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No Amendments to The Bretton Woods Agreements: Spence

Chairman of House Banking and Currency Committee Tells "Chronicle" Representative That He Is Opposed to Altering Documents. Says Any Important Change May Necessitate Another International Conference. Holds Adjustments Can Be Arrived at After Plan Is Put Into Operation and Calls for Speed in Adoption if Whole Plan Is Not to Lapse.

WASHINGTON, May 16—Representative Brent Spence (D.), Kentucky, Chairman of the House Banking and Currency Committee, which has under consideration HR 2211, the measure that would give Congressional approval to the Bretton Woods Agreements, has informed our correspondent that, in his opinion, the bill will be presented to Congress without any material changes.

Rep. Brent Spence

This statement was made after certain members of the House

(Continued on page 2196)

Index of Regular Features on page 2196.

The Outlook for Utility Stocks

By OWEN ELY

Utility Securities Expert Traces the Market Trends and Actions of Utility Stocks and Notes That the Recent Advances Have Attracted a Large Market Following in the "Mystery" and Junior Shares of Holding Companies. Points Out Risks in These Issues and Holds That Major Determinant in the Future Trend of Utility Stocks of All Categories Will Be the Average Yield of the High Grade Issues. Sees a Narrowing of the Spread Between the High Grade Bond Yields and the Yields on Preferred and Common Stocks, and Concludes That There Are Legitimate Opportunities for Further Price Appreciations.

During the 1920's fortunes were made in utility securities. Over a period of years American Water Works advanced from 3 to 199, Federal Light & Traction from 5 to 109, Kentucky Securities from 5 to 225, Middle West Utilities from 11 to 180, Massachusetts Lighting from 8 to 159. Allowing for split-ups, Cities Service common advanced from 5 in 1921 to 68½ in 1929 (equivalent to 685 on the present basis).

Owen Ely

Records are not readily available for many low-priced stocks and warrants which doubtless had even larger gains. Standard & Poor's index of holding company stocks advanced from 35 in 1920 to 834 in 1929, a level about 24 times as high; the operating company index was content with an advance from 45 to 396, or slightly under 9 times.

In the drastic deflation period of 1929-32 the holding company average dropped to 66 and in 1935, when the Holding Company Act was passed, it dropped to 47; again in 1942, when a combination of "death sentences" and

(Continued on page 2180)

Democratic Party's Business Policy

By ROBERT E. HANNEGAN*

Postmaster General of the United States
Chairman, Democratic National Committee

New Cabinet Member and Chairman of Democratic Party Organization Asserts That the Present Administration Is Ready and Eager to Work With Business. Says Unlike in Crisis of 1933 "No Strong Medicine" Will Be Needed to Restore Normal Economic Conditions and That the Role of Government Will Be Toward Cooperation and Away From Control. Hopes Condition Will Enable Government to Draw a Line Limiting Its Own Activities and Risk Capital Investment Encouraged. Says Administration Policy Is to Seek Aid and Cooperation of Business.

To me, this gathering affords a special pleasure—the opportunity to appear before a group truly typifying the best in American business, and of extending to such a group the greetings of the party that represents the best in American politics.

Robert E. Hannegan

And if that is a "plug"—in the language of advertising—then it is a plug for both sides.

As a matter of fact, that is exactly what I have come here to do—to let you know that the Democratic Party and the Democratic Administration are ready and eager to work with the business men of this country in making the readjustments that lie ahead of us.

I think most of us know and agree that in the months and

*Address of Mr. Hannegan before Advertising Club of Washington, D. C., May 15, 1945.

(Continued on page 2188)

Scope of Economic and Social Council Discussed at San Francisco

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle

Handling of Problems Not Settled. Regional Arrangements Held Secure, but New World CIO-Soviet Trade Union Congress Rebuffed. Additional Boosts Given to Economic and Social Council, but Status of Special Interests in Its Organization Not Settled. Much of Organization and Work of Old League of Nations May Be Taken Over by New World Organization.

A. Wilfred May

SAN FRANCISCO, CAL., May 16—Secretary Stettinius' statement of yesterday assuring the wartime continuance of lend-lease supplies to our allies, brings to the fore our prospective international relief program and policies. . . .

Lend-lease will continue to be administered entirely by the Foreign Economic Administration, with supplies to western Europe, all being sent pursuant to special agreements. . . .

* * *

Discussion with American and foreign officials here underlines the urgency and size of the postwar relief job needed from this country, and indicates that it will be administered wholly outside of the new international organization. . . . In the first place, the foreign needs are pressing, whereas one or two years will elapse before the World Organization functions; and, in the second place, the new Economic Council will confine itself to policymaking rather than to administrative operations. . . . It is expected that the job wil be done by UNRRA—an international agency—and by the various United States agencies, such

(Continued on page 2192)

Proposed Missouri Valley Authority

By ERNEST R. ABRAMS

Writer Recounts Story of the Proposed Missouri Valley Authority Leading Up to the Introduction of Senator Murray's Bill in the Present Congress. Notes Strenuous Opposition to and Conflict Over the Measure by State and Local Authorities Comprised in the Area, Arising From (1) the Economic Diversities in so Large a Region and (2) the Fear of Federal Encroachment. Opposition Has Also Been Expressed by the Army Engineers and the Bureau of Reclamation. Holds Passage of Bill Will Lead to Other Projects on Large Scale and Cause Heavy Financial Burden on Treasury as Well as Being a "Milestone Along the Celebrated Road to Serfdom."

Although the Senate Commerce Committee declined on May 7 to approve the Murray Bill—S. 555—which would have established a Missouri Valley Authority, that proposal is far from dead. When the then President of the Senate—now President Truman—referred it to the ultra-conservative Senate Commerce Committee, Senator Murray raised quite a fuss. As a result, a compromise was reached under which the bill was referred to the Senate Committee for 60 days, to the Senate Committee on Irrigation for a like period, and to the Senate Agricultural Committee for another 60 days. Rejection of the proposal by the Commerce Committee was in the cards, and not only explains Senator Murray's protest against its original assignment, but accounts in large measure for the compromise arrangement of sending the bill to two friendly Senate committees. Again, both the Murray bill and a proposal for a Missouri Valley Authority are far from dead.

Ernest R. Abrams

When General Pick, now engaged in building the Ledo-Stillwell Road in Burma, was in charge of development work on the Missouri River for the Army Engineers in 1934, he prepared a 1245-page comprehensive plan for river development which was concerned mainly with navigation improvement and flood control on the main stem of the stream from Sioux City, Iowa, to its confluence with the Mississippi, near Alton, Illinois. Since this plan did not propose sufficient irrigation and power development

(Continued on page 2177)

Arthur Karr V.-P. of Van Denburgh & Karr

LOS ANGELES, CALIF.—Arthur C. Karr has been elected a vice-president of Van Denburgh & Bruce, Inc. and the firm name has been changed to Van Denburgh & Karr, Inc. Offices are at 523 West Sixth Street.

Officers of the firm are A. S. Van Denburgh, president; Mr. Karr, vice-president, M. A. Paul, secretary, and Douglas Bruce a director.

Change in the firm's name was previously reported in the Financial Chronicle of April 26th.

Bretton Woods Plan Will Foster Foreign Totalitarianism

By V. ORVAL WATTS*

Economic Counsel, Los Angeles Chamber of Commerce

Pacific Coast Economist Tells House Committee That Under the Proposed Monetary Fund, Foreign Nations Will Be Encouraged to Run Up Deficits by Their Ability to Borrow U. S. Dollars and Thus Lead to Defaults as After Last War. Predicts Renewal of Exchange Restrictions to Conceal Domestic Currency Depreciation, Unless Nations Live Within Their Means, and Asserts That Privilege Given to Borrow From the Fund and the Bank Will Encourage Deficit Spending and Encourage Totalitarianism.

I should like to say that I am most strongly in favor of the stated objectives of the Bretton Woods Agreements—international cooperation, exchange stability, trade expansion, elimination of restrictions on enterprise, reconstruction, and so on.

Dr. V. Orval Watts

Certainly, the Los Angeles Chamber of Commerce is vitally interested in promoting such objectives. The members and directors of our organization realize that their prosperity will be directly affected by the future development of international cooperation and world trade, and it is for that reason that I am appearing before you today. After careful study our board of directors voted to oppose the bills, including H.R. 2211, now before the Congress of the United States, to provide for the participation of the United States in International Monetary Fund and the International Bank for Reconstruction and Development. This position has been taken because our directors believe that these measures are not in the best interests of the United States. This is not to imply any reflections on the motives, or intentions, of the authors and sponsors of these proposals. However, the fact that an aviator intends to drop his bombs only on the enemy does not in any way lessen the damage done when by mistake he drops them on his comrades. Similarly, the good intentions and aims of the authors and proponents of the Bretton Woods Agreements are no guarantee of good results.

Cost to the American People

The first point to be considered in financial proposals of this sort is the cost, or amount of investment. The initial obligations of the United States to the International Fund and Bank, under the

(Continued on page 2189)

*Statement by Dr. V. Orval Watts before the House Banking and Currency Committee last week.

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Bank and Quotation Record—Mth. $25 yr.
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Post-War Utilities Earnings and Rates

By A. M. SAKOLSKI

Investment Analyst Contrasts the Situation of Utilities After the Last War With the Prospective Conditions Following Present Conflicts. Holds That Although There Will Be a Falling Off of Earnings Due to Industrial Cut-Backs, the Fact That Increased Wartime Earnings Are Largely Absorbed by Excess Profits Taxes, the Resulting Reduced Revenues Will Not Affect Dividend Payments. Says That Although Some Time Will Elapse Before Expanded Domestic Demand for Utility Services Take Effect, the Increased Revenues From This Source Will Eventually Offset Loss in Net Earnings From Lighter Industrial Loads.

The effects of this war on the financial and operating problems of the utilities present a distinct contrast with the conditions following World War I. After the last war, the utilities were faced with inflated materials prices, inadequate and rigid rates, and the immediate need of expanding plant construction to meet the peak demands for increased use of their services. They were also confronted with high interest rates for capital and rigid and unsettled rate structures which, in many cases, were the outgrowth of their haphazard development and a lack of adequate data on operating costs and efficiency.


A. M. Sakolski

The immediate post-war outlook presents a different picture. During the current hostilities, the utilities, like most other business enterprises, greatly increased their production and efficiency. This was accomplished with relatively little increased capital investment and, in many cases, without even an increase in the peaks of the demand for their services. Increased output was accomplished mainly through improvement of the load factor, i.e. by extending the use of their services more evenly throughout the 24 hours of the day, as well as

(Continued on page 2179)

SEC Holds Conference on Proposal To Prohibit Floor Trading

Treanor Recommends Abolition of Floor Trading at SEC Hearing. Proposed Remedy Characterized as Revolutionary. Will Impair Liquid Markets. Further Study of the Problem Advocated. Adoption of Proposal Will Deprive Many in Securities Field of Their Means of Livelihood. Data Collated by the Trading and Exchange Division Said Not to Support Its Conclusions.


J. A. Treanor, Jr.


Emil Schram

PHILADELPHIA, May 16—The conference on floor trading got under way here this morning before the full Commissoin.

The Commission was first addressed by James A. Treanor Jr., Director of the Trading and Exchange Division of the SEC. He introduced as an exhibit a report made under his supervision recommending the immediate adoption of a rule by the SEC prohibiting "floor trading."

(Continued from page 2192)

Stemming Tide of SEC Domination

Entire Investment Field Should Get Behind the Boren Bill

Back in February, when the hearings were first held, before the Committee on Interstate and Foreign Commerce of the House of Representatives on the subject of the Boren Bill, we immediately made a study of the testimony and took prompt occasion to comment upon the evidence, editorially.

Long before these hearings we advocated passage of the proposed Boren Bill. The hearings confirmed our point of view which remains absolutely unchanged.

The issues were clearly defined and as we pointed out the presentation made on behalf of the dealers in public securities, was a studied and splendid effort representing clever planning and strategy. We commended that effort to the attention of dealers in securities generally when espousing their causes in pending legislation.

On such occasions all too frequently generalship in advocacy is sadly neglected. Garbled and contradictory versions result and causes having inherent merit fall by the wayside.

Here, however, the unity of planning was such as to leave little doubt that particular phases of the subject were assigned to different men for coverage. The result was a splendidly accurate and well reasoned showing.

We have constantly argued that the existence of a limited

(Continued on page 2185)

Prof. Sprague's Testimony Ends Bretton Woods Hearings

By HERBERT M. BRATTER

Former Bank of England and U. S. Treasury Expert Expresses Approval of Bretton Woods Proposals but Cautions Against Expecting Either Currency Stabilization or Abandonment of Exchange Controls.

WASHINGTON, MAY 15—During the past week the last of the scheduled witnesses on the Bretton Woods legislation were heard and the House Banking and Currency Committee prepared for executive sessions on HR-2211. The hearings, which began March 7—before the Easter recess—with the testimony of the Treasury, ended with two non-official Administration witnesses: Mr. James B. Carey, Secretary-Treasurer of the CIO, and Harvard's Professor Emeritus O. M. W. Sprague, who seems to have been brought on to rebut the testimony of the bankers and of Princeton's Professor Emeritus E. W. Kemmerer.[1] Public attendance at the Sprague hearing was so sparse as to cause comment by the Chairman. More than half of the dozen persons present were Treasury officials and employees, among them Assistant Secretary Harry D. White.


O. M. W. Sprague

1 See Prof. Kemmerer's prepared testimony in the "Commercial and Financial Chronicle" of May 10, Section 2, page 1.

(Continued on page 2186)

Television and Its Post-War Outlook

By MORT N. LANSING*
Specialties Unit, Bureau of Foreign and Domestic Commerce

Commerce Department Official Calls Attention to Progress in Television and Suggests Its Expansion May Be Similar to That of Radio. Holds That Monochrome Television Has Already Demonstrated Its Practicability and That There Is Fair Probability of Color Reproduction. As of February 1, 1945 Licenses Have Been Granted to Six Commercial and 25 Experimental Television Stations, and Although the Television Audience Is Not Yet Large Enough to Support Regular Programs, It Is Estimated That a Thousand Firms Have Used Television Experimentally for Advertising.

Dreams of the past have often become miracles of the present. This is true in the case of television, which now gives every promise of becoming one of the commonplaces in the near future.


Mort N. Lansing

Certain technical problems have been solved by radio engineers and now the industry believes that it will be possible even to have color within a year or two after V-E Day. These radio engineers have been experimenting and conducting research ever since the birth of radio. From the infant radio industry which began with headphones and crystal detectors there grew up a giant industry with two promising lines of development—frequency modulation and television.

If television is to follow in the footsteps of the phenomenal expansion of the radio industry, some conception of what may occur can perhaps be obtained from an anlysis of that industry. The establishments covered by the figures in the table were engaged primarily in the manufacture of radio receiving and transmitting sets and tubes, television sets, phonographs, accessories and associated equipment. The value of products for the year 1939 was produced by 224 establishments which employed an average of 43,508 wage earners in that year. Approximately 8% of the total production was exported in 1939.

Annual Pre-War Production of the Radio Industry

Year—	Value of products
1931	$193,142,845
1933	121,801,611
1935	200,972,523
1937	122,901,524
1939	275,870,165

Source—Bureau of the Census, U. S. Department of Commerce.

Since 1939, the industry has expanded rapidly in order to meet the large and complex military requirements.

For a number of years television programs have been broadcast experimentally. In 1941 the Federal Communications Commission issued rules and standards providing for monochrome television broadcasting on a commercial basis. Eighteen channels, each 6 megacycles wide, were assigned

(Continued on page 2190)

*Reprinted from "Domestic Commerce" April, 1945, published by the U. S. Department of Commerce.

The Anglo-Swedish Monetary Agreement

New Contract, Besides Fixing an "Official" Exchange Rate, Restricts the Use of Either Sterling or Kronor by Either Party in England or Sweden Except for Special Arrangements Which Both Parties Sanction. Agreement Harmonizes With "Sterling Area" Scheme Which Provides for Arrangements Which in Effect Permit the Unfreezing of Abnormal Sterling Balances Only at Discretion of England. Calls for Establishing Exchange Equilibrium by Currency Loans and Gold Transfers, and Contains a Proviso That if Either Nation Adheres to a General International Monetary Agreement, the Contract May Be Amended.

The British Ministry of Foreign Affairs has recently published a White Paper (Sweden Vo. 1—1945) which contains the text of the monetary agreement entered into on March 6, 1945 with the United Kingdom (on behalf of the "Sterling Area") and the Government of Sweden. This contract, which is for five years duration, unless revoked sooner, in addition to fixing an exchange rate between the Swedish krona and the pound at 16.90 kr. to £1, obligates each party to enforce the use of the official rate as a basis of all transactions involving a relationship between the two countries, thus implementing a strict system of bilateral exchange control. However, the new agreement is more restrictive than the pre-war sterling-krona pegged arrangement in that it restricts the use of either currency by either party in England or Sweden except for special arrangements which both parties sanction, thus permitting the unfreezing of abnormal sterling balances only at the discretion of England. There is a proviso in the new agreement that if during the currency of this agreement, either of the contracting governments adheres to a general international monetary agreement, the terms of the present agreement shall be reveiwed with a view to making any amendments that may be required.

The full text of the agreement follows:

(Continued on page 2174)

Six War Years of British Banking

By DR. FREDERIC EDWARD LEE

Professor of Economics, University of Illinois—Formerly American Financial Trade Commissioner, American Embassy, London

Economist Shows From Composite Balance Sheets That, Like American Banks, the British "Big Five" Joint Stock Banks Hold Largest Deposits and Highest Total Assets on Record and That There, as in United States, the Government is the Largest Borrower. Maintains That Should This Continue Into the Reconversion Period British Bankers Are Concerned Over Their Ability to Meet the Legitimate Needs of Small Business and to Resume Normal Commercial Banking Operations. Shows Combined Net Profits for "Big Five" Dropped in 1944 to the Level of 1932—the Low Year of the Depression.

A comparison of the composite balance sheets for the British "Big Five" Joint Stock Banks for the year 1938—the last full year of operations before the beginning of World War II—with those for the year just closed, 1944, shows some of the important changes which have taken place in British banking during the past six-year period. As is the case with American banks, the tremendous growth of deposits and the falling off of the normal demand for "advances," i.e., Loans and Discounts in American terminology, are among the pertinent changes which are revealed. Dominating the English banking situation both by the extent of their total resources and by the number of branches in England and Wales, the "Big Five" banks reflect banking conditions generally in the United Kingdom, as they account for approximately 87% of the commercial banking business of England and Wales.


Dr. Frederic E. Lee

Relative Position of the "Big Five" Banks

The so-called "Big Five" Joint Stock Banks—the Midland Bank, Barclays Bank, Lloyds Bank, Westminster Bank, and the National Provincial Bank, all limited liability companies—directly control assets of over £4,138,000,000—over $16½ billion at present rates of exchange. They are thus not only the leading joint stock or commercial banks of the United Kingdom, but rank among the largest commercial deposit banks of the world. All now have their head offices in London but this was not always the case, particularly in the period in which the Bank of England enjoyed a "fancied monopoly" of joint stock banking in England, when by law other corporations of more than six partners were prohibited from engaging in this type of business. After 1826, however, such companies were permitted to carry on business in England at a greater distance from London than 65 miles, provided they had no banking establishment in London. After 1833 the question of fancied monopoly on the part of the Bank of England was cleared up and provisions were made in the amended law for the operations of such corporations in London and elsewhere, as deposit banks but without the privilege of note issue, particularly in the metropolis.

Each of the "Big Five" lays claim to some distinctive position in the banking circles of Great Britain and the London money market. As shown in the composite balance sheet and profit figures, the Midland Bank is the largest of these institutions. The Westminster Bank was the first of the group to begin joint stock

(Continued on page 2183)

Stock Market Comment

Noting That the Current Bull Market Has Lasted Seven Months, Writer States That in View of the Behavior of the Rail and Industrial Averages It Might Be Well to Exercise Prudence and Partially Liquidate Long Accounts. Holds Process of Disintegrating War Economy Has Begun and It Would Be Hazardous to Believe That Stock Markets Could Continue Buoyant During This Process.

The third primary upswing of the current bull market has continued for more than seven months without anything more than a minor setback. We now seem to be approaching an area, both as to time and price, where more than a minor correction would be warranted, which might be just another interruption in a broad bull pattern or may be severe enough to be referred to as an important decline.

Jacques Coe

Our last analysis of the broad bull market pattern was written nearly six months ago (November 17), at which time we discussed the deceptive secondary which had been in progress for a few months and which could turn around to mark the third upward phase early in 1945. From the November lows of approximately 145 to the recent levels of 166 would appear to be a major upswing of considerable proportions, and we now feel justified in examining the market structure as it stands today.

In former times, one would have been on the lookout for sensational market advances, very big volume, and a number of moves sharply up and down within a comparatively brief period, to indicate a "blow-off," inasmuch as, under cover of the big volume and general all around excitement, considerable distribution used to be effective . . . that is to say, the passing of stocks from strong to weak hands.

Is it not possible or even probable that, under the new order of popular secondary distributions, the same phenomenon has been taking place?

In an effort to discern clues which might indicate an overbought condition in the market, we find a number of market behaviorisms which, in the past have justified borebodings. One of these is a divergence in the averages. We may be in the process of de-

(Continued on page 2187)

Galpeer Asst. N. Y. Regional Adm. for SEC

The Securities and Exchange Commission announced the appointment of Irving J. Galpeer as Assistant Regional Administrator of its New York Regional Office.

Irving J. Galpeer

Mr. Galpeer first became associated with the Commission in 1935 as an attorney on the staff of the New York office, in which capacity he handled many of the important investigations and litigations conducted by that office. Since 1942 he has been Principal Attorney in charge of enforcement.

Mr. Galpeer was born in New York City in 1909. He was graduated from Harvard College in 1930 and from Harvard Law School in 1933, where he was an editor on the Harvard Law Review. He was admitted to the bar of the State of New York in 1934. After a brief period with Rummel, Blagg & Stone in Charleston, W. Va., he entered the office of Abraham N. Geller in New York City, where he remained until he came with the Commission.

Timothy Grace Joins R. S. Dickson & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Timothy J. Grace has become associated with R. S. Dickson & Co., Inc., 135 S. La Salle Street. Mr. Grace was previously a principal in F. J. Brophy & Co. and prior thereto was with A. C. Allyn & Co., and was an officer of A. S. Huyck & Co., Inc.

Dealer-Broker Investment Recommendations and Literature

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

Comment on Transportation Statistics—A summary of ICC comment—**Vilas & Hickey,** 49 Wall Street, New York 5, N. Y.

Debt Structure and Bond Maturity Calendar of the State of North Carolina — Brochure — **Equitable Securities Corp.,** 322 Union Street, Nashville 3, Tenn.

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

Insurance and Bank Stock Evaluator—Comparative analysis of 81 insurance companies and 38 banks—**Butler-Huff & Co. of California,** 210 West Seventh Street, Los Angeles 14, Calif.

Market Comments—A memorandum on the situation in several issues—**Bennett & Palmer,** 165 Broadway, New York 6, N. Y.

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

Public Utilities Research—Information about special reports prepared by **Shields & Co.,** 44 Wall Street, New York 5, N. Y., may be obtained by writing to T. L. Crockett, the partner in charge of the department.

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

Research Comment—Current developments—**H. Hentz & Co.,** 60 Beaver Street, New York 4, N. Y. Also available a discussion of the proposed merger of the **Gulf, Mobile & Ohio and Alton Railroads.**

Tobacco Industry Outlook—Review of the industry in "Fortnightly Market and Business Survey"—**E. F. Hutton & Co.,** 61 Broadway, New York 6, N. Y.

Utilities—1945 — An exposition of the advantages and disadvantages of investments in holding and operating companies, respectively, and of the various types of securities currently available within those categories; favorable and unfavorable aspects of the industry as a whole, with a discussion of Federal and municipal competition, now and in the future; a detailed survey of 24 operating and 19 holding companies—**Merrill Lynch, Pierce, Fenner & Beane,** 70 Pine Street, New York 5, N. Y.

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

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

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

American Window Glass Co. and **Detroit Harbor Terminal, Inc.** — Dealer circulars available — **Kneeland & Co.,** Board of Trade Building, Chicago 4, Ill.

Associated Gas & Electric Corp. —A reappraisal—detailed study— **New York Hanseatic Corp.,** 120 Broadway, New York 5, N. Y.

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

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

Boston Wharf Co.—Descriptive circular—**du Pont, Homsey Co.,** Shawmut Bank Building, Boston 9, Mass.

E. G. Brooke Iron—Descriptive memorandum—**Buckley Brothers,** 1529 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Lukens Steel** and **Eastern Corp.**

(Continued on page 2167)

Dealer-Broker Investment Recommendations and Literature

(Continued from page 2166)

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

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

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

Chicago Traction System — Memorandum—**Kitchen & Co.,** 135 South La Salle Street, Chicago 3, Illinois.

Collins Radio—Descriptive data —**Scherck, Richter Co.,** Landreth Building, St. Louis 2, Mo.

Continental Bank & Trust Co.— Late bulletin — **Laird, Bissell & Meeds,** 120 Broadway, New York 5, N. Y.

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

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

L. A. Darling common, a post-war baby—Complete analysis on request—**Allman, Moreland & Co.,** Penobscot Building, Detroit 26, Mich.

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

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

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

Flour Mills—Descriptive circular—**J. F. Reilly & Co.,** 111 Broadway, New York 6, N. Y.

Also available is a circular on **Foundation Co.**

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

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

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

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

Girdler Corporation — Descriptive circular—**The Bankers Bond Co., Inc.,** Kentucky Home Life Building, Louisville 2, Ky.

Golden State Co., Ltd.—Timely statistical report—**Kaiser & Co.,** 20 Pine Street, New York 5, N. Y., and Russ Building, San Francisco

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

Haloid Company—Discussion of interesting post-war possibilities —**Walston, Hoffman & Goodwin,** 265 Montgomery Street, San Francisco 4, Calif.

Also available are detailed studies of **M. A. Hanna Co.** and **Noranda Mines, Ltd.**

Hearst Consolidated Publications, Inc.—Summary of the situation—**Straus & Blosser,** 135 South La Salle Street, Chicago 3, Ill.

Howell Elec. Motors—Circular —**Adams & Co.,** 231 South La Salle Street, Chicago 4, Ill.

Kingan Company — Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

Laclede - Christy Company — Memorandum available — **Herzog & Co.,** 170 Broadway, New York 7, N. Y.

Lea Fabrics—Discussion of interesting post-war situation — **Dunne & Co.,** 25 Broad Street, New York 4, N. Y.

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

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

Mid Continent Airlines, Inc., memorandum—**Kitchen & Co.,** 135 South La Salle Street, Chicago 3, Ill.

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

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

New York, Chicago & St. Louis Railroad 3¼s of June 1, 1938— Offering circular—**Hirsch & Co.,** 25 Broad Street, New York 4, N.Y.

