & Co.

(Special to The Financial Chronicle)

Los Angeles, Calif.—Don W. Raisin is now with Wardwell & Durst, Inc., 626 South Spring Street.

(Special to The Financial Chronicle)

Miami, Fla.—Victor Moore has joined the staff of Teller & Co., 32 Broadway, New York City. He was previously with Blair F. Claybaugh & Co.

(Special to The Financial Chronicle)

Miami, Fla.—Darlington Davison

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Statistician Available

Security analyst—five years, specialized in amusement industry—financier and brokerage background—ex-army officer, Box B 50, The Commercial and Financial Chronicle, 25 Park Place, New York 8, N. Y.
The Future of the Investment Business

(Continued from page 2056)

We are most likely to be judged—
what all of us in it, during the next five years, do in the DRAGS
of investment dollars which will come to us for sound

We have a great responsibility. On all of us depends whether the next generation will regard our business as a dignified and worthy profession, or whether that
generation will look back on the time as a thing to be
afforded into activities for which our forefathers worked

There will be pitfalls in our path as this business gets better and
better. One will be the temptation to over-optimism, both as
to our own results and those we promise our clients. Another
will be the temptation to take credit for results in the businesses
of our clients which we did not do as examples.

A drift means that we do not mean to imply that the path of the investment man
will be as rocky here in new

The world will change, and the beha-
ter the business gets, the more
there will be in the way of
post-War Competition.

As we see it, this competition will divide into four main classes.
First, there will be your present competitors. They require little

Next will come the men you
will welcome back from the
armed forces. They will return
with a certain aura of accomplish-

Second will be the young men
who, just as after the last war,
with a deeply ingrained

Third will be the younger men
who, just as after the last war,
with a deeply ingrained
financiers, who will guide
their employees in the services
Our
nade
ke
the

Fourth, and I regard this as the worst and greatest competition of all,
will be the marginal produc-
tures. We can see that many
will be eliminated as time
will come to the

We know where we are going, but
probably we should take a
look at where the world
and at some of the people

Looking Ahead

First, our own plans. I think
It was Schopenhauer who said:
looking into a mirror, you cannot expect an angel to
look back. We must be careful in looking back. We have made
mistakes and will doubtless make

more. We will have to stick
our necks out, but we must

Alfred Schonfeld, one of our

Bonds of the future will not

worse. Our price will be

the real price of security,

Our price will be

Attracting New Men

Despite all your coming compe-
tition there will be great opportu-
nity for men of ability,

If we are going to do the
right kind of young men to get
into this business, and to help our

Bennett Weigl, the

L. J. Osborne With
Merrill Lynch Firm

advertisements
Chicago Brevities

The official opening of the Seventh War Loan Drive this week and its continuation through June will serve to add luster to the flood of offerings that has poured into the corporate market since the first of the year. The pace will be temporarily, as numerous new issues at present in preparation, according to LaSalle Street sources, which point to another large flood of new financing as soon as the drive ends.

Chicago Manufacturers

Financial circles also anticipate that additional shares of Galvin Manufacturing Corp. may soon come on the market, although, in approving an amendment to the articles of incorporation increasing the authorized number of shares from 500,000 to 1,000,000, the board stated that at the present market prices such an amendment was not anticipated.

In Prospect

Some of the new financing which can be anticipated within the next month or two is in the issuance of 49,000 shares of 4% $50 preferred stock of National Tea Co., approved by stockholders last week. This will represent the second issue by the company's refinancing plan to prepare the company for the modernization and eventual expansion of present facilities.

The first step was completed with the redemption of all of the 143,178 outstanding shares held by funds derived from $1,500,000 bonds.

Following approval of reclassification of the company's common stock and a change in the charter effected by the company, as approved by stockholders on June 12, Coleman Lamp & Shutter Co. plans to issue and sell 20,000 shares of new preferred some time in July.

Stockholders of Eversharp, Inc., will be asked to approve an increase in the authorized shares from 150,000 to 250,000 shares at their annual meeting. Outstanding shares, Martin Straus & Co., stated would be split on a two-for-one basis. In addition, a dividend of uninsured shares available for issuance from time to time for such purposes and considerations as the board may determine was also approved.

The Denver Firms Chicago Exchange Members

CHICAGO, ILL.—Four Denver firms have joined the membership of the Chicago Stock Exchange May 4. This represents another step in the expansion program of the Exchange.


An Interesting Study of Four Wheel Drive Auto Company

We have a recent analysis of the Ford Mudder Co.

We maintain Active Markets in
INTERSTATE BAKERS. 4½%, 1962
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N. Y. Port Authority to Open Chicago Office

Chairman Howard S. Cullman announced that the Commission of the Port of New York Authority at their regular meeting approved the establishment of a Chicago office of the agency to help promote the development of the metropolitan area in the region of the northwest and to serve as a further link between the Port of New York Authority and the petroleum industry in the area.

In other matters the Port Authority Board approved the appointment of 11 members of the Port Authority Board to serve on the Board of Directors of the Port of New Orleans Authority.

First Securities Co. of Chicago

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Parker
Appliance Co.

First Securities Co. of Chicago

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Recent Announcements on Request

Manufacturers Dining Corp.

Common Stock

Standard Silica Corp.

Common Stock

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- Announcements of personnel and office locations change -

serve care in preparation. We will be glad to suggest appropriate forms suitable for such advertisements.

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Parks are normally employed in the refineries, assembly and bulk distributing plants located along the waterfront.

Mr. Cullman pointed out that the establishment of the Chicago office of the Port of New York Authority is in line with the statutory obligations of the Authority to "protect and promote the commerce of the Port of New York."
Chicago Brevities

(Continued from page 2062)

Chicago Breivities

The Hallicrafter Co., Common
Prospectus available upon request

DOYLE, O'CONNOR & CO.
INcorporated
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Simplex, Chicago 6

Chicago Breivities

less than a year, its 1,265-mile natural gas transmission pipeline, from the Corpus Christi, Tex., to Memphis, Tenn., region having been completed only this fall. Proceeds from the sale of the company's $44,000,000 first mortgage 4% notes and other debt and to the settlement of certain construction costs.

Stabilizers and the annual meeting overwhelmingly voted down resolutions presented by a minority of stockholders presenting the management's handling of its relations with the War Labor Board.

Stifel, Nicolaus & Company
INCORPORATED
Chicago

We maintain an active trading interest in the following and will send quotations upon request:
Marmion Herrington
International Distributor
Lecce Neville
American Barge Line
Fannie, Herron & Machine Corp.
Shell Products Eng.

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**Municipal News & Notes**

The last five years have been "turbulent" for municipal treasuries, a survey by the Federation of Tax Administrators of States and Cities has shown. A period of price instability.

Total State revenues rose from $3,200,000,000 in fiscal 1940 to $4,200,000,000 in fiscal 1944, including unemployment compensation contributions—under the impact of which more than doubled the national income from about $1,000,000,000 in calendar 1940 to $1,700,000,000 in calendar 1944. Municipal income tax rates have increased by 30% during this period.

A slight decrease of 1.7% occurs in the yield of motor fuel tax revenues by 113,000,000, or 11.3%, which could not be offset fully by increases from other excises. By 1940 the downward trend was accelerated; collections from the major excises dropped to $61,000,000, or 6.1% below the 1942 level. The trend was reversed during 1941, 1942, and 1943. By 1941, motor fuel tax revenues, $1,200,000,000 in 1940, followed by a sharp rise of 14.2% in 1941 to $1,380,000,000 in 1942. The tax on beer, however, presented a slight decline from the high water mark of 1935, although three States—Delaware, Florida and New Mexico—enacted higher rates during 1942. (The trends in the yield of excise taxes are slightly more drastic in January, 1945, and tobacco tax receipts of most States are slightly higher than usual.)

State income taxes increased by 60%, from $17,000,000 in 1930 to $27,000,000 in 1944—a 110.5% increase.

Several State legislatures, already adjudged, the Federation was able to draw a tentative picture of legislative trends prior to State taxes. While thus also permitted an important tax to ex¬

"It is not only in effect to diminish the last, but is being cut back off slightly.

The subject that has been assigned to us is singularly appropriate at this particular time, and it is likely to have a broad tendency to pressure, and it is likely to be the era of post-war prosperity. It is a fact, in the near future, and the next one to be emphasized is the transition from the two-war to the post-war economy—one that has been termed the period of tremendous adjustments.

In the second place, figures relating to the activity have been relatively un¬

Government income tax, as the basis for the figures, has been cut back, and to a normal, economic level during the war period. A very significant development in the economy, the transition period, is the tendency of the figures to a period of five or four months.

We are trying to determine the level of such figures will be a direct effect of the war period and the future. 'The one of our "price de resistance" for our discussion is the FRB index and the various components thereof. We intend to use this index to the FRB index and the various components thereof. We intend to use this index.

"It will be observed that the projection suggests a 23% decline in the total index, this being about four or five months. Obviously, this is a sharp reduction in our over-all level of industrial activity and only rarely can one find a period of five months when the conditions were strong during such an ad¬

The "various associates on the staff are asked to study in connection with the legislative changes of their respective industries."

The research organization then took up the discussion of the subject.

"I agree," he said, "that the Chemical classification in the FRB index is to be declined about 24% in the next five months and that the index be reduced in the next five months.

We are trying to consider the total index and in the next five months.

"It is hazardous to generalize in my comments on Office Equipment, but obviously some companies have been able to stick close to their normal lines through the war, whereas others are engaged in new work that is not akin to peace-time produc¬

"Of course, there are many companies that have severe reversionary problems and are not able to paid to each individual concern.

The research on "The Ferrous Metals and Products category," Mr. Logan, said, "includes aluminum and magnesium production, lead and zinc smelting and refining and other metals."

"I think we are trying to anticipate the need that the index and the index will be a corre¬

We anticipate that the activities of the companies producing these items is not as cut back, but these companies are engaged in a different production and normal level. We are trying to stick with it to take up a good part of the slack. The latter business, it is only in effect to diminish the last, but is being cut back off slightly.

So far as the FRB index and the various components thereof are as possible to simplify our discussion, let us dispose of the base figures for January, 1945, that are now available. The present figures are based on the changes from that date. We have studied each of the components of the in¬

In addition, the FRB index is also available for the period of data should be more acute."

“Golden” license fees have been rising steeply during the war period. The $101,300,000 collected in 1940, are requested to be increased under the Oklahoma corporation law. President; Formed in 1947, is a monopoly of war-stimulated sales of magnesium, and is in charge of the Arsenals and arsenals. We are trying to consider the total index and in the next five months.

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"I think we are trying to anticipate the need that the index and the index will be a corre¬

We anticipate that the activities of the companies producing these items is not as cut back, but these companies are engaged in a different production and normal level. We are trying to stick with it to take up a good part of the slack. The latter business, it is only in effect to diminish the last, but is being cut back off slightly.

So far as the FRB index and the various components thereof are as possible to simplify our discussion, let us dispose of the base figures for January, 1945, that are now available. The present figures are based on the changes from that date. We have studied each of the components of the in¬

In addition, the FRB index is also available for the period of data should be more acute."

"At the present time, the FRB index is only about 50% and, based on the January figures, 140 points of the total index. We are trying to study the classifications which have been heavily influenced by war activity—particularly the manufacture of non-ferrous metals—since those figures also include the production of government arsenals. We were interested in the importance of the index in the FRB index and the various components thereof. We intend to use this index.

"It is hazardous to generalize in my comments on Office Equipment, but obviously some companies have been able to stick close to their normal lines through the war, whereas others are engaged in new work that is not akin to peace-time produc¬

"Of course, there are many companies that have severe reversionary problems and are not able to paid to each individual concern.

The research on "The Ferrous Metals and Products category," Mr. Logan, said, "includes aluminum and magnesium production, lead and zinc smelting and refining and other metals."

"I think we are trying to anticipate the need that the index and the index will be a corre¬

We anticipate that the activities of the companies producing these items is not as cut back, but these companies are engaged in a different production and normal level. We are trying to stick with it to take up a good part of the slack. The latter business, it is only in effect to diminish the last, but is being cut back off slightly.

So far as the FRB index and the various components thereof are as possible to simplify our discussion, let us dispose of the base figures for January, 1945, that are now available. The present figures are based on the changes from that date. We have studied each of the components of the in¬
Investors Mutual, Inc.

Dealers reported a brisk demand for the loan which carries an average 4.1% coupon on a 20-year fixed rate mortgage bond. The loan was paid out of a 

Canadian company. Investors' Mutual Inc.
**Bank and Insurance Stocks**

This Week—Insurance Stocks

By E. A. VAN DEUSEN

The Hartford group of fire and casualty insurance companies is one of the most interesting to the student of the industry that owns a recent ten year compilation of data, as prepared by an 'investor's group' in Hartford, Connecticut.