Northern Pacific Railway Company — Discussion of "Better Times Ahead"—**Vilas & Hickey,** 49 Wall Street, New York City.

Panama Coca-Cola—Discussion of this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

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

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

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

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

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

Schenley Distillers Corporation —Brochure of articles they have been running in the Chronicle— write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1, N. Y.

Seaboard Railway Company— Complete arbitrage proposition on request—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

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

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

Standard Dredging Corp. and **Subsidiaries**—Analysis of outlook —**Brailsford & Co.,** 208 South La Salle Street, Chicago 4, Ill.

Sylvania Industrial Corporation —Discussion of five attractive features of the situation, which is considered as a dividend-paying peace-time growth stock with good war-time earnings by **Loewi & Co.,** 225 East Mason Street, Milwaukee, Wis.

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

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

Tennessee Central Railway— Descriptive circular — **Adams & Peck,** 63 Wall Street, New York 5, N. Y.

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

Noyes Adds J. F. Smith

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James F. Smith, previously with S. B. Chapin & Co., has become affiliated with David A. Noyes & Co., 208 South La Salle Street, members of the New York and Chicago Stock Exchanges.

Simmonds With Shillinglaw

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Watson A. Simmonds has become associated with Shillinglaw, Bolger & Co., Inc., 120 South La Salle Street. Mr. Simmonds was previously with the Illinois State Department of Revenue.

Wadden Adds Two

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Arthur M. Hollaman and Samuel A. Williams have been added to the staff of Wadden & Company, 208 South La Salle Street.

Real Estate Securities

Loss of War Time Leases Should Not Have Too Bad An Effect on Financial District Office Buildings

V-E Day has again brought up the question of the effect of the loss of war time tenancy in office buildings. In the financial district of New York, it has been estimated that 3,500,000 square feet of space is now occupied by war time tenants. This space represents about 13% of the total of the 27,000,000 feet of total rentable area in the district.

Some of our leading statistical services have recommended switching out of real estate bonds of downtown office buildings because of the possible loss of war time tenancy. **The writer sharply disagrees with this theory.**

In normal operation of real estate, it is usual to expect a 10% to 15% amount of vacancies. Many real estate ventures have been successfully operated in the past with this amount of vacancies. However, there is no reason why a large proportion of the 13% of war time occupied space cannot be re-rented to civilian tenants. Steamship companies, shipping companies and Consular offices, all users of a large amount of space pre-war, will again desire to locate in this section. In 1941, according to a survey of the financial district of New York City, made by Schlang Bros. & Co., renting and managing agents specializing in this section, 450 shipping agencies, suppliers, lighterage, towing and trucking firms occupied approximately 1,080,000 square feet of space in this section. The many other industries allied to railroad and shipping business accounted for over 1,300 firms of exporters, importers, freight forwarders, custom brokers, merchants, etc., and about 1,000,000 square feet of space; one hundred American and foreign governmental representatives, agencies and departments used about 500,000 square feet of space. Return of these tenants who had to give up their business because of the war will surely utilize much of the space given up by war time tenancy.

Further, elimination of some war tenants with their low rents should really be of benefit to some buildings, viz: 39 Broadway (Broadway Trinity Place Corporation 4½s 1963) with 330,000 square feet of rentable area is about 40% leased to the Maritime Commission at the very low rental of $1.50 per square foot. Despite this low rental, earnings of 4.30% were indicated for the bonds in the last published earning statement. (In the 61 Broadway reorganization it was testified that in the opinion of the expert for the Trustee, that at the average rent for that building in 1943—$2.18 a square foot, bottom had been struck and rents possibly would go up. This $2.18 per square foot was the lowest average for 61 Broadway since 1926. In 1930 the rents averaged $4.46 per square foot.) To get back to 39 Broadway, assuming the Maritime Commission vacated 132,000 square feet, for which they are paying $1.50 a foot, and their space could be re-rented at only $2.00 a foot, it would add $61,000 to the rent roll of the building; this would amount to over 1% on the bond issue—and we think that $2.00 a square foot is very conservative.

Returning again to 61 Broadway, they have four war time tenants occupying 74,000 square feet at a total of $110,000 a year. Against this, the building has a huge store and mezzanine on the ground floor vacant since July 1941, for which they have been unable to find a tenant because of the war. This space was formerly occupied by the Norddentscher Lloyd (Hamburg - American Steamship Lines) at a rental of $110,000 a year. Assuming this store can now be rented and part of the wartime tenant space re-rented, this building should not be effected by the end of the war.

One-sixty-five Broadway has approximately $119,000 worth of war leases. Against this they have, because of the war, been unable to rent their stores in Cortlandt Street, one of the most desirable store locations in New York. We believe the rental value of these stores is about $50,000 a year. Loss of war time leases should be partially offset by quick renting of the stores and part of the war times pace should also be quickly re-rented.

The writer, therefore, believes that bondholders should not be stampeded into disposing of their real estate bonds secured by financial office buildings. These bonds are still selling at large discounts and appear to have a much greater intrinsic value than present market would indicate.

The Securities Salesman's Corner

By JOHN DUTTON

An Interesting Piece of Selling Literature Offered to Dealers by Hare's Ltd.

Hare's Ltd. of 19 Rector Street, New York City, has prepared a one page bulletin, which they offer free to dealer's on request, that can be used as a lead producer, and that should be an effective piece of mailing literature.

It is entitled, "Current Considerations," with a subtitle "Facts Deserving Careful Consideration Of Investors." To conveniently circularize your clientele and prospects, Hare's will furnish your firm with copies of this article with your name imprinted, so that it will appear sloley as your own origination.

The article is short, and carries a punch. The first paragraph consisting of only two lines, states the earnings of 15 New York banks in 1937, were over $95,000,000.00. The second paragraph, quotes the reported earnings of these same banks in the year 1944 at over $123,000,000.00, and shows the increase as 29%. First quarter earnings in 1945 are then compared with the same period in 1944, showing another increase of 25%.

After vividly portraying the large increases in earnings, the POINT IS MADE THAT THE STOCKS OF THESE BANKS ARE CURRENTLY AVAILABLE AT PRICES AVERAGING ABOUT 30% LESS THAN IN EARLY 1937. An offer to suggest some attractively situated bank stocks is then made, and the bulletin is signed by the dealer.

If you believe that bank stocks are an attractive purchase at this time, it would appear to us that a piece of mail literature like this should merit attention. It should improve the pulling power of a mailing of this sort if a return, self-addressed card is enclosed, which would make it convenient for the recipient to request further information. The bulletin itself, is of a character that can be used by any dealer who is interested in this class of security.

The appeal here is based upon sound research, and the facts presented leave it up to the reader to come to his own conclusions. These conclusions, however, are not difficult to discern. They all lead to one conclusion—earnings are 50% higher and yet prices are 30% less than they were in 1937. Conclusion: At least, let's find out more about the why's and wherefore's.

This mailing should arouse interest on the part of security buyers.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The election of officers and the annual business meeting of the National Security Traders Association, Inc., will be held at the Grand Hotel, Mackinac Island, Mich., Aug. 28, 29 and 30, 1945.

This meeting will be limited in attendance to 50 persons, in accordance with ODT Regulations now in effect. The following persons will be entitled to attend: Members of the Executive Council; Chairmen of Standing Committees; National Committeemen as follows: Affiliates with 99 members or less, one National Committeeman; affiliates with 100 to 199 members, two National Committeemen; affiliates with 200 or more, three National Committeemen and one National Committeeman-at-large.

Transportation will have to be arranged individually and hotel reservations should be made by communicating direct with the Grand Hotel. In case ODT restrictions are relaxed, the Grand Hotel can accommodate additional guests.

BOND TRADERS ASSOCIATION OF SAN FRANCISCO

The Bond Traders Association of San Francisco will hold their annual spring party May 25, 1945, at the Orinda Country Club.

SECURITIES TRADERS ASSOCIATION OF DETROIT AND MICHIGAN

The Securities Traders Association of Detroit and Michigan will hold their annual summer outing on Tuesday, June 19, at the Western Golf and Country Club.

The day's events will include the golf competition for the Directors Trophy and also a kicker's handicap tournament. Due to the ODT travel restrictions, only a limited number of out-of-town guests are expected to attend.

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles will have an annual spring party at the North Shore Tavern, Lake Arrowhead, on June 15, 16 and 17. The cost will be $25 per person, which will include room and meals for two nights. Reservations are limited to 60, and no outside reservations will be taken until it is determined how many members of the local organization expect to attend. Anyone interested in attending should contact Mr. Clifford Hey, Nelson Douglass & Co., 510 South Spring Street, as after reservations are closed for the Club, guest reservations will be taken on a first-come, first-served basis.

SECURITY TRADERS ASSOCIATION OF NEW YORK

At a meeting of the members of the Security Traders Association of New York, Inc., on Monday, May 14, the proposed changes in the By-Laws as recommended by the By-Laws Committee were unanimously adopted.

The principal changes provide for an increase in the membership from 400 to 450; an age limit of 55 for new members, and an increase in the initiation fee from $5.00 to $15.00, the additional $10.00 to be applied to the Gratuity Fund.

Calendar of Coming Events

May 25, 1945—Bond Traders Association of San Francisco annual spring party at the Orinda Country Club.

June 15, 16, & 17, 1945—Security Traders Association of Los Angeles annual spring party at the North Shore Tavern, Lake Arrowhead.

June 19, 1945—Securities Traders Association of Detroit and Michigan annual summer outing at Western Golf and Country Club.

August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

CED and ABA Attitudes On Bretton Woods

Research Committee of CED Advocates Proposal of ABA That International Bank Be Empowered to Make Currency Stabilization Loans, but Would Not Place Monetary Fund Wholly Within Framework of Bank.

Harry S. Scherman, President, Book-of-the-Month Club and a member of the Research Committee of the Committee of Economic Development in a statement made before the House Committee on Banking and Currency on April 30, explained the similarities and differences between the proposals of his own organization, the CED and those of the American Bankers Association with reference to amending the Bretton Woods Agreements.

"Our Committee," said Mr. Scherman, "described its report as a 'synthesis of the opposing views about the Bretton Woods proposals, not a compromise between them.' It may be of some help to the members of this Committee to examine how far that synthesis goes, and just where it ends, and on what grounds.

"We propose that the Bank be given the express power to make stabilization loans to any member country when that proves to be necessary; and also other 'general purpose loans,' as Dr. John Williams characterizes them, that may turn out to be need for 'the general restoration of a member's economic status after the war.'

"Our Committee pointed out that, by an allowable construction of one phrase in the Agreements, the Bank managers could exercise this power. In the one article in the Agreements which sets forth exactly what the Bank's function is to be, it is stated that its loans shall be for specific projects of reconstruction and development, 'except in special circumstances. . . .'

"By giving the Bank managers the express power to make 'stabilization loans,' and not making them assume that power by interpretation, what really is accomplished is not to broaden the Bank's powers, but to make much sharper and much clearer—to all the nations concerned and to public opinion in all countries—the separate functions and responsibilities of both the Bank and the Fund.

"This idea," continues the statement of Mr. Scherman, "is that of the American Association itself; and if it results in final approval of the Bretton Woods Agreements by the United States Government, a large share of the credit should go to that body. So far as the members of our own Research Committee is concerned, the idea originally emanated from the American Bankers Association. When we began to deliberate over the many difficult and controversial aspects of this subject, we were deeply impressed—all of us—with this one idea advanced in the published report of the American Bankers Association. It seemed to us to be of absolutely vital importance, and that it should surely be adopted in the final set-up of these two great instrumentalities, which are aimed to establish lasting orderly conditions for international monetary relationships."

"If the CED suggestion is followed," Mr. Scherman asserted, "everybody will understand that the Bank would be responsible for making any required stabilization loans to governments, or loans for the gradual restoration of the economic status of distressed countries after the war. Also the Bank, everybody now agrees and understands, will take care of loans for specific projects of reconstruction and development over the world. The function of the Monetary Fund will be to meet temporary shortages of a needed currency whenever they develop in any country, as the result of an adverse balance of trade between it and some other member of the Fund. That is, the Fund will principally perform the function that automatic gold movements used to perform in less disturbed days than we now liven in."

Concluding, Mr. Scherman stated the position of the CED thus:

"The point of view of the CED, about this aspect of the Bretton Woods proposals, can be stated in a simple way. We now have this bird, a very precious bird, in the hand. Why throw it into the bush, expecting to capture exactly the same bird at some later time and some later conference?

"That is what would be involved if the suggestion of the American Bankers Association be followed: namely, to approve only the Bank, not the Fund, and try to get the 44 nations to agree, in a new instrument dealing only with the Bank, what they have already agreed to with regard to the Fund.

"It seems most unwise to take such a course unless there are extremely good and clear reasons for doing so. We ourselves have been able to find no such reasons.

"It is fair to say that, if the Fund were likely to be frozen or wrecked, ultimately, by having to make large stabilization and general purpose loans, the members of our Research Committee would have considered that reason enough to support the American Bankers Association's total position, which is properly cautious and farsighted under such a supposition. We say this, in our recommendations.

"But if the main point advocated by the American Bankers Association—giving the Bank the power to make needed stabilization loans — is conceded by our Government officials and by other signatories to be a recognized basic part of the Bretton Woods Agreements, we hold that it is good common sense to preserve, and not lose, the promising and significant advances in monetary collaboration that have been achieved in these Agreements."

Broker-Dealer Personnel Items

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

(Special to THE FINANCIAL CHRONICLE)
BEVERLY HILLS, CALIF.—**Graham Stevens** has joined the staff of **Boston Commonwealth Corporation**, 9631 Wilshire Boulevard.

(Special to THE FINANCIAL CHRONICLE)
CINCINNATI, OHIO.—**Allen A. Brown** and **E. William Thomas, Jr.**, have become associated with **J. S. Bache & Co.**, Dixie Terminal Building. Mr. Brown was in the past with H. S. Pogue Co.

(Special to THE FINANCIAL CHRONICLE)
LONG BEACH, CALIF.—**James E. Jeffers** has become connected with **Maxwell, Marshall & Co.**, 110 Pine Avenue. Mr. Jeffers was previously Long Beach representative for Adams-Fastnow Company.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF. — **Lee Hodgson Wood** is now with **Buckley Brothers**, 530 West Sixth Street. Mr. Wood was formerly with Harbison & Gregory and J. A. Hogle & Co.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**William G. Pinney** has been added to the staff of **Edgerton, Wykoff & Company**, 621 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
SAN FRANCISCO, CALIF.—**Edward J. Peck**, previously with Geo. H. Grant & Co., has become associated with **Denault & Co.**, Russ Building.

(Special to THE FINANCIAL CHRONICLE)
SAN FRANCISCO, CALIF.—**William A. Miller** is with **Sutro & Co.**, Van Nuys Building. Mr. Miller was formerly with H. R. Baker & Co., Max I. Koshland & Co., and Crowell, Weedon & Co.

(Special to THE FINANCIAL CHRONICLE)
SAN JOSE, CALIF.—**Albert R. Wright** has been added to the staff of **Sutro & Co.**, 15 East Santa Clara Street.

(Special to THE FINANCIAL CHRONICLE)
MIAMI, FLA.—**Harry M. Lorbach** is with **Clark Davis Co.**, Lanford Building.

Finucane Named Pres. Of NY Bankers Assn.

The New York State Bankers Association's 52nd annual election of officers, conducted by mail ballot, resulted today in the election of Bernard E. Finucane, President of the Security Trust Company, Rochester, to the Association's Presidency. Mr. Finucane succeeds C. George Niebank, President, Bank of Jamestown, Jamestown.

Bernard E. Finucane

The new President has been connected with the Security Trust Company for 15 years, first as director and a member of its Trust Committee and for the past five years as President. Prior to his election to Presidency of the bank, he was President and General Manager of the Rochester Electrical Supply Company, which was purchased in 1930 by the Westinghouse Corporation, and following that, he was President and General Manager of the Thomas W. Finucane Corporation, a real estate corporation. He is President of the Rochester Community and War Chest, and former President of the Rochester Chamber of Commerce.

Other officers elected include Eugene W. Stetson, Chairman of the board, Guaranty Trust Company, New York City, Vice-President, and Stanley A. Neilson, President, Bank of Gowanda, Gowanda, Treasurer.

Security First National Bank Displays

The Security First National Bank of Los Angeles has set up on the bank floor a life-size group of wax figures representing the raising of the flag on Iwo Jima. It is a most impressive display with special lighting and a fan arranged to blow the flag.

Neuberger-Berman to Admit

Neuberger & Berman, 30 Rockefeller Plaza, New York City, members of the New York Stock Exchange will admit Donald F. Hine to partnership in the firm on June 1st.

Michigan Brevities

Latest crop of rumors to sweep Detroit has to do with the potential activities of the Fisher Brothers. At least one of the rumored moves has been settled affirmatively, a second has an obvious explanation, while the third seems too farfetched to credit.

Talk of Fisher activity in Martin-Parry was confirmed but turned out to be old news. The Fishers have been in Martin-Parry since that firm absorbed the Rex-Aire Company some years ago. In fact, Robert Shields of the Fisher firm has been on the Board of Directors and is Treasurer of the company. Only recent change was the announcement that Edward Fisher would also serve as a director.

Reports of Fisher interests in E. W. Bliss seem to reflect the recent selection of Del Harder, ex-Fisher body official as president of that company.

The third and the most prevalent rumor, that the brothers are going to take an active part in Hudson Motor Company simply lacks any confirmation whatsoever. The Hudson meeting is next Monday and the date for acquisition of voting stock long past, so that any such move would have to be strictly in the future.

* * *

Truscon Laboratories, Inc., Detroit manufacturer of water-proof and damp-proof paints for concrete, steel and masonry, has been acquired by the Devoe & Raynolds Company, one of the oldest names in American business and a leader in the paint and varnish field, it was announced the other day by Elliott S. Phillips, President of Devoe & Raynolds.

The nine-acre plant at Detroit will be known as the Truscon division of Devoe & Raynolds, Phillips revealed.

* * *

Eureka Vacuum Cleaner Co., and the Williams Oil-O-Matic Heating Corp., have called special meetings of their stockholders for May 28 to act upon a proposed merger of Williams Oil-O-Matic into Eureka on the basis of one-half share of Eureka for each share of Williams Oil-O-Matic.

Eureka shareholders will also act on a proposal to purchase 245,000 shares, about 57% of Williams Oil-O-Matic stock for about $1,386,700 and any shares which other stockholders may wish to sell to Eureka at $5.16 a share.

* * *

A. B. Stoves, Inc., of Battle Creek, Mich., will henceforth operate as the A. B. Stoves division of the Detroit Michigan Stove Co., it has been announced.

The plan of reorganization as submitted to A. B. stockholders at a special meeting met with their approval, it was stated.

Wendell L. Smith, President of A-B stoves, was elected executive vice-president and a director of the Detroit Michigan Stove Company. He will continue as executive officer of the new division, which will retain its present personnel.

John A. Fry, President of Detroit Stove Company, said that the move is "The first step in carrying out a comprehensive program for the postwar period."

Short Notes.

Julius Rubiner, Local Manager for J. S. Bache & Company, crossed the 50 mark last week-end. . . . The Detroit Bank made the first local GI business loan — applied for February 15, approved May 1. . . . George Mason, President of Nash Kelvinator, became a director of Pennsylvania-Central Airlines. . . . Donald Valley, Vice-President of the National Bank of Detroit became a director of S. S. Kresge Co., and Chairman Walter Scott McLucas' friends deny that the National Bank's top official will become Secretary of the Treasury as rumored.

* * *

Of the 250,000 shares of National Bank of Detroit stock offered to stockholders at $40 a share, less than 3,500 shares were unsubscribed and turned over to the syndicate headed by Morgan Stanley & Company, which underwrote the offering.

Brokerage circles report that the syndicate finished with a substantial short interest in the stock, which is expected to have a stabilizing effect.

Gibson Returns to Desk At Mfrs. Trust Co.

Harvey D. Gibson returned to active duty this morning as President of Manufacturers Trust Company at his office at 55 Broad Street, after an extended leave of absence in war service abroad. In August, 1942, he was appointed American Red Cross Commissioner for Great Britain, later extended to Western Europe, to organize the welfare work for our armed forces.

Harvey D. Gibson

No small share of the credit for the splendid morale among our armed forces during the war goes to the American Red Cross for its sympathetic and intelligent care of our boys abroad during their moments of leisure. General Eisenhower testified to this in a plaque presented to Mr. Gibson in June last expressing the gratitude of the United States forces for what the Red Cross had done for them.

When Mr. Gibson was last here in January of this year, he announced, with the full agreement of the national Chairman of the American Red Cross, that by May 1st his work as Commissioner would be so far completed and the organization which had been set up so able to carry on the work that was left to be done, that he would feel justified in resuming his active duties in the bank. He left the war zone at 5 minutes past midnight, May 7th, just before unconditional surrender papers were signed and arrived in New York just in time to celebrate V-E Day.

Over Counter Division Over Quota in Drive

The Over-the-Counter Division of the Red Cross 1945 War Fund gratefully announces that they received over 117% of the quota assigned to them. The Committee consisted of Frank Dunne, Dunne & Co., Chairman and Alfred E. Loyd, Co-Chairman, assisted by Wellington Hunter, Hunter & Co.; Herbert Singer, Luckhurst & Co.; Walter G. Schallitz, Security Adjustment Corp.; R. Page Mason, Allen & Co.; Otto Steindecker, New York Hanseatic Corp.; Harry R. Amott, Amott, Baker & Co.; and Hanns E. Kuehner, Joyce, Kuehner & Co.

Connecticut Brevities

The New Haven Water Company sold privately $3,600,000 thirty-five year general and refunding mortgage Series E 3% bonds dated June 1, 1945, due 1980, priced to yield about 2.69%. Proceeds from the above sale are to be used to retire at 105 on June 1, the $3,795,000 general and refunding Series A bonds of 1962. This is in addition to the $41,000 which were called for sinking fund on June 1, at 101.

* * *

Bigelow-Sanford Carpet Co., Inc. reported earnings of 52¢ per share on common stock for the quarter ended March 31, 1945. This compares with 67¢ for the corresponding period last year. Net sales for the first quarter of this year were $9,253,037 against $9,632,989 for the first three months of 1944, while net profit was $202,892 against $252,268, respectively.

* * *

While Colt's Patent Fire Arms Manufacturing Company reported total losses from operations for 1945 of $1,944,386, a net profit of $778,074 was realized during the period from Aug. 14, to the year end. Continuing this trend, the company showed operating earnings, before taxes, for the first 12 weeks of 1945 of approximately $550,000 on a volume of business about 50% less than the corresponding period in 1944 when there was a loss of $485,000.

* * *

Recent additions to the list of legal investments for Connecticut Savings Banks include: New York Central Railroad equipment trust 1⅝s due serially to May 1, 1955; Virginian Railway Co., first and refunding Series B 3s due May 1, 1995; Central Vermont Public Service Corp. first Series D 2¾s of Feb. 1, 1975; New York Power & Light First 2¾s of March 1, 1975, and Pacific Gas & Electric Co. First & Refunding Series M 3s due Dec. 1, 1979.

* * *

The American Paper Goods Co., whose principal plant is located in Kensington, reported net income of $134,586 for the year ended Dec. 31, 1944 against $171,088 in 1943 or earnings per common share of $4.24 and $5.45. Earnings per share on the 7% preferred stock were $126.13 and $160.34, respectively.

* * *

The Connecticut Light & Power Company will redeem on June 1, 1945, the entire issue of first and refunding mortgage 3¼% bonds Series G, due Dec. 1, 1966, at 104½ and accrued interest.

* * *

Total operating revenues of the Hartford Electric Light Company for 1944 were $12,952,806 against $11,922,489 the previous year. However, increased operating expenses, maintenance and taxes, resulted in net income of $2,055,105 which is $45,416 under net for 1943.

* * *

Earnings per share were $2.45 in 1944 and $2.50 in 1943. Dividend rate of $2.75 was maintained in both years.

* * *

Peter Paul, Inc. reported net income of $778,030 for 1944 against $799,033 for the previous year, or $4.98 and $5.25 per share respectively. These figures are based upon 156,204 shares outstanding in 1944 and 152,334 in 1943. The income account for 1944 is subject to renegotiation.

* * *

The SEC has approved of the application of The Torrington Co. to remove the company's stock from listing on the Boston Stock Exchange, subject to the approval by the stockholders of not less than 50% of the total shares outstanding.

* * *

The consolidated income account of the Electric Boat Co. of Groton showed net income of $1,974,713 for 1944 against $1,780,758 for the preceding year. **Earnings on the common stock, excluding postwar refund were $1.90 in 1944 against $1.64 in 1943.** Including postwar refund, earnings were $2.75 and $2.46 respectively. In 1944, 718,225 shares were outstanding, and in 1943, 724,525. Only the figures for 1943 are after renegotiation.

Deere & Co. Debentures Placed on Market

An underwriting syndicate headed by Harriman Ripley & Co., Inc., on May 16 offered to the public a new issue of $19,500,000 of 20-year 2¾% debentures of Deere & Co., manufacturers of farm machinery. The debentures, due April 1, 1965, were priced at 102% and accrued interest from April 1.

The proceeds from the sale of the debentures, with funds to be derived from the sale of $10,500,000 of notes maturing serially through 1952, which the company expects to complete with a group of banks, will provide Deere & Co. with about $30,000,000 to be used for future requirements.

The registration statement shows that an expansion program by the company may include the expenditure of about $10,000,000 for a manufacturing plant at Dubuque, Iowa, and an additional amount for additions to existing properties and equipment.

The outstanding capitalization of the company on April 1, last, after giving effect to the present financing, consists of: the serial notes, the 2¾% debentures, 1,550,000 shares of 7% preferred stock and 3,007,908 shares of common stock.

Douglass & Evans Visiting La Salle and Wall Streets

LOS ANGELES, CALIF.—Nelson Douglass, Jr., president, and Russell E. Evans, vice-president, of Nelson Douglass & Co., 510 South Spring Street, left on May 13th for a month's trip in the east. They will spend most of their time in Chicago and New York City visiting the financial district.

Hearing Again Postponed

The hearing scheduled to determine whether to suspend or revoke the broker-dealer registration of Ira Haupt & Co., 111 Broadway, New York City, has again been postponed by the Securities and Exchange Commission. It is now scheduled for June 1st.

Alan Temple Holds Inflation Will Be Checked

National City Bank Official Points to Nation's Large Productive Capacity and Savings "Complex" as Factors Curtailing Runaway Prices

At the symposium on "Post-War Inflation" conducted by the New York Chapter of American Statistical Association in the Hotel Sheraton on May 3, Alan H. Temple, Vice-President of the National City Bank of New York, took what he called a "moderate view of the post-war price situation." He decried the fear of runaway prices, in spite of the fact that since the outbreak of the war bank deposits and currency in circulation has trebled. He stated that he "recognized the magnitude of the danger toward inflation which this large supply of money entails," but since "the influence of the money supply on prices is exerted only as the money is spent" much will depend on the spending propensities of the public after the war is ended, and the supply of commodities and goods which can be offered to meet the public's power to purchase. He maintained that it is reasonable to assume that the people will seek to retain a large part of their holdings of cash assets, and that there will be no propensity toward "fleeing from the dollar." He likewise maintained that there will also be no special inducements to lead the public into converting cash holdings into securities, real estate, or durable consumers' goods. People, he said, would still be inclined to conserve their cash for future services and consumption.

Alan H. Temple

Mr. Temple thus concluded that "these moderating influences would support a view that the country may get through the dangerous period of threatened post-war price rises and emerge from the present situation without further price advance of disturbing magnitude." This however, he warned, "does not justify complacence, if the Federal Government continues deficit financing indefinitely, as it may if it assumes responsibility for guaranteeing full employment, the increase in the money supply may go on continuously. At some point in such a process all restraints would be broken down."

Tegeler Heads War Fin. Group in St. Louis

ST. LOUIS, Mo.—The Seventh War Loan Drive got under way May 14 in St. Louis with a luncheon at the Jefferson Hotel arranged jointly by the members Assembly of the St. Louis Chamber of Commerce and the Metropolitan St. Louis War Finance Committee of which J. F. Tegeler of Dempsey, Tegeler & Co., investment dealers, is Chairman. St. Louis investment firms have been allotted $17,500,000 bonds to sell and activities of this division have been placed in charge of the following who are designated as "Syndicate Managers"; A. B. Tilghman, A. G. Edwards & Sons, Chairman; E. K. Hagemann, G. H. Walker & Co.; Theo. C. Honig, White & Co.; Bert H. Horning, Stifel, Nicolaus & Co., Inc.; Harold Hanser, Zoernig, Hanser & Co., Inc., Andrew Mills, Newhard, Cook & Co.; Albert Theis, Jr., Albert Theis & Sons, Inc..

Jerome F. Tegeler

John E. Sloane With Daniel F. Rice & Co.

Daniel F. Rice and Company of Chicago announce that John E. Sloane has joined their organization as co-manager of their New York office at 14 Wall Street.

Mr. Sloane was formerly head of John E. Sloane & Co. specializing in railroad bonds. For several years he was a member of the Regional Committee of the National Association of Securities Dealers and a member of the board of governors and treasurer of the New York Security Dealers Assocation.

New York Stock Exchange Weekly Firm Changes

William C. Ridgway, Jr., member of the Exchange, and Allan A. Ryan, Jr., a special partner, will retire from Gammack & Co. on May 18th, as of which date Aldo R. Balsam will become a special partner.

Edmund C. Coultry, a member of the exchange, retired from Sincere & Co. on May 8th.

Interest of the late Buchanan Houston in H. T. Carey, Joost & Patrick ceased on May 8th.

Now Burke & McDonald

KANSAS CITY, MO.—Callender, Burke & MacDonald will change their firm name to Burke & MacDonald, about June 1st, it is understood. The firm will move their offices to the ground floor of the Fidelity Building, 907 Walnut Street.

Missouri Brevities

Underwriting Activities of Missouri Dealers

Underwriting participations of Missouri dealers during recent weeks have been the highest experienced in many years and fully reflect the extremely active new issue market. The following summary is not intended to be complete but is included to show, in some measure at least, the wide interests of Missouri investment houses.

Halsey, Stuart & Co., Inc. of New York and Mellon Securities Corporation of Pittsburgh headed an underwriting group offering **$60,000,000 The Virginian Railway Company First Lien & Refunding 3%, 1995.** Missouri dealers included **Baum, Bernheimer Company and Stern Brothers & Co. of Kansas City; Metropolitan St. Louis Company, Reinholdt & Gardner, I. M. Simon & Co. and Stix & Co. of St. Louis.**

* * *

Halsey, Stuart & Co., Inc. of Chicago headed the underwriting group which offered **$58,000,000 The New York, Chicago and St. Louis Railroad Company Refunding Mortgage 3¼%, 1980.** Missouri dealers included **Baum, Bernheimer Company, Kansas City; I. M. Simon & Co. and Stifel, Nicolaus & Co., Inc., St. Louis.**

* * *

Paul H. Davis & Co. of Chicago headed an underwriting group offering **160,000 shares of Wells-Gardner & Co. common stock. Taussig, Day & Company, Inc. of St. Louis** were included.

* * *

Goldman, Sachs & Co. of New York headed the underwriting group which offered **$35,000,000 The B. F. Goodrich Company First Mortgage 2¾%, 1965.** Missouri dealers included **Newhard, Cook & Co. of St. Louis and Stern Brothers & Co. of Kansas City.**

* * *

Dillon, Read & Co., Inc. of New York headed the underwriting group which offered **$35,000,000 Tennessee Gas and Transmission Company First Mortgage Pipe Line 3%, 1965 and 75,000 shares 5% Cumulative Preferred Stock, $100 par.** Missouri dealers included **Newhard, Cook & Co., Reinholdt & Gardner, I. M. Simon & Co., Smith, Moore & Co., Stifel, Nicolaus & Co., Inc., Stix & Co., G. H. Walker & Co.** all of St. Louis.

* * *

Kidder, Peabody & Co. of New York were head underwriters of **95,978 shares of Link-Belt Company Common Stock. Reinholdt & Gardner and G. H. Walker & Co. of St. Louis were among the underwriters.**

* * *

Harriman, Ripley & Co. of New York headed the underwriting group which offered **$50,000,000 Joseph E. Seagram & Sons, Inc. Debenture 3¼s, 1965. Reinholdt & Gardner, Smith, Moore Co. and G. H. Walker & Co. of St. Louis** were included in the underwriting group.

* * *

Kuhn, Loeb & Co. and Lehman Brothers of New York headed the underwriting group for **300,000 shares Tide Water Associated Oil Company $3.75 Cumulative Preferred Stock. Newhard, Cook & Co., I. M. Simon & Co. and G. H. Walker & Co. of St. Louis were included.**

Sterling Aluminum Election

Horace Duncan, formerly Secretary and Treasurer, has been elected President and Treasurer of Sterling Aluminum Products, Inc., succeeding John Flammang. W. F. Kammermeyer was elected secretary. All directors were reelected including Flammang.

Boatmen's National Dividends

Boatmen's National Bank of St. Louis has paid a 20% stock dividend on its capital stock as of May 1 and is continuing the regular 40¢ quarterly rate on the increased stock, directors having de-

(Continued from page 2171)

Railroad Securities

New York, Chicago & St. Louis

The recent refunding of the 4½% bonds of the Nickel Plate into Series E 3¼s, due 1980, draws attention to the successful solution to its financial problems. The ability to sell a 3¼% issue at 101 is a far cry from the 1930s when at three year intervals the Nickel Plate was subject to recurring financial crises as the 6% notes then outstanding became due. Nickel Plate has always been a profitable property. Fortunately the road consists primarily of main line mileage serving the northern tier of the industrial central States with very little passenger traffic. With very few grades or curves there are no operating problems of magnitude, and as a consequence even in the middle 30s the road was usually able to report operating ratios of 70 or less, and during the war period was able to bring its operating ratio down into the low 50s.

Throughout the 1930s Nickel Plate was able to average some $10 million available for the then fixed charges of $7.5 million. Since 1934 it has earned fixed charges in every year except 1938, when $6.41 million was earned, equivalent to a coverage of 0.85 times. During the war period earnings improved substantially, although it was one of the first carriers to be limited by heavy excess profits taxes. For instance, in 1943 and 1944 Federal income taxes totaled $22.5 million and $18.7 million, respectively, as compared with $14.7 million and $12.5 million available for charges. This provides Nickel Plate with a substantial cushion when post-war traffic reflects lowered war manufacturing activity.

As a result of a policy of gradual debt reduction, working capital of the Nickel Plate has remained very constrained, and as of Jan. 31, 1945, stood at $3.8 million. However, as of the end of 1944 net amortized investment in emergency facilities permitted under certificates of necessity totaled $14.2 million, so that net working capital will be markedly improved when this carrier is able to apply 60% or thereabouts of this amortized investment towards 1945 tax accruals and will automatically increase by some $8 million.

In 1936 to 1944, inclusive, Nickel Plate retired $40.6 million of debt, offset in part by a loss of working capital of $3.1 million. The combined improvement was $37.5 million, which was 23.5% of the total amount of funded debt outstanding at Dec. 31, 1936. During this period gross capital expenditures of the Nickel Plate amounted to $37.7 million, or $16,785 per equated track mile, an unusually large amount for a carrier of this sort.

Following the sale of the recent 3¼s, capitalization now consists of $42 million of series D 3¾s, $58 million series E 3¼s, $15.7 million of equipment trust certificates, 360,577 shares of preferred, and 337,467 shares of common. Fixed charges have been reduced from $7.42 million at the end of 1934 to $3.81 million, giving effect to the sale of the 3¼s. There are additional interest savings in prospect, since in all probability the 3¾s sold last year may also be refunded into 3¼s, with the resultant saving of an additional $290,000 in interest, or fixed charges of approximately $3.5 million.

The bonds themselves are high-grade institutional issues and fixed charges should be covered two times or more in the worst conceivable year anticipated. The preferred stock, selling currently at 126½, from which should be deducted dividend accumulations of $82.50 per share, seems unusually attractive. Dividend requirements on this stock require $2.19 million, which is far less than the interest saving already accomplished under the debt retirement program previously referred to.

We estimate that these dividends should be covered post-war by about four times, based upon an anticipated gross of $75 million and an operating ratio of 65%, with rental debits and taxes absorbing 7% and 13% of gross, respectively.

In the relatively near future dividends should be inaugurated on this stock and steps taken to clear up the arrearages either in the form of offering a new preferred stock with a lower coupon or new common stock in payment of arrears. The stock possesses more than average appeal to the investor.

The common is selling above the preferred, giving due weight to the accumulations involved. The stock is attractive, speculatively speaking, in the event that the ICC withdraws its request that Alleghany retire from the C. & O. picture and thus make possible an overall merger of the Pere Marquette, Nickel Plate and the C. & O. with other units such as Wheeling & Lake Erie, and Pittsburgh & West Virginia.

Missouri Brevities

(Continued on page 2172)

clared this amount payable July 1 to stock of record June 20.

* * *

Stix, Baer & Fuller to Expand

In connection with the issuance of its Annual Report for the fiscal year ended Jan. 31, 1945, Stix, Baer & Fuller, St. Louis, department store, discloses that its post-war program calls for expenditure of $2,000,000 for enlargement of the store and further modernization as well as other plans not divulged. Net earnings were $1,140,454 before contingency reserve of $250,000 compared with earnings of $860,298 and contingency reserve of $100,000 in the preceding year. Net per share of Common stock in the latest period was $3.47 before the reserve and $2.61 after it as against $2.50 before the reserve and $2.15 after reserve in 1944. Current assets totaled $8,928,889, including cash of $3,510,929, and compared with current liabilities of $3,423,266, a ratio of 2.61 to 1.

Holds Corporate Cash Balances Not Excessive

Friedrich A. Lutz, in Recent Study Says Increased Cash Will be Needed to Finance Expected Payments—Points to Rapid Absorption of Liquid Funds After Last War.

In a study, **Corporate Cash Balances, 1914-43,** just published by the National Bureau of Economic Research, Professor Friedrich A. Lutz of the Institute for Advanced Study and Princeton University concludes that the size of the present holdings of cash and marketable securities that have been swollen as a result of the impact of the war is not an index of the capacity of business to finance its reconversion to peacetime activities.


Friedrich A. Lutz

Study Finds Little Excess Cash

On the basis of a sample of the country's largest manufacturing corporations, Dr. Lutz finds that the ratio of cash balances to payments in 1943 was not much higher than in 1937 when the ratio was the lowest since 1929. By this standard of comparison he decides it cannot be maintained that these corporations had any excess cash liquidity at the end of 1943.

The study is published in the National Bureau's series in business financing. It is one of several reports on the impact of the war on business financial structure and was prepared with the support of a grant from the Carnegie Corporation of New York. Professor Lutz is a member of the economics staff of the Institute for Advanced Study where he is on leave from Princeton University.

Increased Cash Needed to Finance Expected Payments

If all liquid funds (cash plus marketable securities) are taken into consideration, the study points out that their ratio to payments was considerably higher in 1943 than in 1937, when it was the lowest for the entire period 1916-43. But in 1943 factors were present which necessitated a higher liquidity of corporations, the most important of them being increased tax liabilities.

When these various factors are taken into account, it appears that large manufacturing corporations have not increased their liquidity beyond what was necessary to provide for expected payments. After the war, however, when reconversion sets in on a large scale these firms may draw on cash or marketable securities for the purpose of financing reconversion, if some of the factors that necessitated a high liquidity position in 1943 disappear, or at least diminish in importance. Whether funds from these sources, together with those the corporations may expect from the government following contract termination and tax refunds, will be sufficient for reconversion needs cannot be precisely estimated.

Medium and small manufacturing corporations have also had a decided increase in their liquidity whether judged by cash holdings alone or by the ratio of cash plus marketable securities to payments. Corporations of all sizes engaged in trade have improved their liquidity position and have experienced a decrease in receivables and a decline in fixed property due to postponement of repairs and replacements.

Free Liquid Funds Absorbed After World War I

Dr. Lutz also states that neither large nor medium-sized and small manufacturing corporations built up a special cash liquidity during World War I. The ratio of cash plus marketable securities to payments for large manufacturing corporations was higher at the end of World War I than at the beginning, indicating that a certain amount of "free" liquid funds were available at the close of the war. Medium-sized and small manufacturing corporation also possessed such free funds.

However, when the war was over it was discovered that these funds had to be used by large manufacturing corporations mainly to discharge tax liabilities, and the postwar inventory boom that that set in had to be financed primarily by securities issues and by manufacturing corporation also bank credit.

Lifsey Opens Tallahassee Branch Under Wm. Cates

TALLAHASSEE, FLA. — Truman A. Lifsey Company, Palm Beach investment firm, has opened a branch here in the Hall Building under the management of William H. Cates. Mr. Cates was formerly with the State Treasurer's office. Mr. Cate's association with Truman A. Lifsey Company was previously reported in the Financial Chronicle of February 22nd.

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Over the past ten years New York City commercial banks have registered great progress. Deposits have more than doubled, loans and investments have kept pace, while capital funds have been soundly strengthened.

The ten year growth in important items for a group of fifteen leading "Wall Street" banks is shown in the following tabulation:

December 31—	Deposits	Govt. Securities	Loans & Discounts	Total Earning Assets	Cash
		($000,000 omitted)			
1934	9,409	3,390	3,137	7,929	2,951
1935	10,751	3,683	3,371	8,470	3,782
1936	11,665	4,059	3,779	9,360	3,841
1937	10,647	3,453	3,623	8,429	3,794
1938	11,584	3,740	3,146	8,325	4,782
1939	14,215	4,656	3,120	9,260	6,494
1940	17,349	5,889	3,176	10,738	8,151
1941	17,465	7,040	3,838	12,636	6,418
1942	20,857	11,620	3,807	16,902	5,567
1943	21,819	13,382	4,075	18,671	4,959
1944	25,155	15,780	5,416	22,451	4,678
% Growth	167.4%	365.5%	72.6%	183.2%	58.5%
$ Growth	$15,746	$12.390	$2,279	$14,522	$1,727
Average Annual Gain	16.74%	36.55%	7.26%	18.32%	5.85%

Deposits, it will be noted, have grown 167.4%, whereas total earning assets have increased 183.2%, which indicates that the banks are more fully invested today than was the case ten years ago. In 1934 total earning assets represented 84.2% of deposits, and cash 31.3%, while at the end of 1944 the percentages were 89.5% and 18.6%, respectively.

Another point worthy of note is that in 1934 Governments accounted for 42.8% of total earnings assets, loans for 39.5% and other earning items for 17.7%, while at the end of 1944 the percentages were 70.3%, 24.1% and 5.6%, respectively. It is also of interest to observe that in 1937 loans and discounts exceeded Government holdings, and furthermore that, contrary to what seems to be the general impression, loans and discounts have shown a steady gain since the low year of 1939.

It is now of interest to tabulate the ten year growth that has taken place in capital funds, for the same group of fifteen banks, as follows:

December 31—	Capital	Surplus & Undivided Profits	Total Capital Funds
1934	$625,455,000	$731,671,000	$1,357,126,000
1935	625,455,000	752,397,000	1,357,852,000
1936	507,980,000	900,154,000	1,408,134,000
1937	508,689,000	925,666,000	1,434,355,000
1938	508,513,000	931,546,000	1,440,059,000
1939	508,387,000	939,827,000	1,448,214,000
1940	508,018,000	965,477,000	1,473,495,000
1941	508,161,000	1,001,703,000	1,509,864,000
1942	507,863,000	1,030,965,000	1,538,833,000
1943	510,075,000	1,133,753,000	1,643,828,000
1944	525,508,000	1,205,522,000	1,731,030,000
$ Change	—$99,947,000	+$473,851,000	+$373,904,000
% change	— 16.0%	+ 64.8%	+ 27.6%

The aggregate capital of the fifteen banks is approximately $100,000,000 lower than it was ten years ago. It will be recollected that right after the bank moratorium in 1933 several New York banks, in accord with the Emergency Banking Act of 1933, sold preferred stock or capital notes to the Reconstruction Finance Corporation. By the end of 1936 all such capital had been retired by the fifteen banks included in the above tabulation. Thus, Chase and National City each retired $50,000,000 of preferred in 1936, while Manufacturers Trust retired $25,000,000 of capital notes. The latter bank, however, paid off its notes through the public issuance of 500,000 shares of new convertible preferred at $50 per share, totalling $25,000,000; $10,000,000 of this went to capital account and $15,000,000 to surplus account. The number of shares outstanding is being reduced year by year from the original 500,000 and now stands at approximately 385,600.

Capital increases since 1936 comprise the following: In 1943 New York Trust increased its capital from $12,500,000 to $15,000,000 through the issuance of 100,000 new shares; in 1944, Chase increased capital from $100,270,000 to $111,000,000 through a change of par from $13.55 to $15 and Bankers Trust increased its capital from $25,000,000 to $30,000,000 by a 20% stock dividend; in 1945 Public National increased capital from $7,000,000 to $7,700,000 through a 10% stock dividend.

Surplus and undivided profits over the period have increased 64.8% and total capital funds 27.6%. This growth has by no means kept pace with the 167.4% expansion in deposits. In 1934 deposits were $9,409,000,000 and capital funds $1,357,126,000, which gave a ratio of deposits to capital of only 6.9% in 1944, deposits were $25,155,000,000 and capital funds $1,731,030,000, which gives a ratio of 14.5. However, since such a large proportion of the banks' assets today are Governments, and can therefore be considered as practically "riskless," the present violation of the old rule-of-thumb ratio of 10 is of no particular significance. Meanwhile this expansion has served to more than double the potential earning leverage of the banks.

It is of interest to point out that the percentage growth of earning assets has by no means been uniform among the banks. Five banks did better than the group gain of 183.2% as follows: Manufacturers Trust, 249%; Chemical, 220%; National City, 218%; Public, 198%, and Chase, 195%. Guaranty and First National came close to the group gain, with 180% and 178%, respectively. Low on the list are, Irving with 150%, New York Trust with 146%, U. S. Trust with 132% and Bankers Trust with 113%.

As of Dec. 31, 1944, the total earning assets of the fifteen banks considered in this review were the highest in their history, and they seem destined to rise still higher. The major portion of these earning assets are Government securities, and it seems likely that the volume of Governments must remain at a high level indefinitely. The next substantial expansion in earning assets should be in the category of business loans, as reconversion advances and as postwar production progresses.

The Anglo-Swedish Monetary Agreement

(Continued from page 2165)

Monetary Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Sweden.

London, 6th March, 1945

The Government of the United Kingdom of Great Britain and Northern Ireland of the one part, and the Government of Sweden of the other part, have agreed as follows:

Article 1

(i) The rate of exchange between the Swedish krona and the £ sterling shall be Swedish Kronor 16.90 = £1.

(ii) This rate (hereinafter referred to as "the official rate") shall not be varied by either of the Contracting Governments except after giving to the other as much notice as may be practicable.

(iii) In all territories where they have jurisdiction the Contracting Governments shall enforce the use of the official rate as the basis of all transactions involving a relationship between the two currencies.

(iv) The Bank of England and Sveriges Riksbank, as agents of their respective Governments, shall fix by mutual agreement the maximum spread above or below the official rate which will be authorized on the markets which they control.

Article 2

(i) The Bank of England (acting as agents of the Government of the United Kingdom) shall sell to Sveriges Riksbank (acting as agents of the Swedish Government), against Swedish kronor to be credited at the official rate to the Bank of England's No. 1 Account with Sveriges Riksbank, such sterling as may be required for payments which residents of Sweden, under the exchange regulations in force in Sweden, are permitted to make to residents of the sterling area.

(ii) Sveriges Riksbank (acting as agents of the Swedish Government) shall sell to the Bank of England (acting as agents of the Government of the United Kingdom), against sterling to be credited at the official rate to Sveriges Riksbank's No. 1 Account with the Bank of England, such Swedish kronor as may be required for payments which residents of the sterling area, under the exchange regulations in force in that area, are permitted to make to residents of Sweden.

Article 3

(i) The Bank of England shall have the right at any time to sell to Sveriges Riksband against all or part of the sterling balances held by that bank either Swedish kronor at the official rate or gold to be set aside at the Bank of England in London.

(ii) Sveriges Riksbank shall have the right at any time to sell to the Bank of England against all or part of the Swedish kronor balances held by that bank either sterling at the official rate or gold to be set aside at Sveriges Riksbank in Stockholm.

(iii) Gold set aside in Stockholm in accordance with the provisions of this article shall be at the Bank of England's free disposal and may be exported.

(iv) Gold set aside in London in accordance with the provisions of this article shall be at Sveriges Riksbank's free disposal and may be exported.

Article 4

(i) The Government of the United Kingdom shall not restrict the availability of sterling at the disposal of residents of Sweden for making—

(*a*) transfers to other residents of Sweden;

(*b*) payments to residents of the sterling area; or

(*c*) transfers to residents of countries outside Sweden and the sterling area to the extent to which these may be authorized by the United Kingdom Government under the arrangements contemplated in Article 8 (iii) hereof.

(ii) The Swedish Government shall not restrict the availability of Swedish kronor at the disposal of residents of the sterling area for making—

(*a*) transfers to other residents of the sterling area;

(*b*) payments to residents of Sweden; or

(*c*) transfers to residents of countries outside the sterling area and Sweden to the extent to which these may be authorized by the Swedish Government under the arrangements contemplated in Article 8 (iii) hereof.

Article 5

To the extent to which Sveriges Riksbank require sterling area currencies, other than sterling, for the purpose of providing for payments in the countries where such currencies are legal tender, Sveriges Riksbank shall purchase them through the Bank of England against payment in sterling.

Article 6

The Contracting Governments shall cooperate with a view to assisting each other in keeping capital transactions within the scope of their respective policies, and in particular with a view to preventing transfers which do not serve direct and useful economic or commercial purposes.

Article 7

Any sterling held by Sveriges Rikesbank shall be held and invested only as may be agreed by the Bank of England, and any Swedish kronor held by the Bank of England shall be held and invested only as may be agreed by Sveriges Riksbank.

Article 8

(i) If, during the currency of this Agreement, either of the Contracting Governments adheres to a general international monetary agreement, the terms of the present Agreement shall be reviewed with a view to making any amendments that may be required.

(ii) While the present Agreement continues in force the Contracting Governments shall cooperate to apply it with the necessary flexibility according to circumstances. The Bank of England and Sveriges Riksbank, as agents of their respective Governments, will maintain contact on all technical questions arising out of the Agreement and will collaborate closely on exchange control matters affecting the sterling area and Sweden.

(iii) As opportunity offers the Contracting Governments shall seek with the consent of the other interested parties—

(*a*) to make Swedish kronor at the disposal of residents of the sterling area and sterling at the disposal of residents of Sweden available for making payments of a current nature to residents of countries outside the sterling area and Sweden; and

(*b*) to enable residents of countries outside the sterling area and Sweden to use sterling at their disposal to make payments of a current nature to residents of Sweden and to use Swedish kronor at their disposal to make payments of a current nature to residents of the sterling area.

(iv) Notwithstanding that each of the Contracting Governments shall be alone responsible for its monetary relations with third parties, they shall maintain contact wherever the monetary relations of the one affect the interests of the other.

Article 9

For the purposes of the present Agreement—

(i) The expression "the sterling area" shall have the meaning from time to time assigned to it by the exchange control regulations in force in the United Kingdom.

(ii) Transactions entered into by the Bank of England and Sveriges Riksbank are to be considered as transactions between the sterling area and Sweden.

(iii) Transactions entered into by the Government of any territory within the sterling area or by the Swedish Government are to be considered as transactions entered into by a resident of the sterling area or Sweden, respectively.

Article 10

The present Agreement, which shall be subject to review and adjustment after mutual consultation, shall be deemed to have come into force on the first day of January, 1945. At any time thereafter either Contracting Government may give written notice to the other of its intention to terminate the Agreement and the Agreement shall cease to have effect three months after the date of such notice. It shall terminate five years after the date of its coming into force unless twe two Contracting Governments agree otherwise.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed the present Agreement and have affixed thereto their seals.

Done in London, in duplicate, the 6th day of March, 1945.

(L. S.) ANTHONY EDEN.
(L. S.) ERIK BOHEMAN.

Theron Locke Joins Bear, Stearns Dept.

Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, announce that Theron W. Locke is now associated with the firm in the investment research department. Mr. Locke was formerly chief statistician of the trust department of the Manufacturers Trust Company, and more recently was in the commercial and industrial research department of the Vick Chemical Company.

Reynolds & Co. Offers Solar Aircraft Preferred

A banking group headed by Reynolds & Co., on May 14 offered 100,000 shares of 90-cent cumulative convertible preferred stock (par value $15) of Solar Aircraft Co. The shares were priced to the public at $16.625.

Net proceeds from the sale of these shares will be added initially to working capital and used in connection with financing wartime operations and in connection with the transition from wartime to peacetime operations. Part of the proceeds will be used to redeem 18,451 outstanding shares of series A preferred stock at $8 per share plus accrued and unpaid dividends.

Lear, Inc. Common Stk. Offered by Bkg. Group

Offering of 450,000 shares of common stock of Lear, Inc., was made May 15 by a banking group headed by Kobbe, Gearhart & Co. The shares were priced to the public at $5. Of the total issue 400,000 shares are being sold by the company and the balance is being sold for the account of two trustees under a trust agreement made with William P. Lear, President of the company.

Proceeds of the issue will be used to augment working capital, finance accounts receivable arising from war business, convert and expand plants to peace-time operations, purchase certain equipment which the company now holds under lease from the Government, and for other corporate purposes.

Municipal News & Notes

Premier E. C. Manning of Alberta announced early this week that the Province and the Bondholders Protective Committee have agreed on a new plan of debt reorganization, to supersede the proposal tendered by the government early in April and which proved unsatisfactory to the committee as well as the Dominion government. The latter's position was voiced by Finance Minister Ilsley, who objected to failure of the original plan of the province to recognize part interest due on its bonds since 1936, and the contract rates to maturity or call dates contained in the debt to be refunded.