The companies included in the study are Aetna Casualty, Aetna Life, Hartford Fire, Hartford Steam Boiler Inspection and Insurance Co., and Phoenix Insurance. Two of these companies are more than 100 years old, viz., Aetna Casualty and Hartford Fire.

Aetna Casualty & Surety, established in 1831, is the casualty affiliate of the Aetna group, which owns 51% of the outstanding shares. It is the third largest casualty company in the United States. Automobile insurance is of recent origin; in 1907, in the fire affiliate of Aetna Life, which owns 81% of outstanding shares. Automobile insurance, in turn, owns 98½% of Standard Fire of Trenton, New Jersey. Aetna Life, established in 1855, has no connection with Aetna Life, despite the similarity in name. It owns the entire stock of Century Indemnity, a large auto company, and Fire & Marine, Piedmont Fire, Standard Fire, and Surety & Casualty.

Hartford Steam Boiler, founded in 1892, is the largest stock fire insurance company in the country as measured by earnings, and second largest in premium volume. Its national and international reputation for wind and accident, and is the second largest casualty company in the country. Its lines are: Citizens Insurance of New Jersey, New York Underwriters, Hartford, Connecticut Fire and Twin City Fire.

Hartford Steam Boiler Inspection and Insurance Co. is the only domestic company whose steam boiler and machinery insurance experience is comparable to that of any other company writing this kind of business, and is the fourth largest in the United States.

National Fire was founded in 1877. It controls the following subsidiary fire companies: Franklin National, Mechanics & Tradesmen's, and Traveler's, and Traveler's Insurance. In April 1940 a casualty subsidiary, Citizens National, was organized.

Phoenix Insurance, established in 1854, heads the Phoenix group of fire insurance companies. It is a direct competitor of the Hartford group, both companies having been among the first ten companies listed in the Standard Classification of Property Insurance Companies and an issue of the Hartford Steam Boiler Inspection and Insurance Co.

The Phoenix group of companies is the largest in the country as measured by earnings. The capital and surplus of the group, exclusive of surplus, and liquidating value have been 50% higher than the Hartford group.

All companies except Hartford Steam Boiler, have experienced a marked ground gain during the past 10 years, though not in any degree of the same magnitude over as noted was a subject of study from the following tabulations:

**Bank and Insurance Stocks**

<table>
<thead>
<tr>
<th>Mutual Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Continued from page 2065) up to $1,762,419 from $2,089,498 for the three months ended March 31, 1945.</td>
</tr>
<tr>
<td>Magnified Market Action</td>
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<tr>
<td>Distributors Group, with a custom</td>
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<tr>
<td>to &quot;work both ways,&quot; calls at</td>
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<td>tering in the group, is achieved by the high-levage in</td>
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<tr>
<td>and held by Investing Company Shares. Here is the record:</td>
</tr>
<tr>
<td>From Jan. 2, 1943 to March 31, 1945</td>
</tr>
<tr>
<td>The Stock Market ad-</td>
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<tr>
<td>Levage on the street</td>
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<tr>
<td>&amp; Stock Co. Shares Advanced 107.1% (Standard &amp; Poor's</td>
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</table>
| Ten stocks owned by In-
| 721.5 |
| Market price of Investing |
| Company Shares ad-
| As a speculative 'kick,' 482.2% concludes Distributors Group, "In-
| the stock market is not always |
| of a stock, but it should |
| percent should not be remembered that 1935 |
| 366.0 |
| Comparison of investment |
| indicates that diversified investment-
| success is definitely inherent for those |
| of the companies here. |
| The change in the stock |
| day, the investor looking closer at the prices of the companies and |
| in the current and annual |
| Year's dividend, Aetna Life, $1.75; Auto- |
| $1.00; Automobile, $1.25; |
| Illinois, $1.00; National Fire, $1.25; National Fire, $1.25;|
| of this company, the preferred stock under an exchange offer (that is, |
| $20 per share) and an offer of a 32% preferred stock dividend, any of |
| $5.00 preferred shares then outstanding. |
| Associated Telephone Co. Ptd. Being Offered |
| An investment group headed by Palen, Webber, Jackson & Tully Co. is offering a new preferred portion of 300,000 shares of Tide Water Associated Oil Co. $3.75 cumu- |
| on May 15, of the public conference on the plan in the New York Stock |
| "Material prepared as a result of additional studies of the subject, |
| the material that, by the trading and exchange division, and studies |
| and exchange offers, and the remaining 372,000 shares are being offered to the public by the under- |
| Mill塘s, 3000 shares, 172,998 are issuable to the holders of the company's $4.50 preferred stock under an exchange offer that is, that |
| $20 per share) and an offer of a 32% preferred stock dividend, any of |

**Note:** The text continues with financial data and company comparisons, including stock prices and dividends, but does not provide a complete data table due to the length and complexity of the information. The text is a detailed analysis of insurance company performance and market trends.
AS PART OF A GREAT AND VITAL WAR INDUSTRY

Standard Oil Reports:

ITS ACTIVITIES FOR 1944

EXCERPTS FROM THE ANNUAL REPORT TO STOCKHOLDERS

Note — The shorter terms “Company” and “Jersey” are sometimes used for brevity to refer collectively to all companies consolidated in the financial statements, or to one or more of them.

The Petroleum Industry Record — “Small companies as well as large...” performed an incomparable feat in 1944. In response to the inatlatable demands of war the men and women of the Standard Oil Company (New Jersey) did their part for Victory by producing and refining the greatest volume of oil in Company history.

Company Output 1,000,000 Bbls. Per Day — “While the U. S. oil industry was increasing its domestic crude oil output by 11% over 1943, the Company increased its output by more than twice that figure—by 24%...” For the first year in Company history the total volume of crude oil processed in domestic and foreign refineries of our affiliated companies exceeded 1,000,000 barrels per day.

Reserves Ample for Many Years — “Although this high rate of production resulted in record withdrawal from the Company’s domestic crude oil reserves, these reserves were maintained and even slightly bettered during the year. Despite the restrictions imposed by wartime conditions, intensive exploration was conducted and resulted in the discovery of substantial new reserves... Jersey studies of undeveloped petroleum possibilities in the U. S. and in this hemisphere indicate that crude oil supplies will be ample for many years.”

100 Octane for 1 in 5 Planes — “The Company has continued to be the world’s largest producer of 100 octane aviation gasoline. One out of every five planes of the United Nations was flown on Jersey-made fuel during the year. This achievement is the direct result of years of leadership in 100 octane—a fuel first brought to large scale manufacture by Jersey.”

Company Processes Taught to Others — “Processes developed by Jersey in past years for the production of 100 octane, synthetic rubber and titanium, as well as...other critical petroleum products, were widely used by many manufacturers... Eighty per cent of all toluene used for explosives by the U. S. and our Allies now comes from petroleum and the bulk of it is produced through the use of Jersey processes... Nearly 90% of the tonnage of butadiene (for synthetic rubber) now being obtained from petroleum is manufactured in plants using one or more Jersey-developed processes... Company people have helped Government and other manufacturers in the solution of war production problems—and Jersey knowledge and skill have been willingly taught to others.”

Peaceful Facilities Invaluable in War — “Company ships, docks, storage tanks and all other facilities—most of them built during peace—have proved invaluable in war. Time and again equipment of our world-wide organization has been used by the Armed Forces to perform vital tasks.”

Employees Maintained a Fine Record — “There were no production stoppages due to strikes—a record which has been maintained since long before Pearl Harbor...” About half the employees had records of 10 years or more of service and over one-fourth had been employed more than 20 years... over 1,000 employees have already returned to the Company from military service. In addition 632 veterans not formerly with us have been employed.”

The Future — “Supplying the petroleum needs of wartime will continue to take priority over all other Company considerations so long as the conflict lasts. Nevertheless... thought is being given to post-war problems such as the return of our men and women now in the Armed Services, oil reserves, reconversion, post-war products... The Company will be prepared for the opportunities ahead with an organization which, strengthened by the return of employees in service, will be better equipped than ever to serve the public both at home and abroad.”

STANDARD OIL COMPANY
(NEW JERSEY)
AND AFFILIATED COMPANIES

PRODUCTS OF THIS COMPANY WHICH ARE HELPING TO SHORTEN THE WAR:

- AEROSOL INSECTICIDE BOMBS
- AIRCRAFT CONTROL LUBRICANT
- AIRCRAFT ENGINE OILS
- AIRCRAFT PARTS
- ANTI-AIRCRAFT GUN COMPONENTS
- ANTI-ICING FLUID
- AUTOMOTIVE GASOLINES
- AUTOMOTIVE OILS
- AVIATION GASOLINES
- BUNA N (PERMURAN) RUBBER
- BUNKER FUEL OILS
- BUTADIENE
- RUTYL RUBBER
- CABE OILS
- CANS
- CATALYSTS
- COMPASS FLUID
- COMPRESSOR OILS
- CONTAINER LINING
- CYMENE
- CUTTING OASES
- CUTTING OILS
- DIESEL
- DIESEL LUBRICANTS
- DI-PARAFFINED OILS
- EMULSIFIED CUTTING OILS
- ENGINE OIL
- ETHYL OIL
- ETHYL RUBBER
- ETHYL ETHER
- ETHYLENE
- EXTREME PRESSURE LUBRICANTS
- FLIT
- FOE OIL
- GEAR OILS
- GRAPHITE SEASES
- GROUNDING OILS
- HEAVY DUTY LUBRICATIONS OILS
- HYDRAULIC BRAKE FLUIDS
- HYDRAULIC CONTROL OILS
- HYDROGEN
- HYDROGEN CHLORIDE
- ILLUMINATING OILS
- INDUSTRIAL LUBRICANTS
- INDUSTRIAL OILS
- INSECT REPELLENTS
- INSTRUMENT OILS
- INSULATING OILS
- ISOPROPYL ACETATE
- ISOPROPYL ALCOHOL
- JET PROPULSION FUEL
- KEROSENE
- LAUNCHING BAKESOTE
- LAUNCHING OILS
- LOW TEMPERATURE OILS
- MACHINE GUN LUBRICANTS
- MEDICINAL OILS
- METHYL ETHYL KETONE
- MOTOR OILS
- NAPHTHENIC ACIDS
- PACKAGE COATING
- PAINT THINNERS
- PARAFFIN
- PARASEED
- PARADPOD
- PARATONE
- PETROLATUMS
- PHENOLS
- POLYSYNUDES
- PRESSURE GUN LUBRICANTS
- PETERHINT CONCENTRATE
- QUENCHING OILS
- RAILROAD JOURNAL OILS
- RANGE OIL
- REC- OILS
- REFRIGERATOR OIL
- RIFLE BORE CLEANER
- RUST PREVENTIVES
- SIGHTING SYSTEMS
- SODIUM ACETATE
- SOLID SAFETY FUEL
- SOLENTS
- SPARK Plug LUBRICANT
- STEERING ENGINES
- SUPERCARGO OIL
- TEMPERING OILS
- THERMAGE TREATING
- COMPOUND
- TOLENE FOR TNT
- TOPEPO TAK PACKING
- COMPOUND
- TRANSPORTER OILS
- TURBINE OILS
- UNDERWATER GEAR GRESSES
- WATERPROOF GRESSES
- WAXES
- WHITE OILS

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|                 | Central Elec. & Gas Co. Pfd.       |
| Cushing & Mathewson’s Tobacco Com. | Commonwealth & Pfd. |

**Wisconsin Breveiries**

As of March 31, 1945, the net asset value of Wisconsin Investment Co. stock was $3.50 per share. The latter compares with a net asset value of $3.61 per share reported on Dec. 31, 1944, and represents an increase of 4.68%.

The income from dividends and interest on marketable securities for the quarter amounted to $13,627, or 1.30% of the market price of the common stock. The yield for the period of $3,872.

The Wisconsin Central Ry. reports for the three months ended March 31, 1945, gross from railway operations of $4,774,883, or 30% of $15,916,544, equivalent to 8.8% of operating revenue.

Electrical output for the 12 months was 2,696,544,773 kilowatt hours, an increase of 4% over the previous 12 months. Output for the first 3 months of 1945 was 7.3 greater than in the 1944 period.

**A. L. Batten Rejons**

**Herbert Blizard Co.**

**PHILADELPHIA, PA.—Herbert** H. Blizard Co., 270 S. Broad Street, announces that Mr. Arthur L. Batten, who was recently appointed to the U. S. Army Air Corps, has rejoined their organization.