The new plan, it is said, fully meets the conditions laid down by Mr. Ilsley as essential to a fair and equitable arrangement with the bondholders. Accordingly, the Finance Minister has indicated his intention to request Parliament to provide the financial assistance needed by the province in order to carry out the program.

Along with the statement that an accord had been reached with the protective committee, Premier Manning disclosed that the plan had been worked out by Norman S. Taber & Co., New York City, in cooperation with the committee, and that the Taber firm had been engaged as financial advisor and consultant to the province in putting the program in operation.

One of the most important steps involved in the proceedings calls for the sale of a new issue of $29,500,000 Alberta bonds and, in this connection, it is noted that New York City firm will act as exclusive agent for the province in effecting underwriting of the bonds. They will bear interest at rates ranging from 2% to 3¼% and mature serially from 1946 to 1960 incl.

Proceeds of the new bond issue, together with funds available to the province, including payments to be made by the Dominion, will be used to redeem in cash, and at par, the $33,000,000 of provincial bonds which have matured or will mature on or before June 15, 1945.

In addition, holders of such bonds will receive approximately $7,000,000, representing an adjustment of interest for the past nine years, during which period the province has paid bond interest at only 50% of the contractual rate.

This interest adjustment ranges from $17.06 to $23.56 on each $100 par value depending on the contract interest rates which vary from 4% to 6%.

The approximately $80,000,000 of bonds maturing subsequent to June 15, 1945, will be exchanged, par for par, for new serial 3½s, maturing from 1961 to 1980 incl., and callable on any interest date. These new bonds will be payable in the same currency or currencies as the bonds they replace.

Holders of the $80,000,000 of unmatured bonds will receive a further $21,000,000, partly in cash and partly in non-interest bearing talons falling due over the next few years. This sum will be in adjustment of the higher contract rates contained in the existing indebtedness to future maturity or call dates. In this instance, the interest adjustment ranges from $18.85 to $41.45 on each $100 par value.

The Alberta Bondholders Committee, according to a statement issued by Vice-Chairman A. J. Mitchell, of Toronto, will recommend acceptance of the offer by bondholders as "it results in fair and equitable treatment of all bondholders."

The plan, Mr. Mitchell said, should result in completely restoring Alberta's credit and will also improve private credit and "thus give impetus to further development of the great resources of the province in the post-war period."

Mr. Mitchell also called attention to the fact that Finance Minister J. L. Ilsley has indicated that the Dominion Government will impose a 100% tax on speculative profits made by anyone who purchased Alberta bonds on or after February 1, 1945.

While the effective date of the program will be June 1, 1945, the actual date when the exchanges and payments will be made, may not be before early autumn due to the time necessary to complete all legal requirements and mechanical details.

The plan applies to all direct and guaranteed bonds of the province, except the 5% debentures of the Alberta and Great Waterways Railway Co. which are not in default.

Large Nebraska Electric Revenue Issue Looms

Gov. Dwight Griswold of Nebraska has just signed a bill authorizing the creation of a public power district to take over the facilities of the $40,000,000 Nebraska Power Co. The district, which will include approximately five counties in the Omaha metropolitan region, will be required to issue revenue bonds to cover the cost of public ownership. Ultimate transfer of the properties to a public agency was assured as a result of the purchase of the power company last December by the Omaha Electric Committee, Inc., a non-profit group. The Committee has announced its intention to dispose of the system to the projected power district at the earliest practicable date.

Petitions for the creation of the district are now being circulated in the appropriate territory and, after the required signatures have been obtained, the Governor will appoint a board of directors representative of the district.

With this accomplished, the expectation is that the board will proceed to effect issuance and sale of district revenue bonds to finance public ownership. With the acquisition of Nebraska Power Co. facilities by the district, Nebraska will be the only State in which all electric power is owned by the public.

In connection with the proposal, T. H. Maenner, Chairman of Board of Directors of Nebraska Power, recently estimated that public ownership of the system would save the citizens of Omaha and the metropolitan area about $3,000,000 a year compared to its operation under private ownership.

In a statement issued on May 10, Mr. Maenner said that a reduction in operating costs on an annual basis, of $2.45 per customer, or 10.7%, has been effected since purchase of the properties by Omaha Electric Committee last December. This reduction is exclusive of production and transmission.

Ohio Municipals Remain At Record High Levels

The Ohio municipal bond market was quiet during the week ended May 9, with prices holding about unchanged at recent record high levels, according to J. A. White & Co., Cincinnati, which reported that its index of the yield on 20 Ohio bonds remained unchanged at 1.18%. The yields on 10 high-grade bonds and 10 low-grade bonds also continued unchanged from the previous week at 1.02% and 1.34%, respectively.

W. Carroll Mead Is Nominated to Head Baltimore Exchange

BALTIMORE, MD.—W. Carroll Mead, partner in Mead, Irvine & Co., has been nominated for election as president of the Baltimore Stock Exchange at the annual meeting to be held June 4th.

Nominated for election to the board of governors for two year terms are John Redwood, Jr., Baker, Watts & Co.; Harry M. Sheely & Co.; and Elisha Riggs Jones of E. R. Jones & Co.

Mr. Mead will succeed Howard R. Taylor who will retire as president of the exchange after serving in the post nearly three years. Mr. Taylor is also retiring from the board of governors after twenty years' service. He was requested to remain but declined to do so because of a wish to have younger men take over the management of the exchange.

Eason Pres. of National Savings Loan League

George M. Eason of Los Angeles was elected President of the National Savings & Loan League in mail balloting of member institutions which closed on May 12, it was announced at the closing meeting of the board of governors of the League at Washington.

George M. Eason

Mr. Eason and other elected officials will take office June 4. The two Vice-Presidents who were elected were Raymond P. Harold of Worcester, Mass., and Curtis F. Scott of New Orleans.

John S. M. Glidden of Natick, Mass., was reelected Secretary.

The following were elected members of the board of governors:

Alabama, A. T. Hanson; California, Roy E. Hegg; Connecticut, Mrs. Frances Bent; Illinois, Maurice E. Vasen; Kansas, L. W. Bauerle; Kentucky, Frank Sweigert; Louisiana, A. H. Generes; Massachusetts, Robert A. Blake; Mississippi, J. Frank Brown; Missouri, E. H. Busiek; North Carolina, Dink James; New Jersey, J. Alston Adams; New Mexico, H. D. O. Hammond; New York, Franklin L. Herdeg; Ohio, Ray O. Holton; Oklahoma, L. C. Pollock; Pennsylvania, J. Douglas Dole; Rhode Island, J. Bertram Watson; Texas, E. E. Shelton; Washington, S. J. Calderhead; Wisconsin, Allen R. Calhoun.

Rush Elected Head of Insurance Federation

Benjamin Rush, Jr., Vice President of the Indemnity Insurance Company of North America, was elected President of the Insurance Federation of Pennsylvania at its anual meeting held May 7.

Other officers chosen were: First Vice President, J. M. Thomas; Vice Presidents, Dodd Bryan, Frank A. Buser, Samuel J. Carr, W. B. Corey, Thomas B. Donaldson, W. A. Edgar, Frank S. Kauffman, Henry S. Rich, Jr. and A. M. Waldron; Treasurer, John Tharaoh; Secretary Manager, Homer W. Teemer; Assistant Secretary, Mary H. Fireng; National Counsellor, J. Sherman Campbell and Sub-National Counsellor, James R. Hughes.

Mr. Rush is a son of Benjamin Rush, Chairman of the Board of the Insurance Company of North America, and its President from 1916 to 1939.

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of March 31, 1945, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $25,899,060,223, as against $25,751,204,220 on Feb. 28, 1945, and $21,115,488,125 on March 31, 1944, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, total was $3,459,434,174.

Proposed Missouri Valley Authority

(Continued from page 2162)

along the upper reaches of the Missouri and its tributaries to satisfy the Bureau of Reclamation, that agency prepared its own plan of river development.

On Feb. 28, 1944, Secretary of War Stimson transmitted a refinement of the Pick plan to Congress, while Secretary Ickes sent the Bureau of Reclamation's plan to the President on April 1st. Having reviewed both plans, President Roosevelt asked Congress on Sept. 21, 1944, to establish a Missouri Valley Authority, leaving it free to select its own type of agency—a request which he renewed on Nov. 28th. Immediately following the President's September appeal, numerous bills were introduced in Congress for the creation of the requested Authority, based on either the Pick or the Reclamation Bureau plan.

Since the two plans were in violent conflict, due to the Pick plan stressing navigation improvement and flood control, while the Reclamation plan emphasized irrigation and power development, representatives of both groups met at Denver before the President's second appeal to Congress and reached agreement on a single river development program. And since all the bills before Congress were based on one or the other of the two plans, but not on the compromise plan, they were permitted to die with the 78th Congress.

With the opening of the 79th Congress in January, a number of bills seeking establishment of a Missouri Valley Authority were introduced, the most important of which, and the only one receiving serious consideration by Congress, is that from the pen of Senator Murray of Montana—Senate Bill 555. Under its provisions, attempts have been made to placate the irrigation, but not the navigation, interests; the power policy of the TVA would be approximated; Fort Peck Dam on the main stem of the Missouri in eastern Montana would be transferred from the Army Engineers to the MVA; irrigation would be established as the vital purpose for which water could be allotted; family-sized plots of 160 acres would be given preference in the allocation of water, and the project would be operated by a 3-man autonomous board, plus a 17-man advisory committee. The Bureau of Reclamation has estimated that 53,000 new farms with a population of 636,000 will be added to the area, principally along the upper reaches of the Missouri and its tributaries, when the river development program is completed.

Large Area Covered

Before discussing the support and oposition accorded the bill, it might be well to identify the Missouri Valley. It contains the entire State of Nebraska, and parts of Colorado, Wyoming, Kansas, North Dakota, South Dakota, Iowa, Minnesota and Missouri, along with small portions of the Canadian provinces of Alberta and Saskatchewan. It has an area of 529,350 square miles, of which 9,715 lie in Canada. It is 13 times larger than the area of the original Tennessee Valley Authority. Its area is only 6,625 square miles less than the combined land areas of Alabama, Georgia, Mississippi, Louisiana, Florida, both of the Carolinas, both of the Virginias, Tennessee, Kentucky and Arkansas. It contains one-sixth of the total area of continental United States.

It will be apparent that areas of economic conflict must exist in so vast a region. The Missouri Valley stretches from the highly industrialized St. Louis metropolitan district to the sheep-cattlemining country of northwestern Montana, from a region of small truck and grain farms to one of vast ranches, from a thickly to a sparcely populated region. In addition, where the lower valley—that portion below Sioux City—is concerned primarily with navigation improvement and flood control, the upper valley is interested mainly in irrigation and power development, and these objectives are always in conflict when sought on the same river system. As Lachlan Macleay, President of the Mississippi Valley Association, remarked: "Flood control and power projects are competitive, not compatible."

The attitude of an experienced administrator of our most celebrated Authority toward so farflung an undertaking may be gained from a statement by David E. Lilienthal, a member of the original Board of Directors of the Tennessee Valley Authority and its present Board Chairman, in his book, "TVA-Democracy on the March," published in early 1944. Mr. Lilienthal said:

> There is . . . one generalization which our specific experience in the TVA does support: The regions should not be so large that they are not, in a management sense, of "workable" size. The full potentialities of the unified approach to resources, and the opportunities to be close to the people and their problems, may be fatally impaired if the region itself is a vast one.
>
> In my judgment the present TVA region ought not to be substantially enlarged. This region—the watershed plus the area of electric service that extends outside the drainage basin as that area is now constituted —is about as large as it ever should be. . . . But, with that exception (inclusion of the Cumberland Valley) and some extension of electricity beyond the area presently served, I feel strongly that substantial additions to the territorial scope of the TVA would impair its effectiveness and threaten the onset of the evils of remoteness we seek to remedy.

In the light of Mr. Lilienthal's statement, it is noteworthy that not only is the area of the Missouri Valley 13 times that of the Tennessee Valley, but Pierre, S. D., the heart of the Missouri Valley, is practically two and one-half times as far from Washington, D. C., as is Chattanooga, Tenn.

Power Development Involved

Power development, naturally, will be one of the major objectives of the MVA, since the revenues derived from the sale of so-called by-product power have a tremendous political appeal. Under the compromise plan reached by the Army Engineers and the Bureau of Reclamation, 12 multiple-purpose dams at which hydro-electric power will be made are scheduled for construction. Five of these will be located on the main stem of the Missouri, which will create a chain of reservoirs from Yankton, S. D., to Williston, N. D. Five more are to be built on the five tributaries of the Republican River in southwestern Nebraska and northeastern Colorado. One will be constructed on the Big Horn River in central Wyoming and the 12th on the

(Continued on page 2178)

Proposed Missouri Valley Authority

(Continued from page 2177)

Yellowstone River in Montana, to the north of Yellowstone Park.

At the moment, surprisingly, there is some slight justification for the Big Horn dam, since the only spot in the Missouri Valley where a power shortage has occurred since Pearl Harbor is in southern Wyoming. In 1934, in its rush to establish public power projects and provide work for the unemployed, the Federal Government financed the construction of Seminole Dam, a part of the Kendrick Conservation Project in southern Wyoming, with an installed electric generating capacity of 36,000 kw. This increased by roughly 60% the installed capacity of the entire State and, when a market for the resultant power lagged after our defense program got under way, war plants were established in the vicinity to utilize this power. But the electric demands of the war plants were so heavy that they overtaxed the ability of the project to serve them, with a resultant power shortage. This is, obviously, a temporary condition, which will fade with the war.

Whether or not a Missouri Valley Authority bill is passed by the present or the next session of Congress, some measure of Missouri River development was assured by Senate adoption of the House-approved conference report on the Flood Control bill on Dec. 12, 1944. In that bill the expenditure of $400,000,000 for flood control and navigation improvement, approximately one-third the estimated cost of the entire Missouri development program, was authorized, although no appropriation was made, nor is any likely until after V-J Day. Furthermore, although no action was taken upon it, the President pursued the familiar "nose under the tent" technique on March 24th, when he asked Congress to appropriate $4,480,000, about one-fortieth of the ultimate cost of a MVA, to permit the Department of the Interior to develop preliminary plans for harnessing the Missouri. In doing so he stated that this action by Congress would in no way prejudice the controversial question of "whether construction of the projects in the basin is accomplished by a Valley Authority or by other agencies."

Local Opposition

Although the Missouri Valley States are greatly desirous of Missouri River development, none of them appears satisfied with the plan proposed by the Murray bill. The Legislatures of Montana, Colorado, Nebraska and Kansas, as well as the Iowa Senate, have passed resolutions condemning the establishment of a MVA under the form of control outlined in the Murray bill. Section 3 of House Concurrent Resolution No. 24 adopted by the Kansas Legislature reads:

> That while it may be necessary to create some permanent administrative coordinating agency to regulate the use of water resources when development has been further advanced along the Missouri and there is no objection to calling it a Missouri Valley Authority, we object, however, to granting to such administrative agency unchecked authority to engage in private business, operate farms, remove hundreds of thousands of acres of land from the tax rolls, take over the administration of education and of local and State laws, and, in general, to do the economic planning for the entire area.

The resolution adopted by the other three State Legislatures, and by the Iowa Senate, run along a similar vein.

In addition, the Governors of four Missouri Valley States, and representatives of the remaining six, met at Omaha on April 5th to consider the Murray proposal and adopted a resolution in opposition thereto which was almost identical with that portion of the Kansas resolution above quoted. Three Midwest groups vitally concerned with the conservation and use of water resources—National Reclamation Association, Mississippi Valley Association and Missouri Valley Development Association—have, moreover, formed a united front in opposition to a Missouri Valley Authority with the broad power proposed by the Murray bill.

Although Senator Murray, TVA Chairman Lilienthal and Vice-Chairman Olds of the Federal Power Commission appeared at the Senate Commerce Committee hearings in support of the Murray bill, its opponents appear to have gained the more sympathetic attention of the Committee and to have landed the more telling blows. However, before going into that, Chairman Lilienthal's support of the measure is rather interesting in view of his public statement of last October, when he said that residents of the Missouri Valley had a right to be suspicious of the proposed MVA until they were advised of who was to administer it, and how local problems were to be met. He said that the TVA could not be moved bodily into the valley of the Missouri because physical problems were quite different; that TVA might serve as a basic model, but that the successful development of various river valleys was primarily a question of the proper form of management.

And perhaps, at this point, it might be well to quote the remark of President Roosevelt at the time he approved the Flood Control bill, adopted by Congress last December. He said:

> The plan of calling upon States affected by proposed projects for their views is a desirable one but, of course, the establishment of such a procedure should not be interpreted by anyone as an abrogation by the Federal Government of any part of its power over navigable waters.

Opposition to the Murray type of Missouri Valley Authority came mainly from two sources. First, the old-established governmental agencies dealing with water resources and river development—the Army Engineers and the Bureau of Reclamation—opposed the Murray bill and the entire authority concept, unless such authorities were made subordinate to them, which would virtually destroy the basic principle of an Authority and render it a mere bureau of an established department of Government. And, second, the Missouri Valley States and their political subdivisions, who were dubbed the "home rule" crowd, opposed the Murray variety of authority, since it threatened to invade their jurisdictions and deprive them of their rights. As Harry Trustin, Omaha City Commissioner, so aptly put the objections of the "home rule" group:

> We suddenly find ourselves beset, and I use that word advisedly, by some new friends from outside our valley who have a new plan and insist upon imposing it upon us and running it for us.

In addition to the Murray bill, another piece of legislation has been introduced in Congress by Representative Rankin of Mississippi—H. R. 1824—which calls for the establishment of seven additional "TVA's," of which the Missouri Valley Authority is one, and extension of the present scope of operations of the Tennessee Valley Authority south to the Gulf of Mexico. Originally the brainchild of the late Senator Norris, this bill has been before Congress in some from since 1937, although it never has received serious consideration. Nevertheless, should a Missouri Valley Authority be established as a result of the present agitation, a logical sequence would be the creation of an Arkansas Valley Authority to serve the region immediately to the south of the Missouri Valley and drained by the Arkansas River. This could lead easily to the establishment of two Mississippi Valley Authorities, one each for the upper and lower basins, and a Southwest Authority, a Pacific Northwest Authority, and, in fact, most any geographically styled authority politicians might conjure.

TVA a Financial Burden

At the present time, the Tennessee Valley Authority is able to report a "profit" from operations because the taxpayers of the nation pay its interest bills for it. Not counting the World War I facilities at Muscle Shoals, which cost the American taxpayers $125,000,000 and were given to TVA, it had borrowed $63.072,500 from the Reconstruction Finance Corporation and the Federal Treasury through pledge of a like amount of its bonds, and had received and expended Congressional appropriations totaling $622,147,000 by the close of its 1944 fiscal year, with $45,800,000 of appropriated funds as yet unspent.

Although coupons attached to $56,000,000 of these bonds called

PUBLIC SERVICE CORPORATION OF NEW JERSEY

and Subsidiary Companies

Comparative Statement of Combined Results of Operations
For the Year Ended December 31,

	1944		1943	
SUBSIDIARY COMPANIES—				
Operating Revenues:				
Electric Operations	$100,030,333		$ 98,626,525	
Gas Operations	36,638,153		35,598,692	
Street Transportation Operations	47,336,908		48,757,609	
Ferry Operations	------	$184,005,394	254,086	$183,236,912
Operating Revenue Deductions:				
Operating Expenses	$ 79,446,668		$ 77,581,302	
Maintenance	16,101,761		15,038,850	
Depreciation and Retirement Expenses	13,889,802		13,855,773	
Total	$109,438,231		$106,475,925	
Federal Income Taxes	$ 14,389,197		$ 14,818,222	
Federal Excess Profits Taxes	8,083,452*		8,696,028**	
Other Taxes	20,846,459		20,043,260	
Total Taxes	$ 43,319,108		$ 43,557,510	
Total Operating Revenue Deductions		152,757,339		150,033,435
Operating Income		$ 31,248,055		$ 33,203,477
Other Revenue	$ 513,948		$ 284,636	
Other Revenue Deductions:				
Expenses	$ 22,571		$ 11,061	
Taxes	17,000		11,472	
Total Other Revenue Deductions	$ 39,571		$ 22,533	
Total Other Income		474,377		262,103
Gross Income		$ 31,722,432		$ 33,465,580
Deductions:				
Income Deductions:				
Interest on Long-Term Debt	$ 8,027,623		$ 8,354,404	
Amortization of Debt Discount and Miscellaneous Deductions	856,375		861,119	
Appropriations for Amortization of Capital	3,000,000	11,883,998	4,100,000	13,315,523
		$ 19,838,434		$ 20,150,057
Dividends paid to the public:				
Public Service Electric and Gas Company:				
7% Cumulative Preferred Stock	$ 1,113		$ 1,113	
$5. Cumulative Preferred Stock	1,500,000		1,500,000	
Common Stock (directors' shares)	14	1,501,127	15	1,501,128
Balance applicable to securities owned by Public Service Corporation of New Jersey		$ 18,337,307		$ 18,648,929
PUBLIC SERVICE CORPORATION OF NEW JERSEY AND SUBSIDIARY COMPANIES CONSOLIDATED—				
Miscellaneous Income of Public Service Corporation of New Jersey		124,470		103,308
		$ 18,461,777		$ 18,752,237
Expenses of Public Service Corporation of New Jersey:				
Salaries, Rents, Office Expenses, etc.	$ 386,031		$ 428,569	
Depreciation	1,200		1,200	
Total	$ 387,231		$ 429,769	
Federal Income Taxes	$ 1,015,491		$ 1,029,840	
Federal Excess Profits Taxes	------		------	
Other Taxes	131,380		134,200	
Total Taxes	$ 1,146,871		$ 1,164,040	
Total Expenses of Public Service Corporation of New Jersey		1,534,102		1,593,809
		$ 16,927,675		$ 17,158,428
Other Deductions from Income of Public Service Corporation of New Jersey		1,237,017		1,250,388
Consolidated Net Income after deduction of dividends on capital stocks of subsidiary company held by the public		$ 15,690,658		$ 15,908,040
Dividends on Preferred Stocks of Public Service Corporation of New Jersey		9,850,936		9,850,936
		$ 5,839,722		$ 6,057,104
Dividends on Common Stock of Public Service Corporation of New Jersey		5,503,193		5,503,193
Balance transferred to Consolidated Earned Surplus		$ 336,529		$ 553,911

*Federal Excess Profits Taxes for 1944 amounted to $8 981,613. This amount has been reduced by credits amounting to $898,161, consisting of a debt retirement credit of $601,727, and a post-war refund of $296,434.

**Federal Excess Profits Taxes for 1943 amounted to $9,662,254. This amount has been reduced by credits amounting to $966,226, consisting of debt retirement credits of $637,600, and post-war refunds of $328,626.

for interest at rates ranging from 1¾% to 2½%, the Treasury consented to a "temporary" arrangement under which TVA paid but 1% on this amount. And it paid no interest whatever on the $622,147,000 of appropriated funds. But if TVA had paid interest on all of the public funds it employed during the 1944 fiscal year at the same rate it cost the Federal Government to borrow them from its citizens, or 1.9% per annum, its interest bill would have approximated $14,329,200 more for the 12-month period. And since its consolidated net income after but a net minor interest on small borrowings was only $6,581,600, payment of interest in full of all the public funds it employed would have converted its net income into a net loss of $7,147,600 before any provision for Federal taxes. In the face of this actual loss, TVA, of course, would have incurred little Federal tax liability —perhaps only the 3.3% privately owned utilities are required to pay on revenues derived from sales of electricity to residential and commercial consumers.

Accordingly, since the establishment of public authorities, if TVA is any criterion, tends to drive private Federal-tax-paying enterprise from the field of electric service, they injure tax-paying undertakings in other fields of endeavor in two specific ways. First, since they replace Federal-tax-paying privately owned electric utilities, and do not themselves pay any Federal taxes, the resultant deficit in Federal receipts must be added to the burden already carried by other Federal taxpayers. And, second, since authorities do not pay interest on the public funds invested in their facilities, although the Federal Government must pay interest on these sums to its creditors, the wages of these funds are shifted from the electric consumers of the authorities to the Federal taxpayers of the entire nation.

Perhaps the most important aspect of establishment of authorities, so far as the future of the American way of life is concerned, is that each added authority becomes another milestone along that now celebrated road to serfdom. Each added authority means, of necessity, more planning, more masterminding by appointed bureaucrats. And each new authority means, to paraphrase the words of the Omaha City Commissioner, more "new friends" in official Washington, with a "new plan" which they insist on imposing upon the affected regions, and upon "running it" for them.

Taft Seeks To Ease Price-Pay Controls

Senator Robert A. Taft (R.-Ohio) has proposed legislation to amend the present price control and stabilization act so as to lift all government wage controls next January 1 and remove price controls from "luxury" goods, Associated Press advices from Washington, May 10, state.

The Ohioan asked that the banking committee reopen hearings on a resolution which would extend the price control act unchanged for a year beyond June 30, present expiration date.

Mr. Taft told the Senate he believed that by the year's end "there will be no tremendous shortage of labor and that the fixing of wages can properly be left to collective bargaining."

Mr. Taft's amendment also would direct that after December 31 prices fixed by the Office of Price Administration should allow "the same margin over cost" as in the years 1938, 1939 and 1940.

Post-War Utilities Earnings and Rates

(Continued from page 2163)

by the elimination of high fluctuations in seasonal demands of customers. As the bulk of the increased war demands was through utilization of night and day shifts, the installed capacity of electrical and gas plants were, in the main, ample to meet the peaks of utilization and still leave margins of unused capacity. Thus, at the end of 1943, when war demands were at the maximum, with a sum of peak loads in excess of 40,000,000 kilowatts, the electrical companies had a generating capacity of approximately 50,000,000 kilowatts, and despite oil and coal shortages the gas plants throughout the country appeared to meet generally the demands made upon them.

No Impending Heavy Capital Outlay

It may be assumed from this situation that there will be relatively little need for heavy capital expenditure to expand plant capacity following the end of the war. Certainly, there will be no serious problems of reconversion. Let us contrast this with the period of the last war. During the years 1914-1918 the total electric power generated and purchased rose from 17.800 million kilowatt hours in 1914 to 33.850 million kilowatt hours in 1918, an increase of about 90%. In the years immediately following the war, the output of electric power continued to increase by leaps and bounds until 1930, when, because of the industrial depression, there were comparatively moderate declines.

To meet this rapid and unprecedented growth there resulted a tremendous increased investment in utilities, and a wild scramble ensued for actual or potential plants, wherever they might be or whatever they were. The evil effects of all this have now passed into history. The remedies have been applied and the lessons learned so that in the coming post-war period no similar adverse development arising out of the expansion of the utilities industry need be expected. It is indeed doubtful whether in the coming post-war decade, notwithstanding a counter-balancing of the reduced war industrial demands for services by prospective enlargement of domestic consumption and by future new uses for gas and electric services, there will be any abnormal growth in plant investment or any pronounced changes in plant design and equipment.