A very promising new industrial development, having served overseas in 1918 with the 143rd and 279th Squadron, Lt. Batten accepted a commission in April, 1942. After being stationed at Laredo, Texas, and the Philippines, he was sent to the Pacific Theater and is now stationed in the service in the South Pacific. On May 1, 1945, Lt. Batten was discharged from the U. S. Navy and accepted a commission as an Adjutant, Air Corps Rescue Boat Station at New Orleans. He was sent to the Pacific Theater and is now stationed in the service in the South Pacific. On May 1, 1945, Lt. Batten was discharged from the U. S. Navy and accepted a commission as an Adjutant, Air Corps Rescue Boat Station at New Orleans. He was sent to the Pacific Theater and is now stationed in the service in the South Pacific.

**May Department Stores Stock Oversubscribed**

Goldman, Sachs & Co. and Lehman Brothers offered late May 80,000 shares of May Department Stores Co. ($5) at $36 per share and subscribed for by security dealers.

The shares offered were part of a total of 2,460,792 common shares now outstanding, excluding shares held by the bank holding company. The stock will pay no dividends and will be sold by the underwriters to qualified parties for possible resale to possible additional tax liabilities. The shares from the issuing May trusts are 56% of the holdings and are being sold primarily to pay bank holding company dividends and are subject to the Federal estate tax paid.
Some Aspects of Investments In Railroads

(Continued from page 2054)

ings. As one of the latter, I have been asked to write this paper, and perhaps some one in a regu-
lar meeting, in addition to seeing what I might say to justify such a posi-
tion.

Real Investment Opportunities

Just as at present it is easy to say, "See what has been accomplished and how handsome the reward has been in a relatively short time," but the test of its reality remains to be seen. If the answer is to be satisfactory over the longer term, there are still opportu-
nities if prices and returns are compared with other securities available, though obviously, be-
cause of higher railroad prices, these opportunities have been largely overlooked from what they were a year or two ago. So, it is still time to do some real thinking, not only to consider what to do about holdings but also to examine the possibility of further purchases. Let us look over some of the fac-
tors to be thought about.

Our railroads have been developing during a period of something over 100 years. Why do I mention that? Primarily, for the simple reason that to this fact the industry has seen. One of the reasons, the increasing prosperity of the United States, and is not meeting its first or its last problems. Both growth and pro-
fits have been evident in its environment as well as in its own history. Some thought it might have passed its peak at various stages along the way. But at present it is doing unbelievably well in terms of demand and growth. It is this final surge before de-
cline that I have in mind. I, of course, am not saying that there is not a decline impending. But I immediately say that one must visualize further growth of our country and its industries to come to that conclusion. The only limit to the growth of these industries is the population itself, and that is tied up with the activity of those industries. Without people and their daily production, trade and development. If we are to move our towns and cities, supply their industries with materials and move the finished products to meet an expanding scale of living, a dynamic transportation system is essential with the rails as the main guide.

Next, let me refer to the period of the 30s. Due to a combination of factors, industrial activity lagged and large numbers of our people barely existed, or at least not met only a portion of their desires for many things that were becoming part of our idea of reasonable living. In particular, we were in a depression and the trans-
portation demand dropped down to the level looking years of 1902 and 1938. The low point in 1932 was about 50% of 1929, and neither security holders nor rail-
road management had been adequately prepared to use the railroads in the way that things were happening to the nation.

Two other factors in this situa-
tion were the predominant pos-
tion which rail bonds held in many portfolios during the 20's, and the contrast in relative earn-
ings on the one hand and the part of most of the utility companies. The latter industry was conspicuously still new in the growth stage and get-
ing the benefit of reimbursement of its investors. Federal policies on interest rates and large invest-
ments in utilities and transportation and market support led to sharp wide swings in prices of railroad bonds and stocks. The recovery of good prices after the general depression of 1920 was followed by even lower prices in 1933 or subsequent years.

In reading let me remind you that similar price declines have appeared in other fields from time to time. But the scars of this experience are still too obvious to all of us.

Future Factors

At the close of this question we all want answered in: "What of the railroad of the next five or ten years," Unfortu-
nately, the answer will be the outcome of many varied factors. The peak of railroad fixed charges was reached almost exactly at the bottom of the depression of the early 1930's, partly because debt charges were lowered in all but the "make work" program of 1930-1931. Even at its maximum of just a little over 11 billions for 1931, railroad debt was less than half the property investment as reported by the Interstate Com-
merce Commission after many years of study.

If 1932 the debt has been going down due to payments at maturity, calls, pur-
chases of the bonds, or reorganiza-
tions. It is probable that the fixed debt will come down to about seven billions and represent an even lower proportionate annual charge to the capital inter-
est in many cases. This is im-
portant, but only one part of the story. I should also add that such a seven billion dollar figure would not mean one hundred years to pay off. There were many investors who did not meet the 30% mortgage on the de-
bt. This gives a bit of further thought at more leisurely moments.

Effect of Debt Structure

There is much to justify the argument that the amount and form of capitalization of many indi-
vidual road prior to 1920 was the chief determinant of the credit standing during the following ten years. A comparison of the Penn-
sylvania, the New York Central, the

Railroad Stock Shares

and

Railroad Bond Shares

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"GUIDE TO RAILROAD REORGANIZATION SECURITIES"

Underwriters and Investment Managers

(Continued on page 2070)
Some Aspects of Investments In Railroads

(Continued from page 2069)

Future Earning Power

But what of future earning power and general railroad credit? This question immediately brings up the discussion of gross business, competition, wages, rates, cost, governmental policies, and public relations. All of these are interest factors and are thought through and followed, as with all other investments. Perhaps you can tell me where to escape these problems and still keep our institutions functioning. Perhaps the size of the order is also the reason for the problem that one can say that the whole subject of investment cannot be other than a question of possibilities with or without good rules. The assignment of proper significance and judgment as to trends certainly requires training, experience, and almost an instinct rather than formulas, but adequate knowledge is absolutely essential.

Since the railroad business has become an established industry, our first consideration should be the amount of revenues which may be expected and the manner in which management can convert into net earning power. The fact is shown that the roads have great ability to control expenses, but a limit must be placed on the rate of lowering the traffic.

If in the post-war years, we are to see the national income in the $100-$125 billion range, as commonly discounted, the roads are not likely to be much more worried about in regard to earning power. That national income is some 50% higher than the figure for 1940. For many years to come, the industry will have the same relative relationship, around 6% of earning power and 3% of gross business as the railroad. The country will be in an extremely unhappy position should we go back to a business activity as low as that of 1940. While it is not likely that the roads will not make a handsome showing, they earned their then fixed charges in most cases with a net profitable margin. With newly re-established and larger gross, resulting from more activity, a larger proportion of the net ratio will be required to give protection to fixed charge requirements.

Truck Competition

Competition from trucks was, in general opinion, the greatest threat during the 30’s. Actually the volume of traffic lost was not so important as the loss in revenue due to voluntary rate reduction made by the roads to retain the higher class traffic most attractive to the motor carrier. Probably most of you are aware that when the rate reductions were made by the Interstate Commerce Commission only as recently as 1940, which rate reduction at the same time the highest average rates in history, resulted in some of the roads’ expenses over and above connected with costs. Secondly, union employees have gone a long way to alter that aspect of the industry. So that ten years ago, both in connection with wages and hours. The result is that rates are generally higher, which have continued in 1940, since when the ratio has been greatly improved, and that in this same period the operating ratio for the trucks was became 80%, which means that trucking companies have been more successful in order to show even a small margin of profit. The indication is that from this source of competition, the roads have experienced the worst, and that they have good hopes of recovering a portion of this lost business, especially when one considers that there are about 150 miles. Truck and rail should be well coordinated.

In my opinion, decentralization of industry and resulting changes which are probably predictions. In most cases the roads first consideration has been to move the business away from the war effort regardless of cost. It is of interest to note that Class I roads approximately handled in 1942 some 638 billion tons miles of freight business as compared with 1929, when 1,650 billion tons miles handled 447 billion tons miles. The war effort has been responsible for 40,000,000,000 billion dollars, and some of the wage scale increase and increase in the war, giving an average wage increase of $65 cents as against 67 cents; but gross revenues at 1929 rates would have been about $500 million dollars higher. In order to produce an increase of net operating income of 19%, above 1929, the roads performed 42% more freight, service and even larger proportion passenger service. In other words, the ton miles per employee increased greatly because of the war effort.

Aspects of the railroad business may be summarized in the following:

1. The indication is that from this source of competition, the roads have experienced the worst, and that they have good hopes of recovering a portion of this lost business, especially when one considers that there are about 150 miles. Truck and rail should be well coordinated.

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3. In my opinion, decentralization of industry and resulting changes which are probably predictions. In most cases the roads first consideration has been to move the business away from the war effort regardless of cost. It is of interest to note that Class I roads approximately handled in 1942 some 638 billion tons miles of freight business as compared with 1929, when 1,650 billion tons miles handled 447 billion tons miles. The war effort has been responsible for 40,000,000,000 billion dollars, and some of the wage scale increase and increase in the war, giving an average wage increase of $65 cents as against 67 cents; but gross revenues at 1929 rates would have been about $500 million dollars higher. In order to produce an increase of net operating income of 19%, above 1929, the roads performed 42% more freight, service and even larger proportion passenger service. In other words, the ton miles per employee increased greatly because of the war effort.

4. Costs of supplies and materials will, of course, be related to the general condition of the industry. The war will have to deal with general condition of the industry. Here, I am inclined to say that the conditions which will affect the big problem of the war will remain high or increase above the present level, it also follows that the post-war recovery of the structure is extremely low. With an average increase of 50% in prices, and in the case of the less essential of 9% mills, we have now an average of 30% increase in the cost of crude oil for some 30 years. Other forms of transportation will nec- essarily be affected by high wages and costs, and so even though the roads will be able to charge more, their operations will still be relatively low. The original projection of that factor in handling rates problems is that the rates made during the war as to the new cost of wages and costs; so that even though rates will be increased, they will be of a nature to prevent the movement of freight for some 30 years. Other forms of transportation will necessarily be affected by high wages and costs, and so even though the roads will be able to charge more, their operations will still be relatively low. The original projection of that factor in handling rates problems is that the rates made during the war as to the new cost of wages and costs; so that even though rates will be increased, they will be of a nature to prevent the movement of freight for some 30 years. Other forms of transportation will necessarily be affected by high wages and costs, and so even though the roads will be able to charge more, their operations will still be relatively low. The original projection of that factor in handling rates problems is that the rates made during the war as to the new cost of wages and costs; so that even though rates will be increased, they will be of a nature to prevent the movement of freight for some 30 years. Other forms of transportation will necessarily be affected by high wages and costs, and so even though the roads will be able to charge more, their operations will still be relatively low. The original projection of that factor in handling rates problems is that the rates made during the war as to the new cost of wages and costs; so that even though rates will be increased, they will be of a nature to prevent the movement of freight for some 30 years. Other forms of transportation will necessarily be affected by high wages and costs, and so even though the roads will be able to charge more, their operations will still be relatively low. The original projection of that factor in handling rates problems is that the rates made during the war as to the new cost of wages and costs; so that even though rates will be increased, they will be of a nature to prevent the movement of freight for some 30 years. Other forms of transportation will necessarily be affected by high wages and costs, and so even though the roads will be able to charge more, their operations will still be relatively low.

Here I should like to throw in another comment on a subject which has been used to support arguments of various kinds as to the problem of the war. That is as to the present condition of the roads. I think the physical structure of the roads is improved, especially the physical structure that is known to us, the physical structure in the physical structure. This is the result of the war that is known to us, the physical structure in the physical structure. This is the result of the war.

Railroad Stocks

Whether you own railroad stocks now or are considering their purchase for the future, here are a few points to remember:

As a service to investors we have prepared a booklet entitled

RAILROAD STOCKS

Open for Railroad Stocks

Cgs Supplied on Request

WHITE WELD & CO. Members New York Stock Exchange

30 Wall Street, New York BOSTON
The Company's policy of "making American citizens" is reflected in the expanded educational and welfare facilities of LaGrange, such as medical and nursing service, bonuses, group insurance, better schools, churches, gardens, greenhouses, swimming pools and public parks.

Callaway research is constantly seeking new ways of improving cotton textiles for the war, for industry and for the home. This research will be reflected, too, in the cotton products of tomorrow. When victory is won, Callaway will offer new specialty items in both the industrial fabrics and industrial yarn fields.