Temporary Reduction in Earnings

A temporary falling off of most utilities earnings following post-war production cut-backs is to be expected. Both the electric and the gas industries are dependent on the creation and use of appliances before their services are demanded. A considerable period will elapse before appliance manufacturers will be able to turn out on a mass production basis both the existing and the new appliances and machines. There will also be a period required for proper advertising and marketing, despite the expected rush of consumers for products of this character. Many of the manufacturers will undergo periods of shutdown during reconversion. Moreover, as happened when electrical refrigeration came into vogue, there will be produced many "experimental" contrivances, which will prove unsatisfactory, and will have an adverse effect on consumer demand. But the actual net earnings of the utilities available for dividends, in most cases, will not be materially reduced in this period, because the excess profits taxes, which have prevented stockholders from reaping the benefits of the war-time earnings, are likely to be eliminated; and there will be reserves available under the hold-back provisions of the tax law. Dividends, therefore, are expected to remain steady in the immediate post-war period, particularly in view of the fact that there will be little funds required for reconversion and expansion of facilities. Heavy depreciation, obsolescence and abandonment costs will also not be a serious factor.

The Effect of Post-War Interest Rates

A favorable condition with relation to post-war earnings and dividends of public service companies is the matter of interest rates. The present prospect is for a post-war continuation of low interest rates, due both to the Government's fiscal policy in supporting the market for the national obligations and to the large supply of capital funds available for investment. The levels of both short-term and long-term interest rates are now practically under Government control, because of the Treasury's firm hold on the Federal Reserve banks. This is vastly different from the money market conditions following the last war, when there was a sudden spurt in interest rates due to the pent-up demand for new capital and to the rush for loans for accumulation of inventories. The utilities in particular at that time, as stated above, were in a period of rapid expansion, and were forced to finance improvements and extensions at high interest rates. At present — and in fact during the whole war period—almost all financing has been for refunding at lower interest rates. Never have income yields of utilities bonds and preferred stocks been so low. As fixed charges have always been a heavy item of expense in the income statements of utilities, the lower interest rates is an important factor in assuring the investment stability of their securities. There is, as yet, no evidence of any serious existing case of emergency financing or of a situation bordering on bankruptcy now facing any important utility enterprise.

Rate Problems

Again, unlike the period following the last war, there is not likely to be serious rate adjustment problems following the present conflict. When hostilities ceased in 1918, the general rate situation of the utilities was highly unsatisfactory. Utility rate making was still in the experimental stage. The various State public service commissions, some of which were recently created, were desirous of meeting the political demands for lower utility rates, and in many instances enforced reductions below the cost-of-service basis. Moreover, the process of rate revisions was then slow and cumbersome. There were widespread demands for property valuations, and compilation of elaborate cost data. All this delayed the adjustment of rates to meet rising wages, materials prices, and other costs. In the meantime, a number of the utility companies suffered reductions in net earnings and some had to seek reorganization or merger.

Much of this has been changed. The theory of basing rates on property valuation has been largely abandoned in recent years. Experimental plans of rate making and rate fixing has given way to establishment of rates on practical and proved bases; rates

(Continued on page 2180)

Post-War Utilities Earnings and Rates

(Continued from page 2179)

which take into consideration the varying needs of the consumers and the costs and the revenues of the utilities. Thus, a basic service or minimum charge levied on all consumers has been generally accepted. This has resulted in eliminating the losses in furnishing service to small users and has lightened the burdens and increased the demand for service by large consumers. It has been also an influential factor in encouraging a larger domestic use for services.

Rating systems, such as the so-called "Objective Rating Plan," which give further incentives to larger use of services by small consumers, have been successfully tried out. Under the "Objective Rating Plan" the consumer, when he increases his consumption over a predetermined "base," is given lower rates, adjusted so as to allow the company additional revenues from the increased use, and at the same time lower the unit price to the consumer. Other plans of differential rates, based on use, cost of service, or load factor have been widely adopted. All this has not only tended to equalize output and demand throughout the day and season, but has also increased both the domestic and industrial consumption of services. It is this expansion of service use by domestic consumers during the hours of light demand, which, from a net earnings viewpoint, has been the greatest benefit to the utilities corporations.

The "Yardstick"

Altogether, it can be said that there is little prospect of widespread demands for utility rate changes or adjustments either on the part of the public or of the companies. The application of "yardsticks" in determining scales of public utility rates, so widely "propagandized" in support of the TVA project, appears to have lost its force. The proposals for other similar public works projects is not meeting with much enthusiasm. As pointed out by Ernest R. Abrams in this issue of the "Chronicle," the so-called "Missouri River Authority" is meeting with opposition both in and out of Government circles.

The heavy public debt and the post-war need for Government economy, combined with the urgent demands for more pressing and more useful construction projects, will undoubtedly repress these fantastic ventures for some time to come. The burden of the TVA, arising from its inability to meet the interest charges on its capital and the loss of taxes it is causing to both the Federal Government and the local authorities are matters which are now receiving more recognition. Certainly, when the war ends and there are cut-backs in the area of the TVA undertaking, the financial losses arising from its operation will become more manifest. Accordingly, there need be no immediate fear on the part of investors in privately operated utilities that new publicly owned projects will cause them losses on their holdings.

All this does not mean that individual utilities may not be faced with serious change-over problems. The war has caused shifts in population growths, in industrial migration and in consumers' standards. These changes will have to be met, and there may be also need in some cases for new capital investment, new forms of equipment as well as different load factors and new rate adjustments that may temporarily affect earnings and dividends.

Hopkins Claims He Is Still President's Assistant

Telling reporters that he wanted no inference drawn from the statement, Harry L. Hopkins, after a conference with President Truman, said that he is still a special assistant to the President, the Associated Press reported from Washington, May 4. Hopkins is still on the payroll at $15,000 a year, the report mentions.

The Outlook for Utility Stocks

(Continued from first page)

high taxes threatened the industry, the index declined to a record low of 23, completing the cycle since 1920.

Those who were forunate enough to buy leverage utility issues a few years ago have again had the opportunity to make fortunes similar to those of the 1920's, if they were fortunate enough to make substantial commitments near the lows. Here are a few extreme examples:

	1936-43 Low	Recent Price	Percentage Increase
Electric Bond and Share	3/4	13	1640%
Electric Power & Light, 2d Preferred	2 3/4	105	3725
American Water Works	1 7/8	13 1/4	610
Central & South West	1/16	3 1/2	5500
American & Foreign Power	1/4	4	1500
Standard Gas & Electric, $7 Preferred	6	90	1400
Central States Elec., deb. 5-1948	4	78	1850
Central States Elec., 7% Preferred	5c	$70	139,900

But the average speculator was not courageous enough, or smart enough, to buy penny or dollar stocks with high leverage possibilities under the conditions prevailing in 1942. What has happened to the general averages? The holding company index has again climbed up to 83—still only about one-tenth of the 1929 high but 260% above the 1942 low. The operating company group stands at 109—somewhat more than one-quarter of the 1929 high, and just double the low of three years ago.

An advance such as the utility stocks have enjoyed attracts an inevitable market following. "Investors" who looked askance at the soundest utility bargains three years ago are now willing to follow almost any tip or suggestion regarding hidden profit possibilities, especially in holding company stocks in the lower-priced brackets. Recent examples of the interest in such issues were the jump in Central & South West common from 11/16 early this year to the present price around 3½, and the gain in North American Power & Light from 1⅛ this year (already up from 1/32) to 5. Both are "mystery" stocks with a possible share in the liquidation of their respective companies, the degree of the "sharing" being dependent on subordination policies and recap formulas eventually to be approved by the SEC and confirmed by Federal Courts. Neither advance, so far as the writer is aware, was based on any tangible development or news regarding the companies' plans.

On May 3 Standard Gas second preferred was the most active stock on the Board, with a volume of 34,100 shares, advancing to 7⅛ compared with the low of 2¾ a few weeks ago. There was no special news to account for the advance. The plan approved by the SEC had been disapproved by a Federal Court, it is true, but the court did not quarrel with the Commission over the treatment accorded the four stock issues. Under this plan, the $4 preferred would receive only 1/32 as much new common stock as the $7 prior preferred (⅓ of a share compared with 10½ shares). With the $7 prior preferred selling around 90, the equivalent price for the $4 preferred is only about 2¾—yet it has advanced to some 2½ times that figure!

Some of these recent moves in the low-priced speculative issues seem hard to justify statistically. They may be explained by the preference of many speculators for low-priced "mystery" issues, despite the fact that the new margin rules favor the higher-priced stocks.

While speculation has been over-rampant in many of the marginal holding company issues, the rise in the senior holding company issues has apparently not exhausted their statistical possibilities for appreciation, in the majority of cases. Unlike the "little" junior issues (whose fate is bound up in many an intricate calculation and question mark) the eventual trend of the senior securities can usually be mapped out with a fair degree of certainty, based on certain assumptions. The problem consists of (1) analyzing whether the existing plan before the Commission or the Courts is likely to be modified and if so, what degree of change this might involve in the terms for the particular issue involved; (2) comparing the underlying securities of operating companies (to be sold, or distributed to the holding company security-holders) with similar operating company securities, in which active markets exist; (3) forecasting the future trend of the average price-earnings ratio and yield for the latter stocks over the next two or three years; and (4) gauging the timing of the various steps involved in the consummation of the present or final adjusted plan, in its tortuous progress through the SEC, the local commissions and federal courts.

It is true that such a study involves a wide number of variables, but nevertheless it is capable of more scientific handling than the blind guess work or inspired reasoning which seems back of the recent moves in such stocks as Standard Gas second preferred, American & Foreign Power, North American Light & Power, etc. The average trader or investor will probably fare better in the end by retaining the senior holding company issues with their "demonstrable" values, instead of following the current craze for junior stocks in the "cat and dog" class.

The major determinant in the future trend of utility stocks of all categories will doubtless be the average yield of such high grade utility equities as Commonwealth Edison, Pacific Gas & Electric, Consolidated Edison, Boston Edison, Consolidated Gas of Baltimore and a few others. A list of forty-nine electric and electric-gas common stocks recently showed an average yield of 5.17%, but the higher-grade stocks in the list probably average only about 4.75%. Highest-grade long-term utility bonds yield as low as 2.55% (where not affected by premium over call price) and the best preferred stocks with low coupon rates are around a 3.50% basis. (In appraising these yields it is always safest to take the performance of new issues recently placed on the market, rather than averages of the older issues, many of which sell on a higher yield basis because of refunding possibilities.)

Is there room for a further narrowing in the spread between the yields on high grade bonds, preferred stocks and common stocks? This spread has been narrowing for some years, as investors have been driven farther afield in their quest for a fair return on investments. It seems likely to narrow still further. A recent study of the entire Stock Exchange list indicated that while there are still a considerable number of utility stocks yielding over 5%, only a small proportion of high grade industrial issues now yield in excess of that figure. Utility stocks, considering their investment characteristics, still seem somewhat too low as compared with industrials.

For those investors who are satisfied with yield only, without appreciation but merely the hope of price stability, the utilities have a number of factors to recommend them:

(1) Their earnings are not greatly affected by cyclical conditions. In the depression year 1932, when our industrial activity was at an extremely low ebb and many industrial companies were "in the red," utility earnings were only moderately affected, and operating company dividend rates remained almost untouched (the reductions which came later were due mainly to encroaching federal taxation). The same condition was true in 1938, the "little" depression year, which again created many deficits for industrial companies. The net income of all electric utilities in that year dropped only 5% (compared with the 1932 drop of 15%). The basic reason for this relative stability is, of course, that the utilities make most of their profits from the residential load, and the use of electricity in the household is one of the last items on which the average citizen retrenches in bad times.

(2) Most of the high grade utility stocks have long records of unbroken dividend payments. For example, Consolidated Edison has paid since 1893 or earlier, Commonwealth Edison since 1890, Boston Edison since 1897, Consolidated Gas of Baltimore since 1910, Pacific Gas since 1919 and Pacific Lighting since 1909, Detroit Edison since 1909, Cleveland Electric Illuminating since 1902, etc. In proportion to the number of issues outstanding, it is hardly possible to match this record in the industrial list.

(3) Thus far, the electric light and power industry has remained relatively immune to the revolutionary changes in industrial technique which have caused major upsets in the fortunes of the railroad companies, the "trolley lines," the coal industry and others. Even the manufactured gas industry was able to survive the drastic competition in the lighting business resulting from the invention of the incandescent electric light by Edison, through its development of the kitchen gas stove (witness the unbroken record of Washington Gas Light since 1867). Most of the gas companies have also met the competition of natural gas and emerged with flying colors—converting to the new gas, or mixing it with manufactured gas, with well-maintained profits in most cases.

Of course there is no guaranty that a major upset to both the electric and gas companies may not occur in the future. A considerable part of their investment is in distributing facilities. Development of new scientific gadgets which would permit sending power and heat by radio waves (in controlled form) might do away with the need for much of this huge investment in wires, poles, underground cables and pipes, household meters and wiring, etc.

But unless wartime research (now under a cloud of secrecy) has already given birth to some such development, it seems unlikely to threaten the industry for many years to come. If the 10 or 20 years of research which has probably been crowded into the wartime period (through the development of radar, etc.) has not produced the necessary scientific devices, they seem unlikely to come for at least another decade or so. And if they do, the utilities may be able to adapt themselves, as they have in the past, since they will still own the central stations for producing electrical energy.

Only the development of atomic power, in a form adaptable to small household units, would be likely to put the utilities completely out of business. And this is a scientific dream which, even with our present acceleration of engineering progress, seems unlikely for another century or so. All our present devices for dealing with destruction or transmutation of elements (breaking up the atom and remolding it) require huge pieces of apparatus and tremendous application of electric power. Small and inexpensive units producing atomic energy seem out of the question until we have gone a long way further toward understanding what makes nature "tick."

(4) Utilities have been going through a cycle of government hostility similar to that which marked the agitation over railroad "watered stock" in an earlier period. The railroads lived this down and proved that their invested capital had been honestly used. The utilities are going through a similar purification process. The Federal Power Commission, the SEC and some of the State Commissions have already forced the utilities to remove a huge amount of so-called "write ups" from their books. Part of this program remains to be completed, but investors have learned not to fear the results. In some cases rate readjustments have followed, but these are determined by local rather than Federal commissions, and are seldom as drastic as expected.

In Pennsylvania the local commission in a recent notable decision on Pennsylvania Power & Light rates disagreed with the Federal write-off results, and encouraged the utility company to earn a bigger amount before there would be any threat of a rate readjustment. The utilities have been reducing their residential rates for a long period of years, and the drastic regulation by Federal utilities in the past decade has only moderately accelerated this downward trend.

Signs are multiplying that the period of over-regulation and government competition has passed its climax. The pendulum seems to be swinging the other way. While some of the commissions may still bring forth drastic anti-utility decisions, it appears more likely that these may be "toned down." New theories of "retroactive" readjustments, calling for huge depreciation reserves and scaling down of invested capital, may be less in evidence. It may be too late to stop the trend toward "aboriginal cost" (cost when the property was first used for public service) but the utilities should stiffen their resistance to unfair treatment of amortization of plant acquisition adjustments—money actually invested by security holders which the SEC or FPC may want written off over a period of years. In the writer's opinion such amortization represents destruction of capital. It should be placed "above the line" (along with any corresponding tax reduction) and taken into account in considering fair return on investment.

(5) The major hope for increased earnings of utilities in the post-war period lies in a readjustment of federal corporation taxes, and a realization by Washington that utilities have been discriminated against with respect to their tax burden. Federal taxes on income in 1943 equalled nearly 80% for stockholders. Abolition of excess profits taxes—which make up over half of Federal taxes on income—would substantially increase utility earnings. This adjustment would probably more than outweigh the loss of the big industrial load produced by wartime activity, since the margin of profit on power sales to munitions plants is low. With a reasonable degree of post-war prosperity, and a supply of household electric appliances again available, the increase in the residential load may also more than outweigh the loss of industrial business.

Summarizing, utility stocks still appear favored by underlying trends. But the investor should beware of "mystery" stocks and junior issues likely to be wiped out or given limited participation by SEC plans and court orders. There are plenty of legitimate opportunities for appreciation without plunging into the speculative jungle in search of rare bargains.

Mutual Funds

Cash Position

Investment companies as a group increased their cash positions moderately during the first quarter of 1945, according to a study issued recently by the National Association of Investment Companies. Total cash and U. S. Government bond holdings of the 30 largest broadly diversified funds amounted to $97 million on March 31, this year, or approximately 8.9% of total assets of $1,096 million. Three months previously, cash or its equivalent held by the same funds totaled $89 million, or 8.5% of $1,048 million total assets.

Optical Illusion

Hugh W. Long & Co. places the market "under a magnifying glass" in a new folder on the **Railroad Equipment Industry Series of New York Stocks, Inc.**

"Any standard chart of the market," writes the sponsor in a covering letter, "is an optical illusion. You don't see all the opportunities for profit. But you can see them when you look at the market through a magnifying glass which reveals the behavior of industries."

The folder shows a picture of the market—a single line between October, 1939, and December, 1944—which indicates that prices were about the same at the end of that period as at the beginning. A second chart reveals, however, that there was considerable variation in the performance of individual industries, some advancing and others declining during the period.

But picking the "right" industry is not enough either. A third chart shows the performance of individual stocks in the Standard & Poors Business Equipment Index for the period. While some stocks advanced more than 100%, others advanced less than 10%. The answer is diversification among selected stocks within the right industry.

The balance of the folder is devoted to the railroad equipment industry which "looks like the right industry today."

Switches

National Securities & Research Corp. has issued a memorandum suggesting switching from high-grade bonds into shares of **National Bond Series.** This switch is recommended for the following purposes:

1. To obtain a higher rate of income.
2. To exchange one safety factor with a combination of four.

The four safety features of National Bond Series are described under the headings (1) diversification, (2) researched selection, (3) supervision and (4) higher coupons.

"The combination of these four protective features represented in National Bond Series would seem to support an attractive switch from high-grade bonds to shares in this fund as a means of obtaining a sizably higher return without undue increase in risk."

Insurance Companies and Railroad Bonds

Distributors Group, in the current issue of **Railroad News,** comments on the trend of investing in railroad bonds by life insurance companies.

"In the first 16 weeks of 1945 life insurance companies invested $228 million in railroad bonds—more than six times as much as in the same period last year!

"You will recall that our Investment Research Department has consistently forecast this trend. We now forecast a further increase in railroad bond purchases by the insurance companies and by the banks."

Keystone Preferred Stock Fund

Keystone Corp. devotes the current issue of **Keynotes** to a breakdown of the values and earnings back of the 50 preferred stocks currently held in the portfolio of **Keystone Preferred Stock Fund K-1.**

The net asset value for these preferred stocks at the end of 1944 were $4.3 billion, or approximately three times their total par value of $1.4 billion.

Five-year average earnings per share for the period 1940-44 amounted to $16.29 on this group of stocks as against an average regular dividend rate of $5.39, giving full dividend protection three times over.

George Putnam Fund

The Trustees report that relatively few changes were made in the portfolio of **George Putnam Fund** during April. On May 1, investments were divided as follows:

	May 1, 1945
Investment Backlog	28%
Dependable Fixed Inc. Portion	27
Common Stock Portion	45
Total Net Assets	$13,051,600

In their current portfolio review, the Trustees stress the fact that the George Putnam Fund was designed and is managed for the **conservative** dollar.

"It is hard to build glamour and excitement around a task of this sort but, if well done, it carries a great satisfaction. As a dealer once said, 'I get more pleasure in thinking about the money I've saved my clients than about the money I've made them.'"

Plough-Back

Lord, Abbett, in the current **Investment Bulletin** on **Union Preferred Stock Fund,** charts the gain in the average market price of the portfolio securities as compared with their reinvested earnings during the last five years.

"Compared with their average price of $48.35 on Dec. 30, 1939, the portfolio stocks are now selling for $71.53, a gain in price of $23.18, or almost 50%. From their earnings during this same five-year period, however, these companies kept in cash or reinvested in their properties an average of $32.88 per share!"

Canadian Investment Fund

During the first quarter of this year outstanding Special Shares increased by 27,727 and total net assets amounted to $10,945,956 on March 31, 1945—a gain of more than $300,000 since the end of the year.

Mutual Fund Literature

Lord, Abbett—Current issue of **Abstracts;** Composite Summary folder on Lord, Abbett sponsored funds for May; revised copy of descriptive booklet on **American Business Shares;** current prospectus on **Union Trustees Fund** dated April 27, 1945. . . . **Wellington Fund**—A new desk blotter showing 1945 market trend and 10-year record of Dow-Jones Industrial Average. . . . **Hugh W. Long & Co.**—Current monthly portfolio folder on **Manhattan Bond Fund.** . . . **A. W. Smith & Co.**—Revised prospectus on **General Investors Trust** dated May 15, 1945. . . . **Keystone Corp.**—Current issue of the monthly **Keystone Investor.** . . . **Distributors Group**—Current monthly **Investment Report;** current portfolio folders on **General Bond Shares, Railroad Bond Shares** and **Low Priced Shares.** . . . **Selected Investments Co.** — Current memoranda on investment company shares for trust investment; current issue of "These Things Seemed Important." . . . **Calvin Bullock**—A new current data and portfolio folder on **Dividend Shares.** . . . **Hare's, Ltd.**—A new issue of "Current Considerations" on New York City bank stocks.

Wall Street Opens War Loan Drive

Wall Street went all out for the Seventh War Loan on May 14, the first day of the drive, turning all of its sales personnel over to the Treasury for the duration of the drive, and putting on holiday garb in the form of Seventh War Loan flags and banners, and sold and bought war bonds by the millions to the slogan of "Speed the Wall Street Armada to Tokyo—1,600 B-29s," to be financed by the syndicate comprising New York Stock Exchange, Curb Exchange, and other investment groups which have undertaken a billion dollar goal.

Pacing the syndicate were all of the banks and savings and loan associations. Promptly at 9 o'clock Presidents and Chairmen of all of these 110 institutions personally undertook, in sparking their organizations' campaign, the sale of war bonds to the public in the lobbies of each of their buildings.

Fletcher L. Gill, Director of the Banking and Investment Division, War Finance Committee, had as his first customer Emil Schram, President of the New York Stock Exchange, who bought an E bond and, in keeping with the Exchange's endorsement of war bonds at the nation's best investment, offered and sold a corresponding bond to Mr. Gill.

Formal opening of the Wall Street syndicate's campaign for $1,000,000,000 was observed on May 15 in the form of a rally held on the Sub-Treasury steps, which dedicated the achievement of its goal to the five Marines and one Navy pharmacist's mate who raised Old Glory atop Mt. Suribachi. The syndicate presented $1,000 war bonds to the gold star mothers of the three Marines in that picture who were killed, and also to the other three boys recently returned to this country, all of whom were present. Emil Schram, President of the New York Stock Exchange, conducted the rally, and also participating were Brigadier General Haywood S. Hansell Jr., First Commanding General of the 21st Bomber Command, who directed the initial B-29 mission over Tokyo; Lt.-Col. Donald L. Dickson, USMC, who raised the first American flag over Guadalcanal, and Allan Sproul, President of the Federal Reserve Bank.

National City of Cleve. Reaches Century Mark

National City Bank of Cleveland today, May 17, has become one hundred years old. The bank was started in 1845 in Cleveland which at that time had only 1,500 families. Cleveland was a village of dirt roads and stage coaches, log cabins and crude weather-beaten frame buildings. The bank has grown with the town and its services continued all of these years without interruption.

The bank's aim of flexible policies in keeping with the visions of leaders and advancing needs of the times which it has followed will be continued by the present directorate, management and employees as it begins its second century of service.

Tomorrow's Markets Walter Whyte Says—

Lack of unanimity in averages points to breakers ahead. Negative rail action cancels positive industrial performance. Stops should be advanced.

By WALTER WHYTE

Last Thursday's reaction did little to clear the atmosphere. If it did anything it added to the clouds that already were thick enough. The average trader whose knowledge of the market comes from reading market letters or listening to his customer's man got the same old double talk which left him floundering in a sea of doubt.

* * *

Friday's and Saturday's minor recovery helped a little. At least it removed the feeling of urgency that every reaction brings with it. As this is being written the confusion of last week is still present. The reason I stress this feeling of doubt and apprehension is that within it are the seeds of a setback that nobody in his right mind can call "a healthy reaction." Let that spirit of fear, or disorganization, become cohesive and a sharp break will become inevitable. It will be the same old mob spirit all over again. I have frequently stressed the importance inherent in any mass public market action. It can take stocks up to fantastic levels. It can also depress them to unbelievably low points.

* * *

Hardened professional traders are aware of this public tendency and play it for all it's worth. I realize this sounds as if I were delivering lectures from the Olympian heights. But I have seen and experienced too many of the things I try to warn readers against to let them pass without some comment.

* * *

That the market is no longer in a safe area is no secret to readers of this column. As recently as last week I warned that a sharp lookout

(Continued on page 2195)

Six War Years of British Banking

(Continued from page 2165)

bank operations in London, the other banks having been organized elsewhere and later coming to London from the Provinces. It was established in London in 1834, following the passage of the bank act of 1833, which made joint stock banking permissible in London for banks other than the Bank of England.

Barclays Bank probably has carried on banking operations under a part of its present name, and on the present site of its head office, for a longer period than any other of the "Big Five." In 1736 it is recorded that one James Barclay came into partnership with "Joseph Freame, a 'citizen and goldsmith' carrying on business at the sign of the Black Spread Eagle in Lombard Street." Some of the founders of the banks now merged in Barclays were engaged in banking on this particular site as far back as 1728, while these and other founders actually started business in Lombard Street before the end of the 17th century. Lloyds Bank had its origin as Lloyds and Co., in Birmingham in 1765, but this bank as it is known today had its origin as a joint stock bank as a result of the amalgamation of a number of banks in 1865. It is the first of the larger English banks to adopt in full the recommendations of the Cunliffe Committee on Banking, by which more informative data are disclosed in its balance sheets than in those of any other bank. The National Provincial Bank, among other claims to distinction, is said to have the most artistic banking building in the City of London. It is the smallest of the "Big Five" but still one of the largest commercial banks of the world.

Composite Balance Sheets Show Six-Year Increase Over 1938 Figures

Composite balance sheets, made up of selected items from the balance sheet totals, are presented below in Table I for the years 1944, 1938 and 1929. The year 1938 was the last full year of normal banking operations before the beginning of World War II, while the year 1929, included for comparative purposes, reflects conditions in the last year before the big depression got under way.