The progressiveness and foresight of Callaway Mills has resulted in growth from a single cotton mill selling its produce through a commission merchant to a company with facilities for manufacturing, styling, merchandising, advertising and research, all within one organization.

Another advertisement in the series by Equitable Securities Corporation featuring Southern developments. Equitable has helped to finance many Southern companies, is ready to do its part in supplying others with capital funds.
Some Aspects of Investments In Railroads

(Continued from page 2071)

seems improbable that there will be cause to worry receiverabil-
ities again in stock lines at any time before the war is over, even if the war period even if business condi-
tions become normal again. This is because of the unprecedented current assets posi-
itions which have been accumulated by the railroads in addition to debt reduction, so that even major changes, if any, will have in the past made the poorest showing under adverse conditions could be expected to tide through several years of lower earnings than in the present.

Effect such conditions in the transition period would be difficult to foresee fully; but as long as temporarilly, changes of de-
saults would seem to be removed

Railroad Equities

Although interested primarily in railroad bonds as a means of
adding a short comment on equi-

treatise.

SAYS EUROPEAN RECONSTRUCTION WILL BE SLOW

National City Bank of New York Sees Difficult Problems Ahead, With a Different Pattern of Reconstruction for Each Separate Country. Much depends on the separate intra-European trade of which industrialized

Germany Had Been the Hub

Predicting that "reconstruction on the continent of Europe is almost certain to be slower than after the First World War," and that Germany will be likely to differ greatly from coun-
teries by issuing the "Monthly Bank Letter" of the National City Bank of New York

which followed with the reports on each of the devastated areas.

The problem of economic re-

construction fundamentally in-

volves not only the reproduction and resumption of the ex-

tension of goods subsequent to changes resulting from the war," comments the Letter. To define it in terms of a return to pre-war conditions is inadequate.

Europe after the war will not be as before, either because of shifts in bound-

aries and resources, because of the steps taken by the Allies to make Germany militarily impor-

tant, or because of changed po-

tical and financial situations.

"However, this broader read-

sessment of the situation is not of

its importance now, when the urgent

problems are to produce and distribute food and to get the rail-

road transport in operation, to ensure that the money will be available to them, to provide housing, and to obtain the essential raw materials to make it possible for the

to start on the road to

Europe. The condition of the land, the industries, and the transport are the basic fac-

tors.

Contrasting the situation with

what followed World War I the "Bank Letter" notes that "the war ended abruptly. There was enough railroad equipment in good condition, and a return to normal would have been possible, provided that the war would not re-

over-again and in need of repair. Over all it will be the immensely

greater problems of rebuilding and repair." The Letter also notes that "even when resistance on the Con-

continents, war will go on in the Pacific, North Africa and Middle East; and the over-whelming task will be the continuation and the shipping of goods, of securing raw ma-

terials, and of recovery of the productive capacity.

"Now the presumption is that, even when resistance on the Con-

tinent ends, war will go on in the Pacific, North Africa and Middle East, and the "Bank Letter" concludes, the "economic and military tasks of Europe are the most arduous that ever have faced a nation."

A possible example may be drawn from the present situation in Japan, where the war may be fought for the last ten years and the devastation caused by the war is not yet fully repaired.

The "Bank Letter" concludes, the "economic and military tasks of Europe are the most arduous that ever have faced a nation."

Rubber for Argentina

It has been officially announced that the National City Bank of New York has signed a rubber agreement with the Argentine government, which provides that rubber used in the United States and that rubber needed within the U.S. will be provided by the Argentine government.
The Securities Salesman's Corner

BY JOHN DUTTON

Another Ad That Produced Leads

Amos C. Sudler & Co. of Denver, Colo., received 40 replies to the advertisement reproduced below. It is interesting to analyze the reasons why such ads pull. First, the layout is attractive. While space is well used to set off the copy from the rest of the page. Such ads STAND OUT. Secondly, note the first line ABOVE the heading: "Obtain This New 85-Page Booklet." Something important is being offered.

Notice, again, how new industries, such as electronics, plastics, synthetic rubber are played up. These are the fields in which the public is interested today. Here, in other words, is an opportunity to gain knowledge and an audience for the December line: "We expect a limited supply shortly," supplies an impetus for action. Then it does not stop here, but the ad itself supplies a convenient and easy way for the reader to secure the booklet, since a space is provided for the reader to sign name and address, clip out the ad, and mail.

It is true that this type of advertising will bring in quite a few leads that cannot be converted into customers, because there is usually a considerable percentage of people who are curiosity seekers. Nevertheless the leads that are produced in many instances come from people who are substantial investors. And it usually also follows that leads such as these are from investors who are forward-looking in their ideas; optimists make good security buyers. As a matter of fact, no advertising, in and because of itself, will sell securities, except in a very exceptional case. The purpose of all such advertising is to PRODUCE POSSIBLE LEADS. The sales organization must qualify the leads received. Higher, when good and produces 40 inquiries, it is a reasonable assumption that at least two to four accounts can be opened if they are properly followed up, and cultivated. This is based upon a 5% to 10% conversion of leads into active accounts.

The size of an account can never be determined in advance. That is the interesting feature of the possibilities of this type of financial advertising. One never knows. In fact, most of the paper, which is sent out by a dealer should have some "taste" to it. You are judged by the literature you mail out, just the same as a man is often judged by his appearance. If you send out a booklet, or an analysis, MAKE IT SOMETHING WORTHY OF YOUR NAME. It is better to spend a few dollars more and do a good job. Cheap and shoddy paper and printing should be avoided—better send nothing than an inferior mailing. Combine a constructive offer, a list of facts and figures in an interesting manner, and your ideas and you are off to the right start. The door is open from

Kingsbury-Alvis Adds Woodham and Pope

NEW ORLEANS, LA.—Kingsbury and Alvis, Hibberd Building, announce that Kelly Woodham and Jim B. Pope have been added to their staff. Mr. Woodham will represent the firm in north Louisiana. He is a graduate of Davidson College, Davidson, North Carolina, class of 1927. After leaving college he was Head Master of Chilmarkian Hunt Military Academy, Port Gibson, Mississippi; then manager of the largest wholesale tobacco house in the State of Mississippi, with headquarters at Meridian, Mississippi. In 1940 he was called to active duty by the Army with the rank of First Lieutenant. He was discharged from the Army in March, 1945, with the rank of Major, having served "overseas." He is a member of the Kiwanis Club. He has had no previous experience in the bank business.

Mr. Pope will be sales representative in north Mississippi. Mr. Pope is a graduate of Southwestern University, Memphis, Tennessee, class of 1927. After completing college he was connected with the First National Bank, Columbus, Mississippi, as a clerk. In 1938 he became associated with the First National Bank of Memphis, representing them in north Mississippi, which connection he held for two years. He then returned to the First National Bank of Cotton, and later became Vice-President of that institution. The two years he was connected with the First National Bank of Memphis he acted as both bond salesman and buyer for that institution.

This point on and the sales organization can go to work with confidence.

Every salesman needs new leads and new material. If he has good ideas to present, and his firm has paved the way, it becomes a strong incentive for him to go to work. This is another reason why such advertising pays. Stimulated salesmen are productive salesman—it keeps them from going stale. An alert sales organization is on the job—out there day after day securing all the other business that is available. So even in respect to the other business not directly connected with the leads produced by such advertising, IT PAYS DIVIDENDS.

U. S. Plywood 100,000 Common Shares Offered

As an underwriting group headed by Eastman, Dillon & Co. on May 9 offered to the public a new issue of 100,000 shares ($1 par) common stock of United States Plywood Corp., at $20.50 per share. Net proceeds of the financing will be used in connection with the company's program for plant expansion and improvement, and for additional working capital.

Upon completion of this financing and the issuance to stockholders of one share of common stock for each share held on May 7, 1945, the company will have outstanding 14,416 shares of 4% cumulative preferred stock, series A ($100 par); 7,604 shares of 4% cumulative, ½ preferred stock, series B ($100 par), and 509,868 shares ($1 par) common stock.

Crouse Bennett to Admit

DETROIT, Mich.—CROUSE, Bennett, Smith & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges, will admit Joseph Albert Mahoney to partnership in their firm as of June 1. Mr. Mahoney is manager of the trading department of the firm.

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of Shares for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offering is made only by the Prospectus. This advertisement is published on behalf of only such of the undersigned as are registered or licensed dealers or brokers in securities in this State.

New Issue

$3,000,000

Thermoid Company

3½% First Mortgage Bonds

Due April 15, 1946

Price 101% plus accrued interest

Copies of the Prospectus may be obtained only from such of the undersigned as are registered or licensed dealers or brokers in securities in this State.

Blyth & Co., Inc. 

Estabrook & Co.

Bitting, Jones & Co., Inc. 

Hornblower & Weeks 

Paine, Webber, Jackson & Curtis

Van Alstyne, Noel & Co. 

Whiting, Weeks & Stubbs 

Putnam & Co.

May 10, 1945

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

New Issue

19,533 Shares

Thermoid Company

Convertible Preferred Stock, $2.50 Cumulative

Price $55 per share

Copies of the Prospectus may be obtained only from the undersigned:

Blyth & Co., Inc. 

May 10, 1945

Obtain This New 85-Page Booklet

"SCIENTIFIC DEVELOPMENTS from the INVESTOR'S VIEWPOINT"

Written by a national authority, it discusses 13 new industries such as: ELECTRONICS—PLASTICS—NEW DRUGS—ABROPHY- NAMICS and SYNTHETIC RUBBER and gives the investor a lead toward opening up these highly promising industries. Every inves- tigator should consult it for attractive new opportunities for profitable investment. We expect a limited supply shortly. Make prompt application to insure receiving your copy. No cost or obligation.

Name

Address

Amos C. Sudler & Co.

First National Bank Bldg., Denver, Colo.

Specialists Rocky Mountain Region Securities

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

(Continued from first page)

other plans, and by no means least, rationing at the retail level for scarce foods, shoes, tires, and other articles. Equally important is the phenomenal increase in productive facilities and in volume of output, especially in basic metals like steel and aluminum, basic chemicals, and other raw and semi-finished materials necessary for the munitions of war. Synthetic rubber is a case in point. There has been, moreover, a tremendous increase in agricultural production. Other signs of the prices of foodstuffs would have risen even more than they have.

Before we begin to assess price prospects let us look at the record of the past 5 years in somewhat more detail. First, take the prices of small living essentials at retail. This is the yardstick by which the success of the anti-inflation program is largely being judged in the United States in this war. How much more than the cost of producing and selling them, have the people of the country to buy the everyday things they need for family living? According to the Bureau of Labor Statistics' index of the cost of living, the rise in average retail prices of goods and services and of rents in large cities has been almost 25% from August, 1939, to March, 1945. The Bureau of Labor Statistics' Weighted Cost of Living indicated that an additional 3% to 4% points should be added for the period from January, 1941, to September, 1945. The fact that this index does not fully take into account the lower quality of many articles (especially clothing), the disappearance of all luxury goods, and a number of other "hidden" price increases, together with an increase in real "wages" in the form of rent advances in rents that may have occurred in the same period, made this index unsuitable for the purpose. If this allowance is added, the rise in retail prices of living essentials was 33% for the war period. The Bureau of Labor Statistics' index of prices of goods and services sold at retail would be the last to maintain that its cost of living index is an accurate yardstick. All such indices have a margin of error in normal times, and the present inflation pressure that margin inexorably widens.

However, a price rise of one-third is only about one-half as large as the rise from July, 1914, to the time of the Armistice in November, 1918, and such a great difference leaves no doubt of the slowness and gradualness of this rise in our war. Within this general rise, there have been contrasts between wars, notably in the rise of the middle-income family's budget, are up over 45%; clothing, food, and entertainment are up 40% or more; the cost of shelter (rents and fuel) is up 38% and 36% respectively; rent less than 4% and miscellaneous goods and services about the same. All of these are important for future expectations.

Much the same picture of a moderate average rise as compared with the last war is shown by the index of wholesale prices. New, again, taking the Bureau of Labor Statistics' wholesale price index as a guide, we have a general price index shown to have risen by about 40% to mid-April, 1945, as compared and in rise in import prices as great from July, 1914, to the time of the Armistice.

The wholesale price index, this group well known, is made up of prices for materials, equipment, and supplies for the production of goods—roughly equivalent to what most farmers and dealers for semi-fabricated and finished goods. Most of these are low-priced commodities. All types of products in this index are included—agricultural products such as beef, and pork, shipping rates, and food, as well as finished goods, such as steel, coal and other fuels, paper, steel chemicals and other materials, and the products of heavy industry. They are combined in such a way as to reflect the prices of the pre-war economy, not the war economy.

The greatest rise in primary market prices has been in prices of raw materials and of manufactured products, and for that reason, the wholesale price index does not reflect this rise. Wholesale market price index there is no way to measure the jump in price level occurred by a shift from making bedspreads to tank parts, tires, and rayon as raw materials. The national income is swollen to the phenomenal total of $101,000,000,000 last year. This index includes the Reserve index of industrial production (up from 108 in August, 1939, to 235 in February, 1945). Nor has the Bureau of Labor Statistics' index of prices in retail markets or general index any measure of changes in prices of munitions since these war purchases first began. To those with any connection with national income, for example, let them consult the index of the Bureau's index as a deflator, over which there is no control, is not represented in the price index in any way except insofar as its components are actually factoring are reflected.

New Tools in Price Indexing

These are some of the new tools. The complete deflator for real national income, and of course, national income is not available and will perhaps never be, but there are some ways of overcoming this frustration. There are, first, of course, available the many price paid by the War Depart- ment and the Navy Department to Munitions manufacturers. While they have been marked down as the war has gone on, Unit prices for goods and services paid for by the War Department have been in many cases four to five times the pre-war level. For example, the price of cotton and rayon for the four months of nearly two years of considerate stability after the issue of the Cotton Reserve (1943) and the spring of 1945, great pressure on cotton prices, and the Office of Price Administration for the purpose of stabilizing the market. A similar control over the cotton market has been in operation for some time on prices paid by the War Department. Cotton prices, as a result, have been permitted to rise, but at a rate somewhat below the rate of increase in general prices, so that cotton prices have remained in line with general prices through renegotiation with indi- vidual companies. For example, the account of month-by-month changes in the prices at which the cotton goods are bought, the cotton goods, the prices of goods—iron, steel, rubber, aluminum; cotton, wool, and other textile products, under the Bankhead amendment of last year, will be controlled, as will other goods, because of higher costs with re- lative stability and control over the price of cotton, and high, cotton prices are controlled. None of these increases was large enough to cause much change in the general price level.

More recently, however, prices of many products in the livestock markets with the growing meat shortage, and in the meat market, as the end of the war period has approached, prices have been intensified as costs rise, in some cases because of labor short- age, rising wages, rising cost of living, and in other cases because of the increased needs of the armed forces and the reduction of certain types of products. These are the goods on which the War Department and Navy have been buying for the past four years. The prices paid by the War Department are not allowed to rise, but rather are kept in line with the prices paid by the War Department, and under the Bankhead amendment of last year, will be controlled, as will other goods, because of the rising costs with relative stability and control over the price of cotton, and high, cotton prices are controlled. None of these increases was large enough to cause much change in the general price level.

Meanwhile, what has happened to the civilian economy? This is shown in an analytical study (by the same person) developed by the Bureau of Labor Statistics for tracing the course of the prices of goods for the consumer. It is the first study of that index has been published. Over the period from January, 1939, to April, 1945, the consumer's general price level at wholesale, which is the index of retail prices, increased by 41%. The rise is 45%, as compared with 37% for the more comparable period of 1914-18, shows a rise of 71% from October, 1919, to February, 1945, when the index of wholesale prices in general was advancing 15%. This rise is the result of greater importance in the rise in wartime than in peace- time. It is the result of rising wages, and of the transportation costs of higher-priced goods, largely diverted to war purposes. This index is made up of 125 items, important to the civilian economy either directly or indirectly, and represents the average cost of civilian products. It is weighted according to the amount estimated to be on hand as of the end of the year 1943, and it is that this has no automobiles, and only a small weight for metals, and particularly in the very low-priced categories. It is highly weighted with farm products, food, and clothing, and other goods that were actually going into the hands of consumers by the middle of the war. Furthermore, it contains a number of products, such as fresh vegetables, which are not included in the present wholesale price index.

Post-War Control a Political Question

After the official end of hostilities, the course of prices and

NEW ISSUE

300,000 Shares

Expreso Aerei-Inter-Americano, S. A.

Common Stock

Price $3 per share

Copies of the Prospectus may be obtained from the underwritten:

Var, A. L,yné, Noél & Co.

May 9, 1943
rents will turn almost wholly on housing. Prices, wage controls are continued, and the volume of production is being maintained. It will depend further upon the funds and prices which are available, and the general attitude of the public, workers, and producers. It is not wholly a question of the potential demand and the supply of goods and services. It is a political question. It is not one which can be left to the market. Those forecasts are much more realistic when they come from sources of experience and training. An individual is great. If price control, rent regulations, and rational production controls over materials are not made, the seasonal production lines are turning adequate supplies to meet the seasonal demand, there is a real risk that a rapid rise for certain seasonal articles would apply particularly to scarce consumer goods. It would be well to be made, and we will say that the housing market was not promising for the time, and everyday talked about the “high cost of living”.

No Price Decline After V-E Day

There have been predictions in several papers that the housing market would decline after V-E Day. I want to take issue with this. I have always been convinced that the cost of living index can be cited as an example of seasonal changes for some time after the end of the war with Japan.

In the first place, it is unlikely that prices of footwear will come down except for seasonal declines, while the tremendous demands of the war-time consumers of Europe continues—as it must for at least two seasons, and while a sizable Army and Navy is being maintained. Civilian footwear, of course, is not a significant article. As for foodstuffs like beef and butter, they are by no means being fully met at the present time, and rationing alone is preventing an even more rapid decline than now exists. Even if civilian incomes were cut with the reduction of war orders and unemployment in certain areas, I do not believe that the civilian income or war could be widespread while the war with Japan is on, in view of efforts toward speeded recovery.

With regard to rents, it seems going to be quite some time before ample stocks of low and moderate priced merchandise come back into the market. Until that happens, the threat of a rise in rents appears to move down. Reduction of military orders will not, of course, make much difference in the prices of consumer goods, available to civilians fairly promptly, but much of the change will be in the manner of the form of improved quality rather than in competition in the future. I believe that the public would generally approve and support adequate compensation.

Rent Controls in Durable Goods

Finally, with regard to the durable goods, OPA has indicated that the market for furniture and appliances is at or near close to the market close to 1942 price levels. It may not have been adequate. Much depends upon the possible course of wages. For readily identifiable items like automobiles or standard model refrigerators, the first certain to be urged on the market is the Buick and the resumption of military orders. For fabricated products for which capacity has greatly increased during the war, like aluminum and magnesium, there is the distinct possibility still lower prices in order to expand markets. For steel and other metals, for which capacity has also increased, prices have been maintained during the war at levels slightly higher than pre-war prices, notwithstanding greatly increased production. This has been possible because of enormous volume and some improvements in productive efficiency with new and more effective machinery. Industry is not taking the general position that prices will only rise when volume is cut back, with wages remaining at their present levels or going to higher levels. Added capacity may have little to do with the price level, especially where a comparatively small number of large producers are involved and prices are not subject to the same kind of competition as in industry.

In the non-ferrous metals, supplies have maintained marginal production and prices are rising. For building materials, lumber prices will remain high for a time, especially where large-scale building is concerned. Another reason is that the price of a building is made up, of course, of labor costs. There is likely to be little change in the price for sale is going to be substantially higher building materials, the cost of labor and land has not been reduced. After the last war that the advance in rents occurred throughout the decade of the 1920’s to 1930.”

For these reasons it seems to me very unlikely that the cost of living index will decline for some time after V-J Day. The danger is that it may rise.

The Outlook for the对未来 long run, of course, the outlook is entirely different. It is not because of foodstuffs, because of our large current production in the relation to demand, but, rather because most urgent needs are met, and the Army is in good hands that the most important single element in living costs. Clothing prices, too, will decline as a result of marketing. Increases after the same two conditions and are zero in the kinds of clothing—like nylon hosiery—are likely to be above pre-war prices. Again, over the long period, prices of durable goods are likely to return to the long-term decline trend, even though for a time they are at higher levels in 1945. This, however, is debatable if labor and materials are continued to rise. The major element in living costs in which no decline seems probable in the next several years, even though there will, of course, be a run-up of 30 or 40% will be sharply war as contracts are concluded or camps are shut, the Federation severe in any communities.

In our money market the situation is more difficult to forecast. A series of events, a number of final policies on release of controls of supplies of certain materials.

For materials which are strictly controlled, rather for and for which extended wartime demand will suddenly cease, drastic declines are inevitable. An illustration is mercury, which is of the utmost importance in the production of uranium in 1944, when the military news.
O'Hara and Gass Join Doremus & Co. Staff

William H. Long, Jr., President of Doremus & Co., New York City, has announced that Bernard S. O'Hara, formerly of the Associated Press, and F. P. Gass have become associated with the New York Public Relations Department of that advertising agency.

Mr. O'Hara joined the financial news staff of the Associated Press in New York in 1938, and left that post last fall to work for the former New York Stock Exchange firm of Mundi & Window. He began his career in Wall Street as a reporter for Dow, Jones & Co. Mr. O'Hara is Secretary of the New York Financial Writers Association this past year.

A graduate of the University of Minnesota, Mr. O'Hara has been a native of Wisconsin for several years, and of the University of Oxford, Mr. Gass for the past nine years has been associated with the Glass Container Association, a trade association representing the machine-blown glass container manufacturers of the United States. Part of that time he was associated with the Middletown Press Bureau.

Gibson Refrigerator Co. Stock Marketed

Paul H. Davis & Co., and Shillingsg, Bolger & Co., Inc., headed a banking group which May 18, 1945

made public offering of 247,140 shares ($1 par) common stock of the Gibson Refrigerator Co. of Greenville, Mich., at $1.75 per share. The block offered represents a portion of present holdings of three stockholders and none of the proceeds will accrue to the company.

The directors of the company have agreed to agree that any directors owning 5 percent or more of the stock will not sell any stock for a period of one year or disposing of the common stock on a 60 cents per share annual basis. The first of such sales is expected on or about August 1.

Canadian Securities

By BRUCE WILLIAMS

During the war Canada has undergone a marked and rather wonder¬full metamorphosis, as has also the character of the people in it, transformed. No longer can it be said that the Canadian population is crowding along its southern border and jostling in the world's trade for a space on an empire. The Canadian vision has also assumed a position and responsibility as a Canadian in the world's scheme of things is now appreciated.

At this crucial stage looking towards world rehabilitation it is evident that the Canadian role becomes ever clearer. Outside this country no other is better qualified to fill the breach that Canada will in this direction is representing. It is well determined and is well demonstrated by the constructive action is taken by the Allied Nations of other mutual aid and the spontaneous offers of gifts for feed and grain.

Moreover, the gigantic wartime needs into the world's stocks of basic materials emphasize the tremendous importance of Canada's vast virgin agricultural and mineral resources, the exploitation of which has been initiated by war necessity. To some degree the demand population than today's can prove to be a temporary and with the aid of the basic materials, the huge accumulations of reserve stocks of minerals and will be produced far beyond the needs of domestic consumptions.

The United States, Canada and the Peace River district of Alberta and the valleys of British Columbia are virtually un¬exploited for the wealth of minerals in far as building materials are concerned, Canada has almost a monopoly of the world's deposits of asbestos, the largest of this almost untapped timber resources, the growth of cities and towns, the use of zinc and lead and has ample surplus of low cost copper.

Looking further into the future in the light of recent events, it can be seen that Canada's problem is not unlike that of any other country which is in the position of the banks and the Dominion has depended on outside supplies. Canada's post war scheme for full employment does not have to depend on more or less sterile efforts along the lines of public works.

Construction of roads and railroad to areas in which are situated the vast coal fields of Alberta and British Columbia, all 24,000 square miles of high grade deposits, the world's largest, are on the newly discovered oil pool in the prairie provinces, the Athabasca tar-sands, the new discoveries of previous metals in the North West Territories, would alone solve the Canadian employment problem. When, however, the Dominion's newly established 11 banks are considered and are in fact, as claimed by the building, chemicals and electronic apparatus, to mention others, the greatest act will it be readily realized that Canada, in order to take its proper place in the world's economy, must take steps to remedy and improve its great deficiency in population.

With regard to the market for the past week, there was still a Ramsay Redman for the long-term high grades, but in the absence of government and bank stockholders, there was a supply turn over continued to be restricted. Greatest activity again centered around the more speculative issues with the long-term Alberta now taking a 100 discounting an immor¬tant and favorable debt refunding into the issue, long 4½'s were also in demand following the lowering of the rate of security required from the chartered banks from 3 to 2½% and expectation of similar action in respect of those held by the Dominion Government. Montreal, although showing little change price-wise, improved in tone. In the absence of new issues and with demand continuing for the larger discounting of the same, market for the Federal election financing issues, with funds held firm at 3½/16.