TABLE I—COMPOSITE BALANCE SHEETS (SELECTED ITEMS) FOR BRITISH "BIG FIVE" BANKS

	1944	*1938	†1929
Liabilities—			
Capital paid up	£65,626,663	£65,626,663	£63,901,010
Reserve funds	54,660,182	50,480,766	52,482,541
Current, deposit and other accounts	3,928,702,197	1,927,072,761	1,630,934,880
Liability for acceptances, endorsements, etc.	85,983,142	104,821,452	154,466,347
Assets—			
Cash on hand and at Bank of England	432,383,342	218,711,275	210,066,717
Balances with and checks in course of collection on other banks	152,534,324	73,341,254	62,763,672
Money at call and short notice	150,832,390	120,654,745	124,321,243
Bills discounted	128,984,058	217,180,710	196,067,529
‡Treasury deposit receipts	1,501,000,000	----------	----------
§Investments	1,459,603,881	519,196,773	196,546,890
Advances	646,951,396	844,657,216	882,574,528
Bank premises	34,732,157	36,266,516	34,152,173
Complete balance sheet totals, all items	£4,138,931,994	£2,175,393,063	£1,901,822,590

*Last full year of operations before World War II. †Last pre-depression year. ‡A new balance sheet item, used for first time in 1941. §Excluding investments in affiliated institutions.

Deposits Up 100%, Capital Structure Unchanged

As is the case with American banks, deposits of all kinds have reached by far the highest point on record. In the six war years they have increased from £1,927,000,000 to £3,929,000,000, or over 100%. British bankers recognize this as a war-time phenomenon due mainly to deficit war financing by the Government through the banks. They trust that when the Government's extraordinary demand for funds begins to fall off that this situation will more or less correct itself. And, despite this 100% increase in deposits, no steps have been taken and apparently there is no agitation to have the capital structure of the "Big Five" brought up more into line with these huge deposit holdings. Paid-up capital has remained the same as in 1938 and before, and while reserves have increased by about £4,000,000 since 1938, this represents, for the most part, a further partial restoration of the reserves which were written down in the depression years 1932 and 1933.

No breakdown is shown in the banks' individual balance sheets in the deposit item. "Current" accounts are the same as our demand deposits, while "deposit accounts" cover items analagous to our time and savings deposits. In the statements made at the annual meetings of the "Big Five," it is apparent that most of these deposits fall into the category of time and savings deposits on which a rate of interest is paid. Hence, these increased deposits, with little opportunity for their profitable investment, are more of a problem than a blessing.

New Balance Sheet Item—"Treasury Deposit Receipts"

Another significant change in the composite balance sheets is the appearance of a new balance sheet item, which appeared for the first time in the year-end balance sheets for 1941, "Treasury Deposit Receipts." This has been a development of war-time finance where this device has been increasingly used by the Government for handling most of its floating debt through the banks. These Treasury Deposit Receipts have a currency of six months and bear 1⅛% interest, and are thus a good money market item. The amounts held by the different banks vary, ranging from over 38% of all deposits in Lloyds Bank to over 60% of total deposits in Barclays, and reaching a total of some £1,501,000,000 for the five banks at the end of 1944. They have become the largest single asset item in the "Big Five" bank accounts, more than twice as large as "Advances," i.e, Loans and Discounts, and "Bills Discounted" together. These items formerly had "pride of place" in British bank statements.

And, while the banks are thus willing to assist the Government in every possible way, they are raising the question as to what will happen after the war, when the expected demands for loans to assist in conversion of industry from a war-time basis to one of peace takes place. "Treasury Deposit Receipts," they say, "have a currency of six months, and from a banking point of view are an ideal investment, as every week considerable amounts mature; but, if at the same time, the Treasury make corresponding demands for renewals (and demands for renewals and increases have been taking place right along), no fresh cash will be available from that source for lending to industry." These Treasury Deposit Receipts are discountable at the Bank of England, but to lend to the Government at 1⅛% and to borrow from the bank at 2% does not appear to the bankers to be an economical or profitable proposition.

Government the Largest Borrower

Again in similar fashion to that in the United States, the Government is the largest borrower from the joint stock banks. As I wrote in an article for the "Commercial and Financial Chronicle" last August ("Ten Years of the FDIC," Aug. 3, 1944), loans by American banks had fallen to $18,900,000,000 to their own customers at the end of 1943, while at the same time our banks were increasing their loans to the Government through increased purchases of direct and guaranteed securities to the extent of $58,694,000,000, or three times as great as their loans to all other borrowers. The same has been true with the "Big Five" English joint stock banks.

Three items in the British bank statements reflect the extent to which they are increasing their advances to the Government. When the item for "Bills Discounted" is broken down, as it is in the case of the statements of three of the five banks but not in the other two, it is seen that "Treasury Bills" account for a large part of this item. From a total of Bills Discounted for all of the "Big Five" for 1944 of £128,984,058, the Treasury Bills held by the Midland Bank, Lloyds Bank, and the National Provincial Bank together total £74,378,903. If the other two banks hold similar proportions, this means a total for the five of over £100,000,000 out of their Bills Discounted. These are direct advances to the Government, and must be added to the item for Treasury Deposit Receipts of £1,501,000,000.

The third item is in the net investment accounts of the banks. These are some three times as great as they were in 1938 at the outset of the war, and more than seven times as great as they were in 1929. From a partial breakdown of the investments in the individual bank statements for 1944 it is shown that a total of £917,920,000 of the aggregate investment holdings of these banks of £1,459,604,000 are "securities of, or guaranteed by, the British Government." The three items together—Treasury Bills Discounted, Treasury Deposit Receipts, and Government Securities—show a total of £2,518,920,000 of advances by the "Big Five" to the Government, or some 64% of their total resources. If four-fifths of the Bills Discounted in 1938 were Treasury Bills, and if approximately four-fifths of the banks' investments were in Government securities, this represents then an increase from some £589,100,000 of advances in one form or another to the Government in 1938 to £2,518,920,000 in 1944, or an amount almost five times as great as in the former year.

Net Profits of "Big Five" Back to Depression Low

Despite this phenomenal increase in deposits and total resources of the "Big Five," it is interesting to note that their aggregate net profits are back to the depression level of 1932—the low year of that depression. Net profits for these banks for the years 1944, 1938, 1932 and 1929 are shown below.

TABLE II
NET PROFITS OF "BIG FIVE" BANKS

Bank—	1944	1938	*1932	1929
	(£,000 omitted)			
Midland	£2,038	£2,446	£2,019	£2,665
Barclays	1,673	1,926	1,574	2,332
Lloyds	1,655	1,705	1,550	2,542
Westminster	1,367	1,557	1,495	2,160
National Provincial	1,271	1,776	1,593	2,225
Aggregate profits	£8,004	£9,396	£8,231	£11,924

*The low year of the depression.

Two factors are mainly responsible for this decline in aggregate profits. One is the extremely liquid position of the banks in question and the other is the marked falling off in the principal earning assets of the banks, namely Advances and Bills Discounted. It will be noted in Table I above that the items Cash on Hand and Checks in Process of Collection in 1944 total approximately £600,000,000, while the same items in 1938 and 1929 were slightly under £300,000,000. This much greater liquidity is due in part to the lack of profitable avenues of investment for the excess deposits the banks hold, and in part to the desire of the banks to be ready at all times to meet possible calls of their depositors for their funds for use in the reconversion of their industries from a war-time to a peace basis.

In the composite balance sheets for 1938 and 1929 in Table I it may be noted that in both of those years Advances—loans of the "Big Five" banks to their customers—were equal to just about 50% of total deposits. In an earlier composite balance sheet study I made of these banks for the years 1927 and 1928 (see "Commerce Reports" of Feb. 25, 1929). I indicated that the ratio of advances to deposits was 52.8% in 1927 and 52.7% in 1928. This meant that in most of the inter-war years the banks were able to use a comparatively large portion of their deposits on a much more profitable basis than that of lending them to the Government on Treasury Deposit Receipts at 1⅛%, or on Treasury Bills which have averaged about ½ of 1% during the war period. Until the advent of the "cheap money policy" of the Government in the mid-thirties, the rule of thumb method for setting rates for advances was "one above Bank Rate, minimum five." That is, if the Bank of England discount rate was 6%, the joint stock banks' rate to their customers was 7%. If the Bank Rate fell to 3 or 4% the "minimum five" part of the rule applied, and the rate on all such advances was 5%. It will be seen in Table II that in 1929 when this relationship between loans and deposits existed, all of the "Big Five"—even the smallest—had profits of over £2,000,000, and at that time the pound was worth $5 instead of $4 as at present. Hence, it is not surprising to read in the annual statements of the chairmen of the banks from year to year that they look forward hopefully to the return of free enterprise after the war, to a free economy in which more normal relationships in banking may be reestablished. And while they have been willing to help the Government in every reasonable and possible way in its war effort, they await expectantly for the day when "pride of place" in their bank statements will again be taken by Advances, Acceptances, and Bills Discounted rather than by items which represent the growing dependence of the Government on the commercial banks in its deficit war-time financial program. Again, in this respect, both American and British banks have a great deal in common.

Canadian War Taxes Restrictions Relieved

An outline of the general Canadian policy for the removal of controls and preparation for conversion from a war to peace economy includes reduction of some special war taxes and elimination of others, a statement issued on behalf of Acting Prime Minister J. L. Ilsley, announces, according to Associated Press advices from Ottawa, May 10.

One of the changes Ilsley announced included plans for relaxation of restrictions on travel by Canadians to the United States.

Other main points in Ilsley's statement were: Removal of the 25% special excise tax on household electric and gas appliances. Reduction of the special excise tax on radios, phonographs and cameras from 25 to 10%. Repeal of the 8% sales tax on building materials, and changes in the special excise tax on passenger automobiles from a graduated scale running from 3 to 80% to a flat 10%.

Pittsburgh Bankers Elect New Officers

Paul C. Harper, Vice-President of the Forbes National Bank, was elected President of the Bankers Club of Pittsburgh. T. C. Swarts, Executive Vice-President of the Woodlawn Trust Co., Aliquippa, was elected Vice-President, and A. J. Huglin, President of the Pitt National Bank, was elected Secretary-Treasurer.

Directors are: Francis Crandall, Mellon National Bank; John W. Kossin. Federal Reserve Bank of Cleveland; J. K. Webster, Sewickley Valley Trust Co., J. Regis Walthour, First National Bank of Greensburg; Everett M. Jones, Farmers Deposit National Bank; L. E. Huseman, First National Bank of Wilkinsburg, and ex-officio, Herman M. Schaefer, Keystone National Bank.

Canadian Securities

By BRUCE WILLIAMS

An eminently satisfactory Alberta debt refunding plan is now an established fact and complete agreement has finally been reached between the Government of Alberta and the Alberta Bondholders' Committee.

The steady confidence in such an outcome, continually expressed in this column since the death of the pioneer of Social Credit, former Alberta Premier Aberhart, was in disregard of minor obstacles such as the original incompatibility of outlook of the representatives of the Alberta Government and the Bondholders' Committee, and the fanaticism of a few Social Credit party diehards. Our firm belief in a solution that would result in a full rehabilitation of the credit of Alberta was based primarily on anticipation of intervention by the Dominion Government, which immediately following the original default in 1936 instituted the Rowell-Sirois Royal Commission and has awaited ever since a favorable opportunity to remove this blot on the Canadian financial record, and secondly on the broad fact that the return of prosperity would weaken the Social Credit party's belief in the monetary doctrines which were conceived during a period of despression.

Now, thanks to the firm constructive attitude of Finance Minister Ilsley, and the return to financial sanity of the Alberta Government, the Province of Alberta, with its finances on sound basis and with the cooperation of the Dominion Government and the financial community, can now look forward to full development of the great natural resources of the province and can ultimately take its rightful place among the leading provinces of the Dominion.

Looking at another cinderalla section of Canada but this time on the neglected eastern flank, it is interesting to note some significant stirring of economic life. The 23,900 square miles of highest Bessemer type iron-ore in northeastern Quebec and Labrador to be exploited by the Labrador Mining and Explorating Co. has high potentialities and the enterprise might rank eventually with other great Canadian mining enterprises such as the Consolidated Mining & Smelting Co., and International Nickel.

Also, just as it has always been known that iron deposits existed in this area, so has the presence of oil in the Gaspe peninsula of Quebec been known to oil interests both on this continent and in Britain since the end of the last century, but so far this knowledge has not been turned to commercial account.

The registration just filed with the SEC by the Gaspe Oil Ventures Ltd. of Montreal, covering a public issue in this country to provide funds for drilling wells on the company's property in the Gaspe peninsula is interesting in many respects.

In the first place it suggests the possibility of Canada being able to satisfy her own oil requirements. About four-fifths of the Dominion's present consumption is imported largely to fill the needs of Ontario and Quebec. If oil in commercial quantities were produced in Gaspe, near tidewater on the St. Lawrence, it could readily be transported by tanker to refineries at Montreal.

This announcement was also noteworthy as it is the first case where a Canadian commercial enterprise has been registered with the SEC and it is to be hoped that now the precedent has been established that it will become the rule rather than the exception. Too large a volume of capital is now going north to provide speculative profits rather than funds actually employed to develop Canadian mines and natural resources.

Turning to the market for the past week, there was still no departure from the long established pattern of firmness with small turnover. Long term high grades continued in demand but supply was meagre. Manitobas continue to belie their credit rating and the long term bonds registered a new high level.

Albertas naturally provided the greatest activity but it was somewhat surprising to note a slight recession of prices on the announcement of the refunding plan. A similar contradictory reaction took place when it was known that Premier Manning's unsatisfactory plan would be unacceptable. Too much is at stake and too much care has been devoted to the preliminary steps in the plan to permit any hitch to develop. It would appear, therefore, that there is still scope for further early improvement.

There was a continued demand for internal bonds and mining shares and recourse to official funds was still necessary to provide the supply in the "free" market.

With regard to the possible future trend. there is still little likelihood of any change from the present pattern of strength with restricted turnover.

OUR REPORTERS' REPORT

Running up the flag-hoist for "well done" on completion of the vast volume of corporate financing carried through in the last six weeks or so, the underwriting fraternity and its dealer organizations turned to this week to lend the nation's Treasury a hand in putting its Seventh War Loan Drive over the top.

The banking and investment division of the State War Finance Committee has set itself a tough goal, "a billion dollars to create a fleet of 1,600 B-29s to bomb Tokyo." That's several hundred million dollars more than the objective set in earlier campaigns and well above the official quota set for the district.

But the financial community, taking its cue from the accomplishment of our armed forces in the field, does not think it is too much. In fact, the expressed hope is that the set goal can be passed substantially as a distinct warning to the Japs that there has been no let-down in our determination to carry the war to them despite the unconditional capitulation of the Nazis.

And whereas a fortnight ago there might have been some misgivings that the investment houses would be carrying sizeable unsold portions of some of the recent flotations, it develops that such is not the case.

On the contrary, inquiry around the street, particularly among dealers, indicates that stocks on shelves are not by any means unwieldy and are moving out well under persistent demand.

Depending on Conditions.

Unless there is a drastic change in underlying conditions in the money market, and that does not appear likely to develop, the late summer and early fall give promise of another period of intense activity in the new issue market.

From conjecture currently, it looks as though the railroads will continue as the major source of new emissions in that period.

At the moment this prospective refinancing is admittedly in the discussion stages only. But unless railroad traffic, and consequently earnings, decline severely in the interval, something which is not expected, it looks as though four large roads alone will undertake refunding operations that could involve approximately $350,000,000 of new issues several months hence.

So. Pacific Tops List.

Heading up the list is the Southern Pacific, which is reportedly giving consideration to an elaborate refinancing program involving $155,000,000 of first 4s due 1955, which may pare the total of the new debt somewhat.

Louisville & Nashville is said to be contemplating replacement of outstanding 4s and 3¾s, due 1960 and 2003 respectively, with lower coupon issues. This would involve a total of around $53,000,000.

Pennsylvania, meanwhile is locked upon as a possibility for refundings involving outstanding issues with a face amount running to around $84,000,000.

Delaware & Hudson is understood to be eyeing the market with a view to revamping its debt structure by consolidation of certain outstanding obligations involving around $50,000,000.

Lone Industrial in Sight.

There is the usual ample sprinkling of public utility potentials, but thus far only one industrial refinancing undertaking has come into sight.

Union Oil Co. of Calif., shareholders, at a special meeting, will pass on a program drawn by the management, involving refinancing of its $25,000,000 of outstanding 3s, and liquidation of bank loans in the amount of $12,000,000.

If approved, the plan would net the company approximately $10,000,000 in new working capital. The proposal calls for the authorization of 500,000 shares of preferred stock to be issuable in series and the immediate sale of 250,000 shares, along with $25,000,000 of new 25-year 2¾ per cent debentures.

Public offering of the new preferred would be undertaken shortly after completion of the current Seventh War Loan Drive.

Stock Exchange Quota For Greater NY Fund

The Stock Exchange Division of the Greater New York Fund has accepted a quota of $20,000 for the Fund's 1945 campaign, it was announced recently by Harry M. Addinsell, Chairman of the Finance Section, who is Chairman of the board of the First Boston Corp. The announcement was made at a meeting on the Stock Exchange Division Committee, held in the office of the Division's Chairman, Charles L. Morse Jr., partner in the firm of Hemphill, Noyes & Co., 15 Broad Street.

A committee of 34 brokers has been enlisted to conduct the appeal among the Stock Exchange firms on behalf of the 408 voluntary hospitals, health and welfare agencies which participate in the Greater New York Fund. E. Coe Kerr of Joseph Walker & Sons, is Chairman of the Floor Brokers sub-division, and Laurence M. Marks, last year's Division Chairman, is serving again on the committee.

Also present at the meeting was J. Stewart Baker, Chairman of the board of the Bank of the Manhattan Co. and the Fund's General Chairman. Mr. Baker addressed the committee on the purposes of the Fund.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The end of the war in Europe brought an easier tone to the government bond market, with all sections of the list showing declines on light volume. . . . The reluctance of the dealers to build up positions at these levels, which results in a lowering of quotations, has contributed to the market's irregularity. . . . A substantial part of the activity centered around the intermediate maturities of the taxable issues, which have been in great demand and only recently made all-time highs. . . .

These bonds gave ground on not too heavy trading with declines of about three-eighths of a point being registered in the 2s due 9/15/51/53, the 2s of 12/15/51/55, the 2½s of 3/15/52/54, and the June and December 2s of 1952/54. . . .

SELLING

It was reported that selling came into the 2% bonds from individuals, corporations and estates in order to take down profits, with "normal portfolio adjustments" being made by some of the savings banks. . . . It was indicated that certain of these banks in New York State sold the 2s with the proceeds being deposited in the Savings Banks Trust Co. By having their funds in the Trust Company by May 18, the savings banks will get a month's interest on these deposits, before they are used to pay for the securities that will be purchased in the coming drive. . . .

The 2½s due 1956-58 and 2½s due 1967-72 were under pressure, with the latter off about half a point. . . .

PROFIT TAKING

The restricted issues continued to sag, with profit taking appearing in the 2¼s due 1956/59. . . . The middle maturities of the partial exempts went off in sympathy with the decline in the intermediate taxables. The longer partial exempts tended to steady somewhat following President Truman's statement on Tuesday that taxes would not be reduced until the end of the Japanese war. . . .

TREASURY POLICY

As far as could be learned, there has been no change in the policy of the Treasury, with regard to selling by savings banks and insurance companies of outstanding issues, since it is indicated that the Government plans to give the new financing method a thorough test in the coming War Loan. . . .

By finding out the absorptive capacity of the market, in this drive, exclusive of direct or indirect participation by the commercial banks, the Treasury will be in a position to arrange its future financing with respect to the amount of securities that will be offered to these banks. . . .

COMMERCIAL BANKS

In order to keep down debt charges and to forestall unfavorable political developments, it is believed that the commercial banks will get only low-rate short-term issues. . . . Therefore, with new offerings of long-term high-coupon bonds to the commercial banks not in prospect and the supply of investable funds very large, the opinion is held that any recession in the government bond market will be temporary and not very substantial. . . .

Accordingly, it was pointed out that advantage should be taken of periods of weakness to acquire the securities that meet the needs of these institutions, with the commercial banks having time deposits being advised to confine their purchases largely to the long-term unrestricted taxable obligations. . . .

PRICE COMPARISON

The Seventh War Loan drive, which will run from May 14, through June 30, puts increased emphasis on individual subscriptions. . . . Another change in the procedure of the drive is to discourage resale of outstanding issues to the banks. . . . The Treasury has asked all non-bank investors to refrain from selling securities acquired in earlier drives in order to obtain funds with which to purchase bonds in the coming campaign. . . .

The new type of financing adopted by the Treasury in the present War Loan has had a marked effect on the prices of the outstanding securities. . . .

This is particularly evident in the following comparisons of prices at the close of the Sixth War Loan, with those prevailing just before the start of the Seventh War Loan:

Issue		Closing Bid Prices		Price Change
Rate	Maturity	12-18-1944	5-12-1945	in 32nds
2¾	9-15-1945-47*	101.19	100.25	—26
2½	12-15-1945*	101.29	101.7	—22
3¾	3-15-1946-56*	103.27	102.25	— 1 2/32
3	6-15-1946-48*	103.14	102.25	—22
3⅛	6-15-1946-49*	103.21	102.29	—24
4¼	10-15-1947-52*	109.21	108.29	—24
2	12-15-1947*	103.20	103.19	— 1/32
2	3-15-1948-50	101.27	102.7	+12
2¾	3-15-1948-51*	105.31	105.23	— 8
1¾	6-15-1948	101.8	101.21	+13
2½	9-15-1948*	105.30	105.25	— 5
2	12-15-1948-50*	104.10	104.13	+ 3
2	6-15-1949-51	101.24	102.26	+ 1 2/32
2	9-15-1949-51	101.22	102.28	+ 1 6/32
2	12-15-1949-51	101.20	102.29	+ 1 9/32
3⅛	12-15-1949-52*	109.29	110.2	+ 5
2½	12-15-1949-53*	106.28	107.6	+10
2	3-15-1950-52	101.15	102.30	+ 1 15/32
2	9-15-1950-52	101.7	102.30	+ 1 23/32
2½	9-15-1950-52*	107.12	108.1	+21
2¾	6-15-1951-54*	109.9	110.0	+23
2	9-15-1951-53	100.23	102.30	+ 2 7/32
3	9-15-1951-55*	110.25	111.23	+30
2¼	12-15-1951-53*	106.26	107.15	+21
2	12-15-1951-55	100.24	102.31	+ 2 7/32
2½	3-15-1952-54	103.27	106	+ 2 5/32
2	6-15-1952-54	100.14	102.29	+ 2 15/32
2¼	6-15-1952-55	102.2	104.11	+ 2 9/32
2	12-15-1952-54	100.9	102.29	+ 2 20/32
2	6-15-1953-55*	105.19	106.26	+ 1 7/32
2¼	6-15-1954-56*	107.18	108.22	+ 1 4/32
2⅞	3-15-1955-60*	112.15	113.23	+ 1 8/32
2½	3-15-1956-58	103.21	106.25	+ 3 4/32
2¼	9-15-1956-59†	100.19	102.31	+ 2 12/32
2¾	9-15-1945-59*	111.29	113.2	+ 1 5/32
2¾	6-15-1958-63*	111.28	113.16	+ 1 20/32
2¾	12-15-1960-65*	112.6	114.16	+ 2 10/32
2½	6-15-1962-67†	100.20	102.7	+ 1 19/32
2½	12-15-1963-68†	100.10	101.13	+ 1 3/32
2½	6-15-1964-69†	100.5	101.3	+30
2½	12-15-1964-69†	100.5	100.31	+26
2½	3-15-1965-70†	100.5	100.29	+24
2½	3-15-1966-71†	100.5	100.29	+24
2½	9-15-1967-72	100.21	103.15	+ 2 26/32

*Partially tax-exempts. †Restricted issues.

THE RECORD

Since the end of the Sixth War Loan, 26 all-time highs have been made in the bond list, six in the partially exempts with the balance in the taxable issues. . . . The sharpest gain was made in the 2½s due 3/15/56/58 with the 2½s due 1967/72 not far behind. . . . In the 2% group the greatest improvement was registered in the June and December's due 1952/54. . . . The 2¼% due 1956/59 was the leader of the restricted issues. . . . As for the partially exempts, the 2¾% due 1960/65 showed the largest gain, with the 2¾% due 1958/63 next in line. . . . Increases ranging up to one-half point were made in the notes, with some minor betterment being evidenced in the certificates.

Although prices at the start of the Seventh War Loan are higher than in any previous drive, there are indications that certain issues can still move ahead from these levels, if the Treasury continues its present financial policy. . . .

Stemming Tide of SEC Domination

(Continued from page 2163)

number of abuses in so large an industry is no excuse for the stranglehold of regulation now exercised by the Securities and Exchange Commission. We have inveighed against the Commission's treating the securities field as a diseased industry.

Even though the Boren Bill is not intended as an over all one, dealers in all classes of securities should unite behind it. The battle of one segment of the industry should be construed as the battle of all. Every dealer should let all members of the Interstate and Foreign Commerce Committee of the House of Representatives know that he thinks the Boren Bill constitutes desirable legislation and should be acted on favorably since a "bid and asked" disclosure rule would be a vicious innovation.

The members of the Committee are:

Clarence F. Lea, Calif., Chairman	Dwight L. Rogers, Fla.
Robert Crosser, Ohio	Benjamin J. Rabin, N. Y.
Alfred L. Bulwinkle, N. C.	Vito Marcantonio, N. Y.
Virgil Chapman, Ky.	Charles A. Wolverton, N. J.
Lyle H. Boren, Okla.	Pehr G. Holmes, Mass.
Lindley Beckworth, Texas	B. Carroll Reece, Tenn.
J. Percy Priest, Tenn.	Charles A. Halleck, Ind.
Oren Harris, Ark.	Carl Hinshaw, Calif.
Geo. G. Sadowski, Mich.	Clarence J. Brown, Ohio
Richard F. Harless, Ariz.	Evan Howell, Ill.
John W. Murphy, Pa.	Leonard W. Hall, N. Y.
Edward A. Kelly, Ill.	Thomas D. Winter, Kans.
Luther Patrick, Ala.	Joseph P. O'Hara, Minn.
John B. Sullivan, Mo.	Wilson D. Gillette, Pa.

Byrnes Confers With President

Summoned to the White House by President Truman, James F. Byrnes, former director of the Office of War Mobilization and Reconversion, is reported by the New York "Herald Tribune" on May 8, to have spent 90 minutes in conference with the President, after which speculation again rose as to whether Mr. Byrnes will be invited to a high place in the councils of the Administration. Mr. Byrnes admitted that he and the President had discussed "several matters", but refused to disclose what they were.

There are two different lanes of thought in which speculation runs, the "Herald Tribune" states: one, that Mr. Byrnes might succeed Secretary of State Stettinius after the San Francisco Conference; the other, that he might be appointed czar over the entire reconversion program.

N. Y. Com. & Ind. Ass'n Elects Directors

Three new directors were elected and five reelected for three-year terms at the 48th annual meeting of the Commerce and Industry Association of New York, Inc., held May 16 at its headquarters, 233 Broadway, N. Y. City.