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Turning to the possible future trend, it is likely that the market will continue to be restricted and while there is an improvement in the present level of interest rates, and that the Federal election financing issues, with funds held firm at 3½/16.

J. Earle May Admits W. K. Thoits as Partner

PALO ALTO, CALIF. — J. Earle May has admitted William K. Thoits as Investment Executive of the firm. Mr. Earle May & Co. Ltd. was previously an individual firm in the world economic situation. The issue will be considered either a subordinate factor or one that should not give rise to mis¬spending.

Seagram Debenture Issue Offered at 102

A nationwide group of under¬writers headed by J. Stuart Rip¬ley & Co., Inc., on May 9 offered $50,000,000 Joseph E. Seagram & Sons, Inc., Debentures, due May 1, 1965 at 102% and accrued interest. Direct obligations of Joseph E. Seagram & Sons, Inc., an Indiana corporation, the debentures, are also guaranteed by endorsement to partially secured and interest, by Distillers Corp.-Se¬grams Ltd., parent organization. The Indiana corporation, which is wholly owned, controls through stock ownership, the United Seagram's operating and sales companies in the United States.

Net proceeds from the sale of these securities will be used to retire $15,000,000 of bank loans, and the remainder will be added to working capital. The total credit rating Seagram and subsidiaries under the revolving bank credit agreement to be termi¬nated originally was $75,000,000.

The company anticipates that it will need $40,000,000 of new credit after the war to finance in¬creased receivables and the production of inventories. Corresponding inventories are now below normal requirements due to the use of facilities for the manu¬facture of war alcohol.

Breton Woods Revision Likely

(Continued from first page)

More Carefully Limiting the Fund's Activities

In the minds of those seeking such a revision, the first thought is that the Fund should be used to stabilize curren¬cies by short-term operations, and not by long-term stabilization agreements. According to Mr. Wolcott, those who make this proposal want the Fund to confine itself, primarily, if not exclusively, to short-term transactions to main¬tain currencies as far as possible at parity. This limitation of course presupposes also a clarifi¬cation of the functions of the Fund, so that there is less misunderstanding regarding the Bank's authority to make both short-term and long-term currency opera¬tions. "When this is done, we should likewise remove any doubt about the scope of the Fund's activities," Mr. Wolcott observed.

In its literature on the BW pro¬cess, Mr. Wolcott has stated that he Fund will be used to correct temporary currency disequilibria, which Mr. Wolcott pointed out as the antithesis of long-term lend¬ing. The Congressman goes on to list three alternative ways in which this country's intentions might be clarified, namely:

1. The articles of agreement of the Fund and Bank might be amended.

2. Congress might authorize the Prohibition of the Bretton Woods agreements with reserva¬tions.

3. Congress might set up cer¬tain standards, in accordance with which our representatives in the Fund and Bank would have to function, or in other words, which they would be forbidden from doing. The first of any case of misunderstanding among the members as to the scope and function of the Fund and Bank, our representa¬tives would be directed by Con¬gress to prune amendments to the Fund and Bank agreements.

Only One Method Would Not Arouse Treasury Opposition

The three methods of limiting the powers of the Fund are more than likely to be adopted at BW could not be obtained with¬out another international confer¬ential
It should be noted that each of the three major changes in the bill HR 2211 now being consid- ered in part, at least, meets an objection or suggestion of the ABA. The objection that the Fund would be frozen is, in the author's judgment, permitted under the BW plan as interpreted by limiting the Fund's activities to clearly short-term transactions; a Plan of this kind would suffice and thereby any rivalry between Fund and Bank would be partially satisfied if Fund and Bank were to adopt and adhere to that interpre- tation.

Consider, for example, the case of USS's, whose underwriters, shall be to the Committee for the purpose of making sure that in the Fund's use for capital purposes, the United States is conducted with due regard for the requirements of other countries which may be directed by the Fund for capital purposes.

Reliance on Indirectly
The argument of the United Nations that the United States, the chief creditor under the BW plan, shall respect the creditors' desires concerning the operation of the BW, makes it clear with the BW program has been amended in the case of quotas in the Fund, made it clear that the US $1,200,000,000, quota, and use for capital goods, which are outside the expressed purposes set forth in the Fund agreement.

Mr. Edward B. Brown and Con- gressmen, the President has clearly stated, since the BW confer- ence, that the US government should ratify the BW agreements, cannot be found leg- ally or factually unless they are specifically set forth in so many words. The report of the Conference of the American Congress cannot bind Russia. Of- ficials, however, the moral commit- ment, as a result of the quota dis- cussions mentioned above, is all on the part: Namely, the commit- ment on the part of the Fund for capital purposes.

Hence it is in this writer's mind that the effort to restrict the field of the Fund's operations by agreement may amount to the basis that we do not dare reopen the discussions with other nations, I can see no advantage of the BW. Mr. Rowse accepted the advice, changes which other countries desire made in the BW agreements.

300,000 Shares

Tide Water Associated Oil Company

$3.75 Cumulative Preferred Stock

Without Par Value

Price $105 per Share

(plus accrued dividends from April 1, 1945)

Of the above mentioned shares, 172,798 shares are issuable in exchange to holders of the Company's outstanding 500,000 shares of $4.30 Cumulative Convertible Preferred Stock pursuant to the Company's exchange offer; and the remaining 127,602 shares are being purchased for the account of the public and are being offered at the public offering price set forth above.

Copies of the Prospectus may be obtained in any State from such of the several Under- writers, including the undersigned, as may lawfully offer the securities in such State.

KUHN, LOEB & CO.

LEHMAN BROTHERS

May 10, 1945.
Palyi Explains Shortcomings of Bretton Woods Pact

(Continued from page 2024)

Both from an American point of view, and from an international point of view, I think it is clear that the system works, that it works as originally intended, and that it works without the necessity of further aid.

The additional reason that you read, if you want it, is, in most cases, that the international community has acquired a vested interest in the maintenance of their economic and political status, so that it is not in their interest to allow an economic crisis to develop which would make it impossible for them to maintain that status.

The long-term strategy of the international community is to try to maintain the present economic and political status quo, and to prevent any economic crisis from developing which would make it impossible for them to maintain that status.

The international community is therefore in a position to prevent any economic crisis from developing which would make it impossible for them to maintain that status.

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artificial distinction, which cannot be carried out in practice. If you can afford it, do so. If you can't afford it, face the fact and act accordingly. There is no use trying to live above your means. You will never save anything, and you will always be in debt, just as I have been. If you can, go ahead and live as you please. If you cannot, then you must work harder to earn enough money to meet your needs.

Now, tourist traffic in Europe is almost entirely dependent on the balance of payments. For France, it is one of the most important sources of foreign exchange revenue.

In the British case, their tourist traffic, under the heading of capital transactions, is relatively small. The only large scale transactions are those made by tourists while in the UK, but these are only of an indirect nature.

Moreover, it is not expected that at least major countries will reduce the gold content of their currencies very soon. It appears that this would have an important effect on the prices of goods, and then the French would be at a disadvantage.

Therefore, let us now consider the transactions that make up the tourist traffic. The British are required to pay for the goods and services they purchase abroad, and they are also required to repatriate their earnings. This is known as the balance of payments. The balance of payments is a measure of the difference between a country's exports and imports. If a country has a positive balance of payments, it means that it has exported more than it has imported. If a country has a negative balance of payments, it means that it has imported more than it has exported.

The balance of payments is affected by a number of factors, including the value of the currency, the level of economic activity, and the level of foreign investment. The balance of payments is important because it affects the flow of money into and out of a country. If a country has a positive balance of payments, it can use the excess money to invest in other countries or to accumulate reserves. If a country has a negative balance of payments, it may need to borrow money from other countries or to reduce its imports.

### Conclusion

In conclusion, the balance of payments is a critical factor in determining the flow of money into and out of a country. It is affected by a number of factors, including the value of the currency, the level of economic activity, and the level of foreign investment. It is important for a country to have a positive balance of payments in order to be able to invest in other countries or to accumulate reserves. If a country has a negative balance of payments, it may need to borrow money from other countries or to reduce its imports.
Palpi Explains Shortcomings of Bretton Woods Pact

(Continued from page 797)

sage of stocks issued by corpora-
tions domiciled in Britain, unless the
pledge of such stocks for loans would not be
"relieved." In England, as in continental Eu-
rope, compulsory trade union pensions tending to
freeze wages and employment at war-time levels will be another factor discouraging foreign risk-
capital.

Widespread agreement prevails in Britain that after the war their country will retain both: Artifi-
cially low money rates and a very large measure of control over its foreign exchange market, espe-
cially 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 for-
ter capital without which reconsti-
truction will be greatly impeded and delayed—unless a substitute can be found.

Britain’s Position

However, consciously or other-
wise, Britain’s outlook is more dan-
gerous than the position may at first
place in the post-war world econ-
y is decisively influenced by the
prospect that foreign gold will not be available in a measure comparable to its vast needs for recapi-

talization, not at any rate for a reasonable time. The reaction takes different forms, ex-
pertise in the case of the Continental Bre-
ton Woods pro-

This announcement is not an offer to sell or a solicitation of an offer to buy these securities. The offering is made only by the Offering Circular.

$4,400,000 Kansas, Oklahoma & Gulf Railway Company First Mortgage Bonds, 3 4% Series 1980

The issuance and sale of these Bonds are subject to authorization by the Interstate Commerce Commission

Price 100% and accrued interest

HALSEY, STUART & CO. INC.
BEAR, STEARNS & CO.
OTIS & CO.
E. M. NEWTON & COMPANY
BURR & COMPANY, INC. (INCORPORATED)
R. L. OLSEN & COMPANY
MULLANEY, ROSS & COMPANY
THOMAS & COMPANY

May 10, 1945.

The ordinary measure of action — her freedom to regulate and manage her currency — is therefore of the first order.

In a milder fashion, the same principle in its application to foreign trade and commerce is fairly widespread among con-

servatives too, with the difference that the latter are not tactfully ideal of the lat-
ter has an imperialistic tinge. A stronger and more influential body of opinion in Britain and the Euro-

The origins of Bretton Woods are more complex than many people believe. The main purpose of the agreement was to create a stable international monetary system that would promote trade and investment. The agreement was signed in July 1944 by delegates from 44 countries, including the United States, the United Kingdom, France, and Canada.

The Bretton Woods system was based on the following principles:

1. **Fixed Exchange Rates:** Participating countries agreed to maintain exchange rates within a narrow band of fluctuations. This was intended to reduce currency speculation and promote international trade.

2. **Gold Standard:** The dollar was fixed at $42.22 per ounce of gold. This price was supposed to be maintained by the United States. Other countries would adjust their exchange rates to maintain parity with the dollar.

3. **International Monetary Fund (IMF):** The IMF was established to ensure stable exchange rates and to provide a framework for international financial cooperation.

4. **International Bank for Reconstruction and Development (World Bank):** The World Bank was created to promote international trade and investment.

5. **Special Drawing Rights (SDRs):** The SDRs were introduced as a reserve asset to help countries that were short of gold.

Despite its initial success, the Bretton Woods system faced several challenges:

- The United States was unable to maintain the gold standard, as it was running large trade deficits.
- The United Kingdom and France devalued their currencies, which undermined the system's credibility.
- The United States was unable to cover its obligations to other countries, as its balance of payments became negative.

By the late 1960s, the system had begun to collapse. The United States and other countries began to intervene in the foreign exchange markets to maintain fixed exchange rates, which created tensions and contributed to the eventual breakdown of the Bretton Woods system in 1971.

For more information, see the links provided below:

- [Federal Reserve Bank of St. Louis](https://www.federalreservebankstlouis.org)
- [International Monetary Fund](https://www.imf.org)
- [International Bank for Reconstruction and Development](https://www.worldbank.org)
- [Special Drawing Rights](https://www.imf.org/en/Topics/SDRs)
Distinguished Banking Institution Acquited

(Continued from page 2055)

unblemished a reputation should have been subjected to the rigors of a smear campaign-

" ... And the trial on a charge of which it was innocent."

We define the practice in this country of administrative bodies making false and colored releases those charged with wrong-doing.

From two points of view, the false charges are so worded that they accomplish their object of keeping bondholders, to bodies, to: influencing public opinion in favor of a prosecution of a politician.

Sometimes sensational in their timeliness, these false charges spread through the circulated press and create irreparable damage among those who are found innocent have no redress.

Whilst under indictments, defendants, as a rule, are subjected to an avalanche of nurse and devastating publicity.

Not infrequently, when these same defendants are found innocent, and thus exonerated, the account of their activities is stuck away in a corner of the news¬

paper.

The good name of a financial institution is one of its greatest assets and the good will of the public is the most valuable asset of a business.

To have smeared the ordeal of unwarranted suspicion for with the release of these false and misleading stories.

The “Chronicle,” therefore, when it is stated at the outcome of which it did not wish to “cause the slightest doubt right along.

Some action should be taken to prevent these stories and to prevent with press re¬


views of the Federal or the State prosecutor, the administrative bodies, to believe that they should be limited to a statement, the genuine and the nature of the charge.

All extenuating matters, such as comments upon the gravity of the alleged crime, and upon alleged admissions that would create a belief in the guilt of the indi¬


vidual or the company involved should be severely avoided.

This remedy could be realized in that the executive acts of the Con¬

gress.

We are in favor of such

land in the direction of unmore

the public

nations.

Be this as it may, the course international cooperation should be extended to—wholly—by no less an authority than Winston Churchill himself. On Feb. 27, 1945, reporting to Parlia¬

mentary Conference, he told about his visit, together with Mr. Eden, to Athens. "As a non-Greek, I was permitted to bring home to the Greek autho¬

rity the fact that, now that political stability has been achieved, the economic problem must take first place, and that the burden and responsibility of reconstruction upon the Greek nation and that they must, on no account, sit back and expect the Six Powers to bear the burden for them.

The implication that the smaller Ally should put his own house in order was obvious to the Prime Minister. Witnesses who are aware of the sacrifices Britain had made and the financial sacrifices Greece and the attorney for the bank said, that it sought a verdict of acquittal as a matter of fairness, right and justice.

In our opinion the verdict that was returned met all those requirements.

McKim Truman Adviser

The appointment of Edward D. McKim, Omaha, Neb., insurance executive, as executive assistant to President Truman, has been announced, according to As¬

sociated Press wire from Wash¬

ington, April 30, which states.

McKim was sworn in by Justice William O. Douglas of the United States Supreme Court this morn¬

noon along with two other Tru¬

man appointees whose selection previously was announced.

They were: John W. Snyder of St. Louis as Federal Loan Administrator.

Edwin A. Pauley of California as American member of the Inter¬

national Reparations Commission.

The White House said McKim will occupy the post of senior ad¬

visory assistant, a new post.

McKim was a member of Bat¬

ter, D of the 139th Field Arti¬

elry, 35th Division, in the last years of World War II, and the White House said he was a captain in that outfit.

Nazi Slave Policy Told

Representative Claire Boothe Luce (Rep., Conn.), who turned down a two-week tour of the European theatre, told the House that the Nazis had been deliberately starving and torture¬

ning helpless millions in concentration camps, an associ¬

ated Press report from Wash¬

ington, May 3, states. In that report, Miss Luce charged that those in charge of the military and the SS were responsible for the death of millions in the concentration camps.

The House committee, in its report of the Lib¬

eral and Conservative parties of the Allied, voted to pass the bill.

The vote was 262-180. The bill provides for the establishment of a new national agency to take over the work of the existing Committee of the American Victory Campaign.

The new agency, according to the bill, shall have the power to purchase and sell securities, to enter into contracts, to make loans, to purchase or sell property and real estate, and to do all other things necessary for the purpose of promoting, aiding, and effectuating the purpose of the act.

The bill also provides that the agency shall have the power to borrow money and to issue obligations, and shall have the power to make payments, whether in cash or in kind, to any person, corporation, or association, for the purpose of promoting or aiding the cause of the American Victory Campaign.

The bill further provides that the agency shall have the power to make grants, loans, and contributions, and shall have the power to negotiate and enter into contracts for the purpose of promoting or aiding the cause of the American Victory Campaign.

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New Issue

280,512 Shares

Associated Telephone Company, Ltd.

Cumulative Preferred Stock, $20 Par Value

Price $22.50 per share

Plus accrued dividends from May 1, 1945

Copies of the Prospectus may be obtained from stock of the undersigned as may legally offer these securities in compliance with the securities laws of the respective States.

Paine, Weblen, Jackson & Curtis

Mishum, Tully & Co.

Blith & Co., Inc.

Stone & Webster and Blodgett

Dean Witter & Co.

Incorporated

Weden & Co., Inc.

Merrill Lynch, Pierce, Fenner & Beane

May 20, 1945.
Conflicting Social Concepts
Prevalent at San Francisco

(Continued from page 2881)

Social and Economic Council. . . The World Trade Union, in addition to the CIO, is supported by other nations who believe it necessary to appease Russia in the matter because of the indispensability of its presence. . . The desideratum of the American and British Federation of Trade Unions has been the maintenance of the obliteration of the CIO by the World Trade Union. . . . The best prediction as to its disposition is that either it will remain as the rival central body or it will be ultimately admitted to the Society.

The World Trade Union Organization, embroiling in addition to the Russians and the CIO, among others, includes the British followers of Sir Walter Ewin, whose activities are embarrassing the British Federation considerably. . . They are extremely active in their demand for the admission of Labor as such—on a class basis—he actively represented, not only on the various Commissions administering this conference, but that it be represented on the Economic and Social Council. . . On the general question of Labor's place, Sidney Hillman and Philip Murray strive to a realignment of M. Motolov and the TSNO as vigorously stated last week—in opposing the established International Labor Organization—favored by the AFL. . . They contended that it is a "government set-up, and does not really represent labor."

It is learned on the highest authority that no such representation for Labor or any appointments whatever to the World Organization for Labor per se will be agreed to. . . The World Organization is designed on the lines of a Governmental and National basis, and the labor unions and elements of labor working through the World Federation of Trade Unions and the International Labor Organization meet in their capacity as the World Labor Movement and not as organizations of Labor, but as the representatives of the various labor bodies in their respective countries, and such representation and cooperation may be had only by such bodies. . .

The World Federation of Trade Unions, sponsored by M. Motolov both specifically by name and on occasion by inference, and being organized by Sidney Hillman and Philip Murray, emphasizes International Labor Organization as its cardinal aim and ultimate end. The aims and objects can only be fully attained by the establishment of a world Labor Movement in which all the resources of the world will be utilized for the benefit of all the peoples, the vast majority of whom are workers by hand and brain. . . The World Federation therefore proclaims its prime purpose to organize and unite within its ranks the trade unions of the world, regardless of considerations of race, nationality, religion, or political opinions. The Federation seeks the furtherance of whatever necessary, in countries socially or industrially less developed, to set up their trade unions. . .

The Federation has 60,000,000 worker members, from 35 countries, of which 37,500,000 are Russians and 10,000,000 are from Social-satellite countries, with American CIO members amounting to only about 4,000,000. . . The Federation is devised in a manner to ensure a majority to the combination of the Soviet and social-controlled countries. . .

Presumably, the Soviet wants to extend to the rest of the world the principle of "company unions," with the central government playing the role of the company. . . Thus, in reply to questioning as to the Soviet manner of preventing strikes, Vasily Kuznetsov, head of the Council of USSR Trade Unions, and one of the CIO representatives, explained that his Government "arranges conditions so well that there is no necessity to strike."

American labor in general made known its definite position yesterday when representatives of the CIO, the AFL, and the Railway Labor Executives Association (representing the nation's 2,000,000 railway workers) walked into the House of the American Federation of Labor, including M. Steinitz and Commander Stage. . . The Labor Executive Delegation of the CIO and the AFL World Federation of Trade Unions be directly represented on the General Assembly of the World Organization. "The Conference will be composed of four representatives each, of Labor, Agriculture, Business and Industry, the three latter being determined, with the consultation, for a "suitable tariff structure" to protect American industry and labor, and the non-interference of international organizations for the same purpose. . . It can be reported on the highest authority that the demands of the labor organizations and the great labor pressure groups, to set up a specialized and independent international labor movement will be uniformly denied. . .

The past week has brought forth a wealth of discussion—much of it behind the scenes in the vital battle for the basic charter for human and individual rights. Unfortunately, however, solution of the basic uncertainties regarding its form and functions has not advanced in correlation to the volume of such discussion.

In his press conference held to discuss the amendments to Dumbarton Oaks Declaration, Chairman of the Economic and Social Council sharply to the foreground. . . This featuring in the hands of the national governments, such as Australia, France, Canada, and some Latin Americans, who have been demanding strengthening of the CIO, with the strong backing of the Trade Unionists of the CIO in the Dumbarton Oaks text, in which the Council is not named as a party to the conference. . . The Council has independent powers; (3) cryptocurrency by the history of events following conferences at Genoa, Stockholm, etc., when governments scuttled all the fine principles laid down by the conference; (4) the intention to counteract the influence of the conference by the CIO; and (5) the desire to satisfy the small nations who at the European War end are chiefly concerned with immediate social conditions and needs.

There is a basic difference of opinion whether the set up of the Council should be worked in general terms or spelled out definitely and specifically to include the American Federation of Labor and further to make the charter possible to the American Federation of Labor and other American labor groups to seize the charter and to a lesser extent to prevent Britain, want definitiveness. . . The United States, for whom Dean Virginia Gildersleeve is directing these proceedings, would certainly keep a general "open-end" until the Council begins functioning. . . Despite Mr. Stettin's verbal elaboration on the utility of the organization in international and domestic fields, the fundamental issue is whether the United States is to be left for public at large on the more colorful controversial problems pertaining to the charter and its work, or whether the Council is to be made public and finally, the desire to satisfy the small nations who at the European War end are chiefly concerned with immediate social conditions and needs.

One danger inherent in spelling out the Economic Council's functions at this stage is the negligible controversy which is necessarily adhered to in this Conference. . . For example, M. Molotov at his press conference of yesterday confined his discussion of economic matters entirely to the question of the "government model" of the charter, and the universal application of job-guarantee.

The advantage of avoiding definitiveness is emphasized by the very voluminous demands of the labor interests here. . . One group has been pressing demands that the AFL: (1) be adhered to in this Conference. . . For example, M. Molotov at his press conference of yesterday confined his discussion of economic matters entirely to the question of the "government model" of the charter, and the universal application of job-guarantee. . .

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It is evident that the conference has been effective in bringing together the various cooperating agencies (as the Bretton Woods Fund and Bank, etc.), and by so doing, getting them to pursue general policies which shall conform to the organization's overall aims. This would be done by (1) the entry into more general fields like full-employment idealism, with checks against inter-agency overlapping of functions.

The Economic Council will function chiefly as a recommendation body, in the manner of the recommendations of the General Assembly and the Security Council. . It will exercise these two basic functions: (1) coordination of the various cooperating agencies (as the Bretton Woods Fund and Bank, etc.), and by so doing, getting them to pursue general policies which shall conform to the organization's overall aims. This would be done by (1) the entry into more general fields like full-employment idealism, with checks against inter-agency overlapping of functions.

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As of the stock has been sold, this advertisement appears as a matter of record only, and is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering of the securities is made only by means of the Prospectus.

200 Shares
Graham-Paige Motors Corporation
5% Convertible Preferred Stock
Cumulative
(Par value $25 per share)
Price $25 per Share
plus accrued dividend

The foregoing is merely a brief outline of certain information contained in the Prospectus. The offering of the securities is made only by means of the Prospectus.
the law. Hence a majority of the judges would in reality be legislation without veto. The result is that there is no compulsion, but only an optional clause, and a State does not say in advance that it will question without reservation. Only the Chinese have the right to require the Chinese to agree. In this field again Governor Strauss is advocating the practical policy of compromising pending future developments.

It may interest New York bridge players to know that Ely Culbertson, who bitterly resents being known as a bridge player in lieu of philosopher-eminent, is out here unceremoniously blasting the Conference. Said he at a recent meeting: "Thesumed Dumbarton, and the system of collective security which is neither collective nor secure; an assembly of mice presided over by a few cats and a hybrid combining the worst features of two plans that have previously failed—the first League of Nations (now manned by military hawks) and the Holy Alliance (which in seven years became very unhy). The claims made by the architects of the Dumbarton league, that it is endowed with an 'adequate force' is false on the face of it, since any of the Big Five may veto the use of the armed force against itself or its ally as aggressor. The widely advertised 'teeth' in the Dumbarton league, therefore, turn out to be a set of false teeth, which could not bite anybody, except the small fry.'

Others, in view of the exclusion of neutrals, are suggesting that the new organization be christened "The League of Veterans."