The new directors were Henry Bruere, President of the Bowery Savings Bank; Harold F. Sheets, Chairman of the board and member of the executive committee of the Socony-Vacuum Oil Co., and William L. Kleitz, Vice-President of the Guaranty Trust Co.

Reelected were F. J. Andre, President, Sheffield Farms Co.; S. D. Leidesdorf of S. D. Leidesdorf & Co.; Gerald LeVino, Vice-President, Guiterman Co., Inc.; Laurence Arnold Tanzer of Tanzer & Mullaney, and Francis L. Whitmarsh, President of Francis H. Leggett & Co.

Mead Named to Head Baltimore Exchange

W. Carroll Mead has been nominated for President of the Baltimore Stock Exchange, the "Baltimore Sun" reported May 8. Elections will be held at the annual meeting June 4.

A member of the Exchange since December, 1934, Mr. Mead is senior partner of the local investment banking firm of Mead, Irvine & Co. He was recently released from the United States Marine Corps after serving approximately three years in this country and in the Pacific combat area. He was a Captain at the time of his discharge.

The Nominating Committee also presented the names of three local investment bankers for consideration for election as new members of the Board of Governors for two-year terms. These are John Redwood, Jr., of Baker, Watts & Co.; Harry M. Sheely, of Harry M. Sheely & Co., and Elisha Riggs Jones, of E. R. Jones & Co.

Prof. Sprague's Testimony Ends Bretton Woods Hearings

(Continued from page 2163)

The CIO witness endorsed the BW program without amendment, chiefly on the grounds that the dollars made available to foreign countries through the Fund and Bank will mean jobs for workers in the export industries. He quoted Pres. Murray and the CIO convention to the effect that "some 5,000,000 jobs can be found in export trades after the war" and that "the sixty million jobs promised by President Roosevelt will also depend upon the expansion of world trade." Mr. Carey added: "We cannot maintain full employment at adequate incomes in this country without a large volume of exports."

Most of the cross examination of Mr. Carey was by Congressman Crawford of Mich., who pointed out the fundamental inconsistency between the above testimony and Mr. Carey's speech before the National Postwar Conference last September—before the CIO had taken an official stand on BW—in which speech Carey said such things as these: "Foreign trade and foreign investment have never been a solution for the ills of domestic unemployment. . . . Foreign loans, without provision for accepting repayment in goods, mean a free gift of the products of American labor to foreign countries—a free gift without asking the workers' or the farmers' consent."

If BW turns out to promote free gifts to foreigners, the CIO, the A. F. of L., the American Farm Bureau Federation, and the National Grange, who testified in support of the program, will hardly be able to say that the result was without their consent. Mr. Carey seemed to be on sound ground when he said—in **September**—"If the foreign loan system is attempted this time, with or without guarantees—that is to say, if it is attempted without provision for repayment in goods—it will constitute a subsidy for employers (and employees) and a WPA for foreigners. . . ."[2]

Prof. Sprague's Experience

Prof. Sprague has long been one of the country's eminent economists. In identifying himself and his experience, he said:

"My past experience has been rather varied. I was for three years on the staff of the Bank of England in the period when England departed from the gold standard in 1931 and was subsequently, at the bank, much concerned with the working of the British Equilization Fund.

"I retired from the Bank in the spring of 1933 and came to the Treasury, where, however, I did not remain very long because of differences of view regarding certain monetary policies of the Administration.

"I have been concerned actively in foreign exchange dealings as a consultant with one of the largest American companies engaged in foreign business. I am a director of a national bank and an adviser of certain investment trusts."

Sprague Answers the Opposition

While it is not possible to reproduce here the full testimony and interrogation of Prof. Sprague, some liberal quotations will make clear his position on BW. We quote:

"Very nearly all of the opposition, so far as I am aware, to the Bretton Woods proposals relates to the Fund. Apparently many people harbor doubts and fears regarding the Fund, but are quite content to see the Bank established.

"Now, it just happens that if I harbored all of the fears that have been expressed about the Fund, I should feel almost more disturbed about adopting the banking proposal; for, if the foreign exchanges are going to be disorderly, and if countries are going to use their quotas in the Fund like drunken sailors, then I should not imagine that the bonds that might be issued by the Bank would prove very satisfactory issues.

"Now, this may seem an extreme position, but I hope I can explain my views as I go on.

"A good many people have appeared before you urging a return to the gold standard or something approaching thereto. That was the general attitude around the world at the end of the First World War. It was commonly believed that a return to the gold standard, with rigid exchange rates, was a necessary first step towards recovery, and when countries returned to the gold standard in the years following the First World War, everyone believed that those countries were on gold for an indefinite period of time or until there might be another great war.

"Now, experience did not tally with those expectations. The gold standard did not seem to yield very much in the way of permanent recovery or general restoration of equilibrium. It broke down in time of peace. That is a very important factor to bear in mind because if an attempt were now made to return to the gold standard, no one would believe that it would hold; there would be the doubt and skepticism regarding it such as did not obtain when, for example, England returned to the gold standard in 1925.

"It would be necessary for any country returning to gold to be much more strongly blessed with gold and to be in a stronger trading position than might have been necessary in the 1920's in order to maintain its position with fixed exchange.

"Now, during the years after the departure of various countries from gold, a variety of developments took place which will affect or have a bearing upon the functioning of any sort of exchange relationship in the period after this war.

"In the first place, an immense amount of experience was developed in speculating in foreign exchange; there were a very, very few people who speculated in foreign exchange in the years before the First World War, or, indeed, in the years immediately following the return to the gold standard in the 1920's, but during the 1930's, an immense amount of experience was gained and practiced in speculating against weak currencies.

"Moreover, business concerns having commitments in foreign countries engaged more extensively in covering their risks than had ever been the case before, so that these business concerns do not regard such covering transactions as speculation, but they have very much the same effect upon exchange.

Lessons Learned in the '20's

"Another experience in the '20's might be of significance in this connection. No one ever thought, in the '20's, of the possibility of an elastic adjustment of exchange rates such as is contemplated in the case of the Fund that we are now examining, but can you not imagine that it would have been rather helpful, let us say, in the British case, in the late 1920's—they returned to the gold standard at their old parity and pretty soon they discovered that that was rather an unfortunate move, that the rate was too high relative to the British costs and prices, but there was not any way of meeting that situation at that time.

"No one had ever thought of a slight modification of the exchange rate after you had once gone on to gold. It would have shattered confidence practically as much as going off gold itself, and so the British hung on to the gold standard and at the old rate, until the thing collapsed.

"Now, I think it is reasonable to argue that if the British had been able to reduce their rate from $4.86 to $4.50 or $4.60, say in 1929 or 1930, that maybe they would have escaped going completely off gold with a decline in sterling way below $3.50.

"There is something in being able to bend to the storm a little and that, I believe, is desirably provided for in the Fund proposals. We are likely to get more steadiness, more stability, if you please, with a moderate measure of elasticity than we are if we aim at complete rigidity under existing conditions.

"Now, I come to the present period or the near future. I am a little fearful that people are expecting over much from the Bretton Woods proposals. I should hope that it was clear that they are not designed, and will not serve to remove trade restrictions as distinct from monetary exchange restrictions. It should, I think, be obvious that most countries that have been engaged in the war and presumably most neutrals, must control the volume of imports for a number of years, for an uncertain number of years, if you please.

"When you come to the exchange restrictions, the Fund seems to imply that they may properly be continued for the so-called transition period. I would hesitate to fix a definite time limit, at the end of which exchange restrictions might be removed; it is clear, I think that exchange records must be maintained. That is a development of the last dozen years.

"Now, in all of the countries, all of the dealers in exchange are required to prepare reports which they furnish their respective governments which indicate both the persons involved and the character of the transactions. Such records, I should think, must necessarily be maintained for a more or less indefinite period of time, for otherwise I do not see any means of distinguishing between capital movements and purely trade transactions.

"If the quotas in the Fund are only to be used for trade purposes or closely analogous transactions, you certainly must have somewhere the information required to differentiate those transactions from purely speculative dealings or from capital movements.

"Now, it is going to be an exceedingly difficult matter to distinguish and to prevent capital movements of undesirable or excessive character, but that, I think, must be done during the years immediately ahead, and that is desirable both from the point of view of the operation of the Fund and also from the point of view of the operation of the Bank.

Fund Is Necessary for Bank's Success

"If you do not have the Fund, if you were to establish the Bank only, then I should imagine that most countries would take the view that the only course proper for them was to develop one and another of the various kinds of bilateral commercial special arrangements which were devised in large part by my old friend Schacht of the Reichsbank. That kind of thing was developed in a very extensive way in the '30's and the conditions are not unfavorable to the persistence of dealings of that kind by countries that find it, for one reason or another, exceedingly difficult to pay for even essential imports.

"The Fund does not do very much more, perhaps, than to hold out a hope to the world that the world will move along towards a more universal trading arrangement. But that is something. At least you could not close the door to development along those lines, as I believe you very well may if you decide to throw out the Fund and simply set up the Bank.

"Now, I come to the question of how countries will use their quotas in the Fund. First, let me say that the quotas in the Fund are very different from the proceeds of loans that may be secured through the Bank. When a borrower borrows from the Bank for a particular purpose, he, of course, uses the funds presumably for that purpose.

"Quotas in the Fund are of quite a different sort. They are more in the nature of the gold reserves or foreign balances that central banks have maintained. You do not, because you have a quota in the Fund, directly expend that amount of money. The Fund is drawn upon in the event that all of the variety of transactions of the nationals of a country, in their international trading relations, have incurred obligations of a hundred and one different kinds in excess of the funds available on the other side from what they have sold; exactly in the same way as, in the absence of the Fund, balances are struck, partly by shipping gold and partly by transfers of banking balances.

"I do not think that there is any sound reason for supposing that countries in general will, because of the Fund, adopt a more reckless policy than they would in the absence of the Fund.

"Moreover, there are two safeguards: One is publicity. The Fund must publish an annual report and also a quarterly report of conditions. Therefore, the amount that is drawn out of the Fund by any particular country in a given period of three months will be known, just as is the case with any reduction or change in the position of its central bank.

"I regard that as a decided safeguard in the functioning of the Fund. I do not think that there are many countries that would regard with equanimity the complete use, in any short period of time, of their limited quota in the Fund.

"Another factor — very likely many of these countries may have in contemplation resort to the Bank for these so-called loans for productive purposes. Well, now, do you not think it will be a factor in determining whether one of these long-term loans should be made to a given country that that country seems to be making rather reckless or improvident use of its quota in the Fund? I think the two institutions are in this way very definitely related.

"That is partly my reason for feeling that I would not like to assent to or favor the adoption of the Bank without at the same time favoring or securing the adoption of the Fund proposal as well."

Administration's Export Propaganda

One of the most important statements made by Prof. Sprague relates to the arguments which Administration leaders have been making for a vast post-war "favorable" balance of trade to

[2] The student of modern public relations will be interested to see how the CIO "News" of May 14 (p. 8) reported the Carey testimony and cross examination.

be financed by long-term loans and investments without regard to repayment of principal. This argument, offered in a general way as a means of preventing large unemployment, has been voiced by Mr. Harry Hopkins, Mr. Wayne C. Taylor,[3] Mr. Lauchlin Currie, and others. It has been applied particularly to Bretton Woods by the Treasury, as well as such organizations as the CIO, quoted above. Secretary of the Treasury Morgenthau put great store by this argument in his speeches on the Fund and Bank broadcast to the nation from St. Louis, Minneapolis, and Detroit, where he rashly promised, through BW, "a steady export market of at least a million cars a year." It is in the light of these statements that Prof. Sprague's remarks quoted below are of interest:

"I suppose the greatest difficulty that may present itself in the working of the Fund, is the ability of the United States to produce some different desirable commodities more cheaply than in any other country. There is a danger of excessive purchases of American products of one sort and another in the immediate years following the cessation of hostilities. Possibly the establishment of the Fund may permit somewhat greater exports from the United States for a shorter period of time than might otherwise be the case. That would certainly be true if foreign countries used their quotas improvidently, but it is neither desirable for us nor for foreign countries that exports expand to an unnecessary extent beyond vital needs to the rest of the world.

"There is nothing to be gained in this country from an increase of 25% in exports if that is an increase that can not be maintained. Better a 10% increase of exports that can be maintained than a 25% increase that can not be maintained. For that reason I think we should regard with favor the maintenance of trade restrictions in other countries which will permit them to make necessary adjustments, get on their feet, and begin to produce in a normal fashion. And we, I think, should support conservative policies on the part of our fellow members in the Fund, directed towards a moderate use of their quotas.

"To me, there is something dangerous in a doctrine that goes about in this country that we need to export 8 or 10 billion dollars' worth of goods a year in order to maintain employment. I do not think that that is true. I think we had better use much of that labor to produce things for home consumption. And, anyhow, a huge increase in exports, though it may temporarily provide employment, is a shifting sand, because it means smothering the rest of the world with our goods and complicating and enforcing upon them probably the establishment of restrictions of all sorts."

Favors Repeal of Bimetallism and Gold Powers

Under questioning by Congressman Brumbaugh of Pa., Prof. Sprague stated that the nations of the world today would not accept bimetallism; that bimetallism would not help the British, the French, and so on. Then, to quote:

Mr. Brumbaugh: "But if the Bretton Woods plan is adopted, what would be your opinion of the authority of the President to exercise bimetallism that he has had since 1933?"

Dr. Sprague: "Well, I should judge that the Administration is more or less inhibited from adopting any very novel or unusual monetary devices whatever its statutory powers may be, just as the power of the Treasury, I believe the Secretary of the Treasury has a certain vague power to buy and sell gold at any old price. I think that has not been taken away from him and it troubled some of my monetary economist friends that he has that power.

"Well, I should judge that the Administration has taken such a line in connection with Bretton Woods, that it would be just improper for the Secretary to make any use of that power. It is a kind of an honorable commitment."

Mr. Brumbaugh: "Do you think it should be repealed?"

Dr. Sprague: "Why, yes, I think it might very well be repealed. It has never been used. I am not sure that it was ever to use that for anything more than narrow changes in the buying and selling price of gold, such as always have obtained with central banks; very small variations, depending largely upon the quality of the gold and so on. But I am not really enough familiar with why that provision was included in the statute because it certainly seemed surplusage at the time when the President had those other powers of buying gold."

One Institution or Two?

Mr. Brumbaugh: "What do you think about the Fund and the Bank being under one management?"

Dr. Sprague: "I do not know whether that is desirable. I think a good case could be made for it, for the reason that it may become rather difficult to get adequate management of the two institutions and it is at least quite possible that the Bank might have any large amount of business to do, but that is really a matter on which I have not any very definite opinion. I should clearly judge that they would need to be in very close intimate relations one with the other.

That CED "Plan"

"There is another matter that I think I ought to mention, which I did not bring up, and that is this proposition about extending the power of the Bank to make, what I think was called, stabilization loans.

"I am not quite clear what people mean by 'stabilization loans.' Years ago, one meant by that a specific loan made at the time when a country elected to go back to gold on a definite basis, as, for example, in 1925, when England went back to gold, they arranged a loan over here for a couple of hundred million dollars, I think it was, which they never used. It was a kind of a guarantee. That is one type of stabilization loan.

"Well, clearly, I think there is no immediate occasion for a loan of that kind because I judge that there is not any intention to establish that kind of stability.

"If, by stabilization loan . . . something different is meant, that is to provide needed funds for restoration purposes, as, for example, in the British case, if there is difficulty on the part of industrialists over there in restocking themselves with raw materials, that it might be that a loan of a rather short-term of the character of a few years, could be placed through the Bank and that it would be helpful as distinguished from these long-time production loans which I judge the framers of the proposal had in mind.

"I see no objection to widening the powers of the Bank to make certain kinds of loans of that kind, and I can not imagine that the other participants in the participating countries could have any objection."

Light on the London Economic Conference of 1933

In the course of answering questions of Representative Sumner, of Ill., concerning the British attitude toward gold, Professor Sprague threw some light on the monetary and economic conference held in London in 1933. The following is from the Sprague testimony:

Miss Summer: "Well, in 1933, when they signed the declaration with which we are all familiar, were you at that conference?"

Dr. Sprague: "Yes."

Miss Sumner: "Did you represent the United States as a delegate?"

Dr. Sprague: "I represented a special group for the United States Treasury.

"The French Treasury wished for a bit of stability, not a definite rate, during the period of the conference, on the ground that the various developments were very disturbing to them, and the British Treasury agreed, so I went over, together with the Governor of the Reserve Bank of New York, Mr. Harrison, to negotiate a temporary arrangement with the British and the French Treasuries.

"We negotiated an arrangement which provided for the maintenance of the then rate, which was about $4.05 with a margin each way of 10 points and with a further provision that in the event of any unusual developments during the period of the conference, each country would be free to withdraw from this agreement.

"This proposal was sent to Washington and the President did not approve it. And it was dropped.

"A little later, a Mr. Moley came to London, while I was arranging my affairs to leave London permanently for Washington, and seemed to be quite up to date with conditions here, and the French returned to the charge and still wanted something to be done, and so what seemed to me a very innocuous document was prepared to the effect that it was hoped that, as a result of the conference, a system of more stable currencies might be developed with an addendum that in the meantime each central bank in its own market would use its best efforts to lessen speculation in its own market against the currencies of the other two countries.

"This proposition was sent over here and was the basis of the notable pronouncement of the President to the effect that we would do nothing in the matter of currencies until our domestic situation had improved.

"Thereupon, or shortly afterwards, the conference adjourned.

"But I was not a part of the conference. I was just outside, do you see?"

[3] See this writer's article in the "Commercial and Financial Chronicle" of Dec. 28, 1944.

Stock Market Comment

(Continued from page 2166)

veloping such divergence at this moment. The Rails made their highest closing on April 28 at 57.19 and, for the last nine days, have not been able to improve on that figure. The Industrials made their highest closing on May 5 at 166.71. It would be well to study the market during the next few days to observe whether there is sufficient buying power in either or both groups to better these prices. In the meantime, it might be well to exercise prudence and partially liquidate long accounts.

It is our opinion that an illusion has been created with respect to the rapid conversion from war to peace work, taking up the slack of war order cancellations without disturbing the profit figures. We doubt whether, even among the more efficient corporations, this reconversion can take place without considerable expense and a certain amount of dislocation.

Then we are also mindful of the psychology of the masses with respect to speculation. We agree that the amount of money around is still considerable, but it is the kind of money which follows the trend. This money has been going into the stock market on the rise. We doubt very much whether it will be as aggressive on the decline.

There are always a number of imponderables which could strike us at a moment's notice and when we least expect them. In fact, it is the unexpected which exercises its greatest market effect, either up or down; while, on the other hand, the expected, when it finally arrives, usually has been discounted. For instance, a sudden bid for peace on the part of Japan could take the market unaware and bring about a sharp setback, inasmuch as a development of that kind would be unexpected, the rank and file still believing that it may take another twelve months or more for us to arrive at V-J Day.

Wholesale cancellations of war contracts on a larger scale should be publicized in the near future and, while we have been talking about them with a certain amount of nonchalance, the fait accompli, when seen in print, may have a sobering influence.

The country is beginning the process of disintegrating its war economy and the road in this direction should widen rather than narrow. We are in the initial stages of a huge contraction of our war effort — and it would be hazardous to believe that the stock market could continue buoyant during this process, especially on top of a 21-point advance in seven months. — **Jacques Coe, Jacques Coe & Co.**

N. Y. Finance Institute Courses by Mail

The New York Institute of Finance has received the approval of the State Education Board of the two correspondence courses, "Work of the Stock Exchange and Brokerage Office Procedure" and "Investment and Security Analysis," which are now ready for distribution.

A brochure describing these two courses, which are sponsored by the Association of Stock Exchange Firms, as an authoritative and complete presentation of the subject matter, may be had from he New York Institute of Finance.

It is expected that the approval of the Vocational Rehabilitation Officer of the Veterans Administration will be received so that these courses may be used for returning servicemen.

The cost of the course in "Work of the Stock Exchange and Brokerage Office Procedure" is $35.00, "Investment and Security Analysis" is $50.00.

Democratic Party's Business Policy

(Continued from first page)

years ahead our country will have to meet and surmount many big problems.

Business men who are able to understand and appreciate the facts of our economic life are called "enlightened business men." Personally, I have never come in contact with a business man who wasn't "enlightened." And I have met a good many of them.

Maybe that is just coincidence. Maybe it's only that I have been very fortunate in the company I keep. But I rather suspect something else. I rather suspect that if you gentlemen who are in business were not pretty realistic and foresighted about what goes on in our country and in the world, you would not remain in business very long. In America we liquidate the unfit too. But we liquidate with red ink instead of blood.

Yes, I think we all know that we are going to have problems—economic problems — after this war, and some of them are going to be tough. You don't fight four years and more of all-out war and then smoothly pick up where you left off before the shooting began.

For this reason, to any business man who bases his plans on a fond look backward to the "good old days" as they are sometimes miscalled, I would recommend a quick refresher course in modern American history, with emphasis on certain things that happened to America after World War I.

Lessons of World War I

Some of those things must not be allowed to happen again. I am thinking now of the uncontrolled post-war inflation, the speculative joy-ride of the '20s, and then October, 1929. And I am thinking, too, of what happened to us all—business men, farmers, labor—in the early '30s.

Nobody wants those things to happen again—certainly nobody who has a sound business man's economy in mind for post-war America.

Yet we know that inflation, collapse, and eventual unemployment make up a triple-threat sequel to any world war unless we do something about them.

In the early 1920s we did nothing. We stuck our necks out, and we called it "going back to normalcy."

When the axe fell on our necks three times—first, in a price collapse; second, in plant layoffs and unemployment and, third, in bank failure—we called that a post-war depression. And we dragged what was left of our necks off the chopping block and began to make belated post-war adjustments. Actually it was a national crisis that threatened the very roots of our American way of life.

Today that crisis does not hang over us. We don't believe there is anything preordained about such a disastrous post-war pattern. We think there are ways of preventing it. And we—and by "we" I mean a combination of business and government working together—have already taken certain steps to prevent it.

Now the job of government in this combination, as I see it, is a different kind of job from the one that the Government was called upon to do when a Democratic Administration took over in 1932.

The whole picture, all the circumstances of our economy, are different now. In fact, between the task that faced the late President Franklin D. Roosevelt in his first term and the task that faces President Truman in his first term, there is exactly the difference between a pound of cure and an ounce of prevention.

After Roosevelt took over, we had our pound of cure. We needed it. We were a very sick nation then. Our economic ills were of a virulent nature. They called for strong medicine. And they got it. The cure was administered, and it worked.

No Strong Medicine

Today we have a very big job of work to do, but we are not getting out of a sick-bed to do it. We face the prospect of an excellent market for the product of our civilian industries. Our people have jobs. There is money in the bank that can be translated at once into public purchasing power, which in turn goes around the circle and insures our industries of outlets for practically all they can produce.

The job that we have immediately at hand is to convert from war to peace without letting our economy slip into low gear. That won't be easy, but with the business men of this country ready and eager to cooperate with the new administration in every way they can—as I have certainly found them to be wherever I have met them—and with an administration prepared to give every constructive encouragement to business in going after this objective, by working together I believe we can get over this hump of reconversion without slipping into any downward spiral.

The proper part of government, then, the emphasis in the role that government should assume in our economy, changes with the nation's circumstances. And the circumstances, as I see them, will call for such a change when this war is over.

I hope and believe the emphasis will shift, in this role of government, **toward** cooperation and **away** from control. And the beneficiaries of such a shift will include both industry and labor, both farmer and consumer.

I am not referring, of course, to war or wartime emergency controls. I am looking beyond the time when those controls will be necessary. As long as war or the critical conditions brought on by war hang over us, we shall have to submit to those controls—for our own safety.

But once the threat of a war inflation is lifted, those government controls will lift too. And it is the period to follow that I am speaking of now—contrasting it with the peacetime years of the early or middle thirties, and especially contrasting the role that we may expect government to play in our economy.

Limit Government Activities

I hope that in those years, under President Truman, old uncertainties that once plagued our nation's business and those who managed it will disappear.

I hope that a national economy free of depression will enable our government to draw a line limiting its own activities, and say to business management: "Beyond this line we shall not go."

I hope that when wartime tax schedules can be revised to a peacetime basis our government will offer the same kind of assurance in the matter of taxes.

All these changes of government policy that business naturally considers desirable, I believe we can achieve. And I believe we can achieve them in such a way that the social gains made under a Democratic administration through the past dozen years will be enhanced and better secured for the American people. I believe wisely conceived changes in government policy to fit the circumstances of these times could work to the advantage and increased security of labor, of industry, and of small business.

Perhaps I should remind you at this point that I am speaking to you now not as a member of President Truman's Cabinet—I haven't been sworn in to that position yet—but as Chairman of the Democratic National Committee.

However, President Truman is a Democrat. I am not unacquainted with him. And I know that second only to victory and lasting peace, the objective that is closest to his heart is to see American business make good in its endeavor to keep our people employed and prosperous.

He shared that hope with Roosevelt. In going ahead on the road toward its realization, he will be faithfully keeping the promise that Roosevelt himself made, the promise that was embodied in the Democratic Party's platform on which Roosevelt and Truman ran together in 1944.

Risk Capital to Be Encouraged

In that platform Roosevelt, Truman and the political party led by them told the electorate of America they would include among their post-war objectives the encouragement of risk capital and new enterprise. From that platform I quote:

"We reassert our faith in competitive private enterprise free from control by monopolies, cartels, or any arbitrary private or public authority."

That was the promise, and knowing Harry Truman as I do, I can tell you that this man, who is your President, takes a promise seriously when his name is subscribed to it. That has been a lifelong habit with him.

When Truman took office as President, people naturally wondered what the change in executives would mean in terms of national policy. A great deal of talk and many tons of paper were devoted to the subject. Questions poured in on Washington. Quizzical glances from all sides were directed at 1600 Pennsylvania Avenue.

But the record is clearcut. Answers to most of the questions were there, in the factual account of his actions in Congress, his speeches and his voting record through nearly ten years of service as a Senator.

That record reveals Truman consistently a forward-looking statesman, keenly alert to America's needs as they arose in fast-changing times, and always acting in the deep faith that those needs could be met and surmounted the American way, always insisting that our nation's problems, however serious, could be solved in that way.

Truman, with Roosevelt, had three great aims in mind and in heart for America. With Roosevelt gone, Truman still has those aims. They are: victory in war, lasting peace, full employment after the war.

Change in Administration Policy

Toward the accomplishment of those aims, there has been a change in our national policy under a Democratic administration. That change, or trend, has been toward seeking the counsel and cooperation of business men in solving problems that lie within the special fields of business men, and which they are best equipped to handle.

But that trend was not initiated by President Truman. The man who turned for the advice and services of business men to carry on and solve many of the economic and social problems of this crisis was President Roosevelt.

Through the past few years, and increasingly as the crisis deepened, the record shows that this was so. It was evident in the appointments Mr. Roosevelt made to many government positions of high responsibility—appointments of more and more men who had made good in the business world.