It seems that international conferences proceed in the following four typical stages, the second of which marks the present position of San Francisco:

(1) Preliminary with all participants scurrying about and believing that organizational matters are all important;
(2) Everyone asks, 'Is the Conference getting anywhere?' Not only is this the question now, but individual opinions and guesses range from hour to hour (rieved by developments having to do with the unpredictable Russians);
(3) The period of deadlock;
(4) The last-minute expedients of the previous deadlocks, with tremendous acceleration of final decisions and formal agreements and terminations.

**Speedy termination is being urged by most of the elder statesmen, excepting those from the Latin American countries. This desire is daily becoming increasingly stimulated by the rapid progress of events in Europe and the desire for attention to the war. It is known that our ambassadors in some foreign capitals, who had been out of the United States for a year or more, were instructed to remain at the posts until the termination of the Conference.** May 20 is the date when this term of the Conference will be prolonged by Alger Hiss, Secretary of State, in a network broadcast to be delivered next Saturday.

**Bruns, Nordeman Co. Adds Laurence Lubin to Staff**

Bruns, Nordeman & Co., 321 Broadway, New York City, members of the New York Stock Exchange, announce that Laurence H. Lubin is now associated with them as co-manager of their stock and cotton department. Mr. Lubin was previously with Fox & O'Flara & Co.

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**Business Man's Bookshelf**


**Effect of Federal Taxes on Growing Enterprises—Study No. 3 of the Lithomab Corp.—J. Keith Butters and John L.ister—Division of Research, Graduate School of Business Administration, Harvard University, Soldiers Field, Boston 53, Mass.—paper—50 cents.

**Industrial Expansion and Government Plant Disposal (Fourth Federal Reserve District)—Federal Reserve Bank of Cleveland, Ohio—paper—**

**Is Finland Worth Saving?—"Save Finland Committee," 406 Lonsdale Building, Duluth, Minn.—paper—**

**Justice in Transportation, An Analysis of the Mammoth Problem—Arne C. Wiprud—Ziff-Davis Publishing Company, 350 Fifth Avenue, New York 7, N. Y., cloth—$2.00.**


**Bendix Luitweiler Admit**

Bendix, Luitweiler & Co., 52 Wall Street, New York City, members of the New York Stock Exchange, will admit Jacques Pierre Albrecht to special partnership in their firm as of May 17.

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This is under no circumstances to be construed as an offering of this Preferred Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any such Stock. The offer is made only by means of the Prospectus.

**NEW ISSUE**

60,000 Shares

**THOMPSON PRODUCTS, INC.**

4% Cumulative Preferred Stock

Par Value $100 Per Share

Price $107 per share

plus accrued dividends to date of delivery

45,000 Shares of the above-mentioned shares are being offered by the Company in exchange on a cash basis, for $83 per share in respect of accrued dividends, to the holders of its outstanding 5% Cumulative Preferred Stock, as set forth in the Prospectus. The remaining 15,000 shares and the unissued shares will be purchased by the several underwriters.

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**SmitH, Barney & Co. **

**McDONALD COMPANY **

**SHELDONS & COMPANY**

May 9, 1945
The Outlook for Prices

(Continued from first page)

(1) In the first place, pricefixing has failed to fix prices. It can be said that the current symptoms suggest a strong tendency for prices to rise. The Bureau of Labor Statistics index makes new highs almost every week; all the prices with which I am acquainted may best be described as moving irregularly in a rising manner. On the other hand, in this connection, remember that the price indexes include only official or published prices. They do not include black markets. There is nothing to impair the fact that when I go to a restaurant where I have decided to dine, six months ago, I find that my money now buys about half as much as it did then.

Most emphatically, I doubt the existence of the attitude, or the argument, which is based upon the notion that price-fixing has been actually effective, and that prices have really stabilized.

(2) My second, and at my main point, however, is that there is only one outcome in a situation in which we find both a plethora of currency and a shortage of goods. To my mind, that outcome is the inevitable price-inflation. In prices. The fact is that a huge portion of the population of this country which has grown enormously since the time a year ago when we emphasized it in addressing this same group. The first element in this price inflation is the plethora of currency. According to the latest figures, there are upwards of $66,000,000,000 in demand deposits obtained by corporations, banks, and other institutions. These deposits have recently increased more than the yearly record... I do not even bother to refer to the record in high monetary years. In 1913, the supply was about $46,000,000,000.

Part of this inflation in deposit currency is seen in the possession of large reserves by corporations, which reserves in themselves guarantee both that there will be no devaluation of the dollar, and that there will be a large demand for capital investments in new enterprises. The oil company has just reported last year it made a provision of $12,000,000,000 for working capital for contingencies. A well-known dairy company reports its intention to spend from $50,000,000 to $75,000,000 in the first five years after the war in new plant, equipment, and the like. Prices are higher than 50 cents per share. This advertisement is neither an offer to sell nor a solicitation of offers to buy any of this stock. The offering is made only by the Prospectus.

108,000 Shares

The Muter Company

(An Illinois Corporation)

Common Stock

(Par Value 50c per share)

Price $5 per Share

Copies of the Prospectus may be obtained from the underwriters.

HICKS & PRICE

Members New York Stock Exchange

Chicago New York

Thursday, May 10, 1945

This article is about the effects of price-fixing on the economy. It discusses the relationship between currency and goods, and argues that the current situation will lead to inflation. The author notes that while price-fixing may have some temporary effects, it will not be able to stabilize prices in the long run. The article also discusses the impact of inflation on different sectors of the economy, such as agriculture, and argues that government intervention may be necessary to prevent further price increases. The article concludes with a call for continued vigilance in monitoring the economy to prevent future price shocks.
Dean Madden Points to Possible Legislation to Reduce Bank Profits  
(Continued from page 2055)

sequences of such measures? Are there any dominating factors in their use or impact on the economy? 

The bulletin traces recent anti-
bank legislation and trends at home and abroad. 

Bills have already been intro-
duced in Congress with a view to 
reducing the interest burden on 
the expenditure of public funds. 

Some officials in Washington have 
pointed out that the earnings of the Federal Reserve System, as well as the 
holdings of Government securities, are greater than is war-
ranted by the services rendered by these institutions. 

In some countries, notably Aus-
tralia, measures have already been taken to prevent the banks from 
profiting from the increased debt 
of the government. 

It is not yet known what steps 
will be taken by some of the con-
tinental European countries con-
cerning the holding of Govern-
ment obligations by the financial 
institutions. In some of these countries, however, the Federal 
Reserve System, or the -like 
organisations, has been urged by 
authorities to consider the effect of 
Government bonds on the reserves 
of their institutions. 

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NEW FILINGS

List of registration statement filings were filed less that twenty days ago. The filings are listed in order of the date of the registration statement filing. The filing is the date as of which registration statements will become effective.

THURSDAY, MAY 19

BINGHAMTON, May 21 Filed a registration statement for 20,000 shares of common (at $350 and 400 per share) in B. H. & N. Co., Inc. and is named principal underwriter.

SOLAR AIRCRAFT Co. filed a registration statement for 25,000 shares of non-assigned convertible preferred stock (at $125 and 140 per share) in Solar Aircraft Co. Inc. and has reserved the right to be named principal underwriter.

EMERSON ELECTRIC CO. filed a registration statement for 100,000 shares of common (at $368 and 400 per share) in Emerson Electric Co. and the underwriters are named.

COVENTRY GOLD MINES, Ltd., as of May 21 filed a registration statement for 3,000 shares of common stock (at $125 and 150 per share) in Coventry Gold Mines, Ltd. and is named principal underwriter.

TEXAS POWER & LIGHT Co. filed a registration statement for 25,000 shares of common stock (at $300 and 350 per share) in Texas Power & Light Co. and is named principal underwriter.

COVENTRY GOVERNMENT SECURITIES, Ltd., as of May 21 filed a registration statement for 15,000 shares of common stock (at $325 and 350 per share) in Coventry Government Securities, Ltd. and is named principal underwriter.

BEYER COPPER & BRASS, Inc., as of May 21 filed a registration statement for 7,200 shares of common stock (at $300 and 350 per share) in Beyer Copper & Brass, Inc. and is named principal underwriter.

KERRA VACUUM CLEANER Co., as of May 21 filed a registration statement for 300,000 shares of common stock (at $36 and 40 per share) in Kerra Vacuum Cleaner Co. and is named principal underwriter.

COUNTRY SHORE APARTMENTS, Inc., as of May 21 filed a registration statement for 3,000 shares of common stock (at $400 and 450 per share) in Country Shore Apartments, Inc. and is named principal underwriter.

BINGHAMTON, May 21 Filed a registration statement for 40,000 shares of common stock (at $300 and 350 per share) in B. H. & N. Co., Inc. and is named principal underwriter.

DANIEL, May 21 Filed a registration statement for 50,000 shares of common stock (at $300 and 350 per share) in Daniel, Inc. and is named principal underwriter.

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DANIEL, May 21 Filed a registration statement for 50,000 shares of common stock (at $300 and 350 per share) in Daniel, Inc. and is named principal underwriter.
The Board of Directors of Wentworth Manufacturing Company has declared a dividend of cumulative and one-half cent (12 1/2c) per share on the outstanding common stock of the Company, payable June 17, 1945, to stockholders of record at the close of business May 19, 1945.

Checks will be mailed.

JOHN E. MCDERMOTT, Secretary

The BUCKEYE PIPE LINE COMPANY
218 East Broad Street
Columbus, Ohio

The Buckeye Pipe Line Company has declared its semi-annual dividend of $1.972 per share and the annual dividend of $8.575 per share.

Checks will be mailed.

O. O. BULL, Secretary

HOWARD INVESTMENT COMPANY

The Howard Investment Company has declared its annual dividend of $1.50 per share.

Checks will be mailed.

W. R. HANCOCK, Secretary

The New York Central Railroad Company has declared a dividend of 25c per share on the outstanding common stock, payable June 17, 1945, to stockholders of record at close of business May 20, 1945.

G. O. O'DELL, Secretary

The Board of Directors of The Philadelphia Electric Company has declared a dividend of 5c per share payable June 17, 1945, to stockholders of record at close of business May 20, 1945.

WILMA S. COULTER, Secretary

Dividend Notice

The board of directors of the Philadelphia Electric Company has declared a dividend of 5c per share payable June 17, 1945, to stockholders of record at close of business May 20, 1945.

WILMA S. COULTER, Secretary

The board of directors of the Philadelphia Electric Company has declared a dividend of 5c per share payable June 17, 1945, to stockholders of record at close of business May 20, 1945.

WILMA S. COULTER, Secretary
Dean Madden Points to Possible Legislation to Reduce Bank Profits

(Continued from page 2085)

would obviously prefer to hold loans that yield

the capital adequacy of the banks, which today

would be drastically reduced and would depend almost entirely on

the ability of the banks to borrow from the Federal Reserve System to

sell the latter their non-interest-bearing

Government obligations.

After a few months, a considerable portion of the Gov-

ernment portfolios would consist of non-interest-bearing obliga-

tions and bank earnings would fall sharply. Such a development

would lead either to the liquidation of a number of banks, partic-

ularly smaller institutions which already have difficulty in making

ends meet, or to the imposition of heavy service charges, which in turn

would cause a drastic reduction in the use of these banks and a

sharp decline in the earning power of the banks.

In order to maintain their earnings, many banks might be compelled to make loans or pur-

chase securities of a quality which might entail substantial losses. Furthermore, losing out of the bank deposit business, these banks would have to bear the full

interest-bearing obligations of the Government.

The rate of interest offered by the Treasury on Treasury obligations to ultimate investors was

4% in 1941 as compared with 5% on the large-scale Treasury obligations of the United States.

The latter would be reduced to the rate simply offered on shorter maturities.

The bulletin continues: While the charge of excessive earnings on the part of banks is

warranted, the question may justly be raised whether the banks have not adopted too drastic ser-

vice-charge schedules. Service charges are justified on accounts which do not compensate the

banks for the expenses incurred. If these charges were based exclu-

sively on costs, the revenue derived from them would not be less than at present. High service charges would, of course, provide an income tend to antagonize the owners of the banks and tend to affect adversely public relations.

It may also be stated that wages and salaries paid by many banks are well below the scale maintained

by industry and trade in the same locality. A readjustment of the wages and salaries would reduce earnings.

Since earnings of the banks have increased materially, it may be possible at least for some banks which operate largely with savings

deposits, to increase moderately the rate of interest on thrift accounts. During the years when bank earnings were declin-

ing, cuts in interest rates were made, but when bank earnings were increasing, cuts in rates were not made.

In conclusion the bulletin states: The public interest as well as the interests of the large banks is better served by a general reduction of bank charges than by an increase in the number of banks which fail.