From a list of examples I can name such men as Donald Nelson, James Forrestal, J. A. Krug, Chester Bowles, Edward Stettinius, Leo Crowley, Will Clayton.

More and more, too, the late President followed the practice of consulting informally with men of the business world, men like Henry Kaiser and Bernard Baruch.

I think I am accurate in predicting that in matters that call for the special abilities of leaders in the fields of banking, commerce and industry, President Truman will seek the same kind of advice and assistance.

He has already appointed John M. Snyder as the new Federal Loan Administrator. He has chosen Edwin Pauley as his personal representative in the handling of reparations. Both these men are outstanding business leaders. Both were chosen because of special abilities needed in their respective offices.

It is logical that a Democratic Administration should so adjust itself to changes in the nation's circumstances. Acting in the interests of the majority, the Democratic Party is able as none other to adapt itself to the needs of that majority.

In the early thirties, when a large part of our people were unemployed or beset with economic fears of the future, the Democratic Party adapted itself under Roosevelt to meet those majority needs.

Today, when our people are not unemployed, when what they need is the continued benefit of sustained industrial activity, and when for the maintenance and growth of that activity new encouragement to risk capital and to business management is needed the Democratic Party can be depended on to meet this need too.

Politically, this flexibility is a great advantage. In a party that remains faithful to the one basic ideal that Thomas Jefferson called the "cherishment of the people," there is room for everybody.

Such a party can welcome to its ranks people who call themselves "conservatives" and people who call themselves "liberals" and all the shadings in between.

Certain issues that face us now, certain issues that will face us in the months and years ahead, will stand out in the history of our country. In importance they tower above decisions America has had to make through many years and decades previously.

Sometimes they cross or wipe out political party lines. Sometimes, as in the case of our effort to establish a world organization to preserve peace, the Democratic Party has called upon its political opposition to forget politics and work together, not as Democrats, not as Republicans, but as Americans. And sometimes, as in the case of the peace effort, the opposition has responded.

So, too, will the Democratic Party call upon men and women of varying viewpoints within its own ranks, in the effort to meet and solve problems arising within our borders.

In such efforts, those who consider themselves "conservatives" will find that there is room for them and their views in the Democratic Party, side by side with those who call themselves "liberals."

The issues that they must decide will be too big to fit the traditional mold of liberalism or conservatism. They will be questions that can be decided only by a full and complete exercise of Americanism.

I know that among this audience there are men of all shades of opinion. But I know, too, that underlying your political differences there is something more deeply rooted that brings you together as business men and as men of public spirit. That something is the hope that the America of your children and your children's children will continue to be a healthy, decent, safe place to live.

Whether or not you have supported the Democratic Party in the past, I want to say to you for the Democratic Administration of the present, "Your counsel is welcomed, your assistance is needed—not for the sake of any party, but for America."

Moulton, Robinson & Goodman Head War Fund Drive in So. Calif.

LOS ANGELES, CALIF.—Robert H. Moulton, R. H. Moulton & Co., Los Angeles, is chairman of the War Finance Committee for Southern California in the Seventh War Loan Drive. Elwood J. Robinson, head of the Elwood J. Robinson Advertising Agency, is vice-chairman, and Gerald M. Goodman, resident vice-president of Lord, Abbett & Co., is chairman of the banking and investment division. Mr. Moulton has devoted himself to the war financing program almost since Pearl Harbor Sunday, in 1942 being appointed chairman of the Victory Fund Committee, forerunner of the present War Finance Committee and suceeding to the title of State Chairman for Southern California when the committee was reorganized in July 1943.

Mr. Goodman has participated in five War Bond drives and has perfected a smoothly functioning sales force of banks, investment banking firms, stock exchange firms, investment counselors, and savings and loan associations, which accounts for the sale of huge amounts of bonds in each drive.

Mr. Robinson early in 1942 became a volunteer member of the Southern California War Savings Committee and chairman of the Advertising and Publicity sections, serving in a similar capacity with the Victory Fund Committee. He became vice-chairman in 1943 when the committees were reorganized into the War Finance Committee and has headed the promotion, publicity and advertising sections since that time.

F. Eberstadt Co. Offers Armstrong Rubber Stks.

F. Eberstadt & Co. on May 15 offered to the public 50,000 shares of 4¾% cumulative convertible preferred stock ($50 par) and 50,000 shares of Class A common stock (no par) of the Armstrong Rubber Co. The preferred stock was priced at $51 a share and the Class A common at $17 a share.

Each share of preferred stock will be convertible into 2.5 shares of Class A common for five years, into 2.22 shares during the following five years and into two shares thereafter. The company will set aside annually as a purchase fund for the preferred 10% of the net earnings for the preceding year after deducting preferred dividends.

Net proceeds from sale of the securities will be applied to the repayment of $3,000,000 bank loans, the balance to be added to general corporate funds.

Sporn Promoted by Amer. Gas & Electric

Philip Sporn, formerly vice-president, was elected executive vice-president of American Gas and Electric Company on May 9th. He was also elected executive vice-president and chief engineer of each of the operating companies of the American Gas and Electric Company System at meetings of their boards of directors held April 26.

Included among these companies are Appalachian Electric Power Company; Indiana & Michigan Electric Company; Kingsport Utilities, Inc.; Kentucky and West Virginia Power Company, Inc.; Kanawha Valley Power Company; The Ohio Power Company and Wheeling Electric Company, all forming part of the Central System, and of Atlantic City Electric Company, and The Scranton Electric Company.

Bretton Woods Plan Will Foster Foreign Totalitarianism

(Continued from page 2162)

Agreements, would be nearly six billion dollars. No matter how this sum might be obtained in this country, it would mean a corresponding reduction of funds available to the American people for other purposes.

On the basis of latest available figures, Los Angeles County has about one-thirtieth of this nation's total annual buying power. If the burden of United States Government obligations is distributed according to the total buying power of each community, then the share of Los Angeles County in the new obligations imposed on the United States at the outset by the Bretton Woods Agreements would be nearly two hundred million dollars.† This sum is 44% greater than the present total indebtedness of the State government of California. It is about equal to the present total indebtedness of all California counties.

This sum, moreover, would be only the initial obligations. As I shall try to show in a moment, the demand for United States Government funds in a venture of this sort would be insatiable. And I should like to repeat that, no matter how our Government might obtain the money, it would mean that much less for United States consumers and producers, lenders and borrowers, to use in other ways.

The argument is sometimes used that six billion dollars is a small sum for the United States to spend for peace-time purposes in view of the much greater sums we are spending for war. This argument seems to me entirely fallacious. It would deceive no one were it not for the spendthrift, boom-time psychology which has been temporarily created by the inflationary methods used to finance the war. The very fact that the cost of the war is so great makes economy in government expenditures and prudence in commitments all the more necessary. This fact will be more evident when the current inflation has run its course, as it eventually will.

However, if the proposed International Fund and Bank could accomplish what its authors promise, the people of Los Angeles County would doubtless be willing to obligate themselves for their two hundred million dollar share in these institutions. The primary basis for opposition to the Agreements is the belief that they will restrict trade and retard reconstruction, and that in the long run they will result in greater instability of exchange and an intensification of international antagonisms.

Because I believe that the basic ideas of the International Monetary Fund and World Bank are unsound, I shall not spend time on details of the proposals with regard to management, control or lending policies. Instead, I shall consider the primary functions of the Fund and Bank and try to show why I believe the Bretton Woods proposals should be entirely rejected, instead of being merely amended. In doing so, however, I am not necessarily reflecting the opinions of the entire board of directors of the Los Angeles Chamber of Commerce. That body voted to oppose House Resolution 2211, but doubtless individual directors had various reasons for voting as they did.

Like other critics of the Agreements, I shall devote most attention to the Fund, not because I consider the Bank unimportant or harmless, but because the Fund is doubly dangerous.

The Fund Is Not a Clearing House

The Fund is sometimes represented as merely an international clearing house. This is entirely erroneous. It is, first, an agency for short-term lending and secondly, an agency for exchange restriction and control.

A clearing house requires that members settle balances at once in cash. This cash does not mean "non-negotiable, non-interest-bearing notes" such as are permitted under the Fund Agreement (Art. III, Sec. 5). Neither does it mean paper money which is issued by the member and is legal tender only in the territory or community of the issuing member. Instead, it means money which is legal tender, or which is readily convertible into legal tender, anywhere within the area covered by the clearing house.

The Bretton Woods provisions for the transactions of the International Monetary Fund are very different. What they authorize in settlement of balances are in effect non-interest-bearing promissory notes. It is a misnomer to call this a "settlement" of a debt or to call it a "purchase" of exchange.

The one medium of exchange which is generally acceptable throughout the world and between nations is gold. Only in case each member were ready and able on demand to pay out gold at par for the currency and notes which it deposits with the Fund could the Fund be properly termed a "clearing house."

The object of the Fund is to permit members to exchange their paper for some currency (mainly United States dollars) which can be used to buy goods. This means that it is intended to permit members to give promises-to-pay in exchange for goods. This is not a true "purchase," as it is termed in Article V of the Fund Agreement, any more than discounting a note at a bank is a "purchase" of the bank's cash.

It may be argued that each member's currency, as deposited with the Fund, is legal tender within that member's territories and as such is convertible into goods, so that it is more than a mere promise-to-pay.

However, the only reason for any member to make use of the Fund is that other nations are not buying its goods in sufficient quantities to supply it with the foreign currencies it needs to balance its international accounts. As long as the French people, for example, want foreign goods only to the same total value as the peoples of other nations want French goods, there will be no problem of French exchange, and private enterprise can arrange all of the necessary exchange transactions, quickly and cheaply, without the intervention of any internationally owned or operated monetary fund. Only when the French people are buying abroad or wanting to buy abroad more than they are selling, will France need to apply to an international monetary fund for the privilege of exchanging its paper francs for the currency of some other nation.

In other words, the proposed International Monetary Fund is designed to take care of the exchange problem faced by a nation with a deficit in its accounts with the peoples of other nations.

The Fund is authorized to deal with this problem in either one or both of two ways: (a) by lending the debtor nation funds with which to make up its deficit, and (b) by rationing the supply of the scarce currencies.

Limited Lending Powers of the International Monetary Fund

The lending powers of the Fund are, of course, limited by the sums which the scarce-currency governments are willing to make available for this purpose. Mainly, this means the sum which the United States is willing to advance. United States dollars will be the currency which is chronically scarce. This is because the needs and desires of the United States people for foreign goods are less intense than the desires of other peoples for our goods. At the same time, because of our relatively greater efficiency in production, it is easier for the United States to produce exportable surpluses to pay for what imports we are willing to take or which our Government permits us to buy. In short, the United States is likely to be better able than any other nation to pay for what it buys abroad.

Experience has shown, in fact, that the deficits which foreign nations can and will run up are limited only by the nation's willingness to lend or give away its goods. After World War I, from Jan. 1, 1919, to Sept. 15, 1920, foreigners took $6,600,000,000 more from us than we bought from them. In other words, we advanced to them in less than 21 months more than the total sums we are being asked to put into the proposed International Fund and Bank together.

Today the appetites of European and Asiatic peoples for United States goods are larger than ever. They would like to get from us goods to the value of untold billions of dollars for reconstruction of their homes and industries and for raising the levels of living of their peoples. At the same time, their ability and willingness to pay for these goods are lower than at any time since 1919-1920. The United States people cannot and will not lend or give away all the vast sums which the European and Asiatic peoples would like to have. Sooner or later we must call a halt to the "lend-lose" process. And when that time comes the International Monetary Fund would be authorized to resort to its second method of dealing with a scarce currency. That second method is price-fixing and rationing of foreign exchange and it would have to be employed almost from the beginning, if not from the very beginning, of the Fund's operations.

How Long Could the United States Continue Lending?

How long the Fund and Bank could support the exchanges merely by lending operations—that is, how long it would be before United States credits to the Fund and Bank were exhausted and rationing of dollars begin—would depend on the rates of exchange and the financial policies adopted by foreign governments. The more ready the United States was to lend, the greater would be the tendency for each foreign nation to set a high value on its currency in terms of dollars. This would mean greater buying power for foreign currencies in terms of American dollars and goods. It would therefore enable these nations to take our credits and goods that much faster. An example of this tendency is to be seen in current rates for the French and Chinese currencies, which are overvalued by several hundred percent in terms of dollars. They are overvalued in order to increase the buying power of French and Chinese nationals as against United States citizens, such as our overseas troops.‡

The rate at which our credits to foreign nations might be used would also depend on the financial policies of these foreign powers. Higher rates of spending and borrowing by these governments would mean more rapid currency inflation in those nations, higher money incomes for their citizens, and higher rates of expenditures for American goods. Experience shows that wars leave nations with large budgetary deficits for current expenses, and that the continuation and growth of these deficits is greatly encouraged by easy credit policies on the part of other countries.

These deficits are likely to be especially large after the present conflict because of the elaborate programs of government spending for relief, medical aid, pensions, public works, subsidies, and the like, to which all parties in the United Nations seem to be committed. In fact, there can be no doubt that, for a time at least, both economic and political conditions within these countries will encourage strenuous competition between the various political groups in promising ever greater government bounties to their fellow citizens.

Only as payment for government handouts becomes more painful will counter-pressures for economy develop. As long as payment can be shifted to some foreign nation, like the United States, there will be little or no political check on domestic spending and borrowing by these governments. American purchases of German marks after World War I, for example, helped in this way to finance spending by various government bodies in Germany for municipal theaters, swimming pools, athletic stadiums, and the like. The prospects seem good for huge amounts of such spending by foreign governments at United States expense after the present war, if we care to advance the funds.

Furthermore, the United States cannot prevent such abuses of its credits to the International Fund except as the right of veto power is granted and exercised over every important aspect of each borrowing member's financial policy, a veto power which these nations will not grant to any foreign body. Rigid and careful control over the use made of particular credits advanced by the Fund—even if this control were provided for, as it is not—would not be enough. The credits from the Fund might be used to buy the most useful commodities, like machine tools or raw materials, but in extravagant quantities. The difference between economy and extravagance is not so much a question of what goods are bought, but of the quantities and uses made of them.

Credits to support a currency directly or indirectly support every use made of that currency. That is because such credits increase the supply of that currency and at the same time help to maintain its purchasing power for every purpose, including all domestic purposes. The more money and goods which the United States gives a foreign government or a government-owned central bank, therefore the more money, labor and goods are thereby freed to be used by the borrowing nation for any other purpose it may choose. Is there any limit to what European and Asiatic governments may feel are legitimate expenditures for the welfare of their peoples? If not, then there is no limit to the credits which will be necessary to support their foreign exchanges in the absence of exchange rationing. For the same reason there would be no check on the rate at which available credits would be exhausted in the absence of exchange rationing.

Provisions for Apportioning Scarce Currencies

Recognizing that government credits alone will not be enough to support foreign exchanges, the authors of the Bretton Woods Agreements have provided a second method, namely, the rationing, or "apportioning," of scarce currencies. The lending functions of the Fund and Bank would be used to syphon off United States resources without any assurance of adequate return. As far as stability of the exchanges are concerned, however, these lending operations could not do the job alone. The time would soon come when other devices would be necessary unless the whole scheme were to break down. In fact, the experience of 1919-1920 and the announced spending plans of foreign governments indicate that rationing of United States dollars would be necessary from the beginning of the Fund's operations.

This rationing of dollars would mean government control over every international transaction. To be meaningful and effective it would also involve increasing restrictions on purely domestic transactions up to the point of establishing a completely regimented economy under a totalitarian government.

Let me explain why and how this would come about by showing how exchange controls nullify the corrective influences which operate in free markets to balance international accounts and stabilize exchanges.

A foreign exchange rate is the price of one currency in terms of another. In free markets—that is, where individuals are free to buy and sell goods and currencies at whatever prices they agree upon—foreign exchange rates are determined by demand and supply. For example, as the people of the United Kingdom buy more United States goods, other things equal, the supply of pounds sterling in the United States increases and the demand for dollars in England increases. This raises the price of dollars in terms of sterling, and depresses sterling in terms of dollars.

Under gold standard conditions this rise in the price of dollars proceeds only to the point at which it becomes cheaper to buy gold at the Bank of England and ship the gold to the United States in payment for goods. This outflow of gold eventually has a deflationary effect on the economy of the United Kingdom. The banks of that country raise their charges for loans and their interest payments on deposits. Credit and currency contract and prices decline. Precisely opposite changes occur in the country receiving the gold shipment from England. The gold imports encourage expansion in the receiving country. Thus English goods become relatively cheaper and foreign goods dearer. English exports rise and imports decline. The supply of sterling abroad decreases and the supply of dollars

(Continued on page 2191)

†In fact, the progressive system of taxation in the United States imposes a more than proportionate share of Federal burdens on communities, like Los Angeles County, which have a relatively high average per capita income.

‡Contrary to popular impressions, nations do not always want to undervalue, or depreciate, their currencies to win an export advantage. As a rule they prefer values as high as is compatible with their need to develop exports in order to meet foreign obligations or to buy foreign goods. The United States policy in 1933 of deliberately reducing the gold and foreign exchange value of the dollar merely in order to raise domestic prices and to stimulate exports solely for the benefit of the export trades, was an exceptional, if not entirely unique, experiment.

Television and Its Post-War Outlook

(Continued from page 2164)

for television use in that part of the spectrum between 50 and 294 megacycles. Not all of these were adjacent channels. By September 1944, six commercial television broadcast stations had been licensed and each was telecasting a program, although three of these stations had not been fully completed because of wartime limitations. Estimates as to the number of television receivers in the hands of the public range all the way from 7,000 to 40,000. These receivers are generally designed for reception of stations on frequencies below 90 mc.

New Channel Allocations

By provisions of the Jan. 15, 1945, allocations, the spectrum from 84 to 88mc. will be divided into 20 channels each 200 kc. wide for FM Programs radiocast from non commercial educational stations. The region from 88 to 102 mc. will be divided into 70 channels, each 200 kc. wide, for regular commercial use.

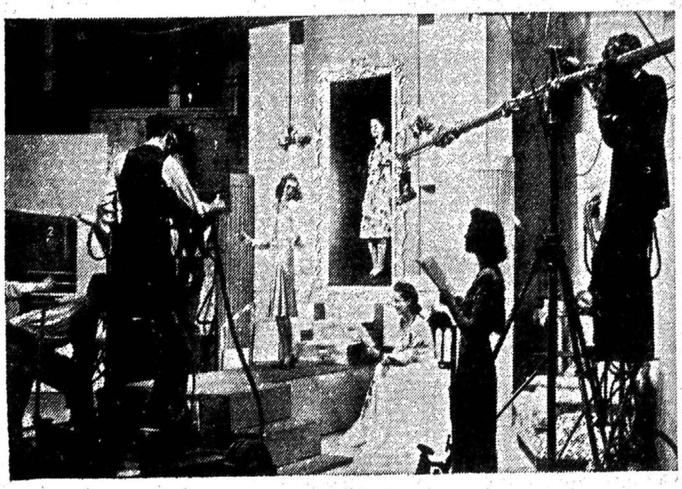
Television Channel Assignments Proposed Jan. 15, 1945

Channel Number	Megacycles
1	44 to 50
2	54 to 60
3	60 to 66
4	66 to 72
5	*72 to 78
6	78 to 84
7	180 to 186
8	186 to 192
9	192 to 198
10	198 to 204
11	204 to 210
12	210 to 216

*Available upon removal of 75 mc. aviation markers.

Source—F. C. C. "Report of Proposed Allocation from 25,000 Kilocycles to 30,000,000 Kilocycles," Jan. 15, 1945.

In considering the proposed television allocations, a fact of tremendous importance becomes evident. If necessary, it will be possible to authorize 7 television stations in one city by assigning 4 stations in the 6 channels below 100 mc. and the other 3 in the 6 channels available between 180 and 216 mc.



Courtesy of General Electric.

Shooting a scene in a television studio. This picture shows the placement of the television cameras and microphone booms.

In order that developments might take place in a television broadcast system for the transmission of high definition monochrome pictures and superior color pictures through wide channel usage, the space from 480 to 920 mc. (less 508 to 524 mc. temporarily), has been made available for experimentation. It is important that wide channel high definition television be developed, for this type of service will enable the viewer to enjoy finer detail than that now received. The illusion of "presence" or "realism" will be enhanced. This will increase the value of television as an entertainment, educational, and merchandising service. Sales appeal of merchandise may be greatly enhanced when exhibited by television with every detail of color and texture of the merchandise clearly shown.

Television Reception

A word about the picture itself. Commercial monochrome 525-line television has a clearness somewhat better than 8 millimeter home movies. An outstanding difference between aural radio and television is the fact that, unlike aural radio programs, most television programs must be watched with complete and undivided attention. Obviously, for one to go about his regular affairs while viewing a televison program may be difficult, if not impossible. This limits the time of television programs to periods of relaxation, and thereby restricts television audiences.

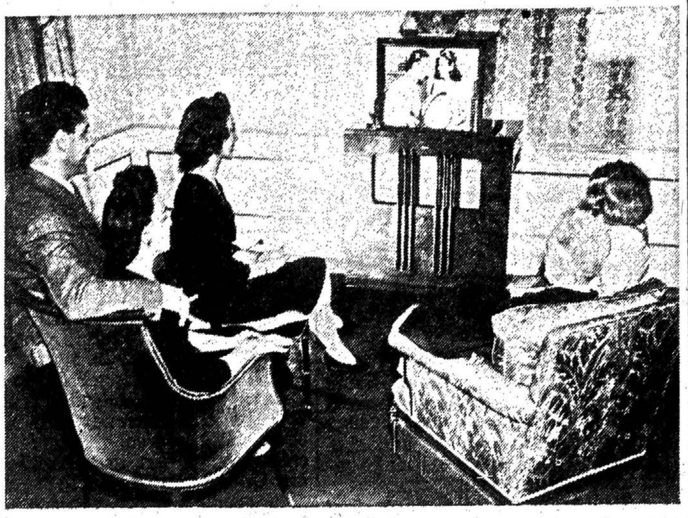
On the other hand, from the educational and advertising viewpoint, television is 100% attention-compelling and completely absorbing. Hearing combined witn seeing has much greater realism and audience appeal than either separately. Television has the unique characteristic of enabling the television looker, from his comfortable vantage point at home, to see and hear events of interest miles away exactly at the moment they occur!

Costs of television programming at present are much higher than of comparable sound broadcasts, and this factor combined with the inability of the television looker to sit still and look for more than a few hours at a time seems reason enough to expect that post-war television programs will be furnished only at those times when a comparatively large audience may be reasonably expected. Evening programs of 4 or 5 hours and limited morning or afternoon programs are likely. Daytime programs broadcast for educational purposes in schools and colleges will have an important place in the television picture.

Program Financing

It has been estimated that as many as a thousand firms have used television programs experimentally as an advertising medium. The present television audience is not large enough to support regular schedules of original television programs, a service which is considerably more costly than aural radio broadcasting.

Some television broadcasters have been willing to start the ball rolling by underwriting their own programs, thus arousing the interest of television audiences to such a degree that these audiences will buy television receivers in quantity when they are available. In this way an ever-increasing television audience will probably be built up. Before long, by this means, television broadcasting



Courtesy of RCA.

New large screen home-television receiver utilizing unique lens system which provides a picture approximately 16 by 21 inches in size.

may be expected to become a self-supporting, profitable, advertising medium.

Types of Programs

Television programs will receive far fewer "attention hours" than will aural radio programs. However, this factor may be offset to a large extent by television's reportedly greater commercial value and selling power.

The advertiser, through television, can present to the buying public interesting video and sound programs such as current events in the making, tennis matches, football games, the opera, night club floor shows, parades, political meetings, and product-use educational features. He can show his products by television shopping tour through his store or showroom, familiarize his potential buyer by telecasting trips through his factory, have his best salesman demonstrate selling points and present the most effective selling ideas in many homes simultaneously.

The program may be varied by the presentation of visiting celebrities. Tours of a city can be broadcast by chambers of commerce to attract new industries and the traveling public. Industrial plants and large estates for which buyers are sought may be shown by television. The mail-order house can exhibit articles more effectively than by means of a catalog; clothing manufacturers and clothing stores can televise fashion shows. Appliance manufacturers can broadcast demonstrations of their products and department stores can show specials for the week.

By the use of color television, fashion parades, showings of patterns, designs and colors in fabrics, carpets, wallpapers, dishes and art goods should be especially valuable in promoting sales.

Post-War Prices

As military requirements diminish, much of the very large manufacturing capacity of the electronics industry and many of its highly skilled personnel will become available for the production of civilian radio equipment.

In 1940 the manufacture of FM receivers was a fully developed branch of the radio industry swinging into full commercial production. Television receivers were also in commercial production but on a much smaller scale. However, as soon as wartime restrictions are lifted, volume production is expected in both of these fields.

Few FM Receivers

Before the war very few radio receivers were designed to receive only FM programs. The FM feature was built into sets in addition to the AM feature, enabling the listener to receiver either srvice. AM-FM receivers usually cost approximately 25% more than AM receivers of equivalent quality, this differential may still hold after the war. Television receivers will probably cost approximately 50% more than AM receivers of comparable quality.

For convenience in discussion, let us denote by the symbol "194V-E" the 12 months beginning on the day on which victory in Europe is achieved, and by '194V-E plus 1" the first year thereafter, and so on.

Demand and Prices

It is generally believed that some civilian production will be resumed very soon after V-E Day arrives. However, because of increases in labor and material costs, it is estimated that in 194V-E plus 1, radio receivers will bear an increase in price of approximately 30% over the amounts paid in 1941 **for equivalent models.**

The demand accumulated since 1941 will result in a seller's market, but after the accumulated demand has been satisfied, there will be much competition among the various radio manufacturers to keep busy their tremendously expanded facilities.

In 194V-E plus 1 it is estimated that the average purchase price of AM-FM post-war receivers will be between $45 and $75 for table models, and between $100 and $350 for consoles. Several prospective manufacturers of television sets are planning some models priced between $150 and $200, but the price range may extend up to $500 or more. Television-phonograph combinations will probably appear on the market priced at $300 and up.

The year 1942 was abnormal on account of the war. Because large quantities of radio equipment which had been sold on priorities in 1942 were not included in the value given for 1942 sales, this figure was not considered in estimating the rate of growth of the radio industry. The years 1940 and 1941 were also somewhat abnormal because of the advance purchases by distributors, dealers and consumers in anticipation of wartime shortages. After making adjustments for these factors, the growth rate in the sale of radio receivers during the period 1930 through 1941 was approximately 800,000 per year.

Increase in Broadcasting

Tendency to approach saturation has been offset by replacements of old receivers and purchases of addition receivers for the home or car. It is believed that any tendency to approach saturation in the future will be counterbalanced by the same factors and, in addition, by the effects of increases in broadcast coverage by the development of the newly established Citizen's Radio Communication Service, and by the introduction of FM and television broadcasting on a large scale. These last two factors will result in the buying of new receivers by owners of AM receivers and by individuals in areas previously not covered by broadcasting, who will wish to enjoy the new service.

Total Civilian Radio Receivers Manufactured from 1933 to 1942

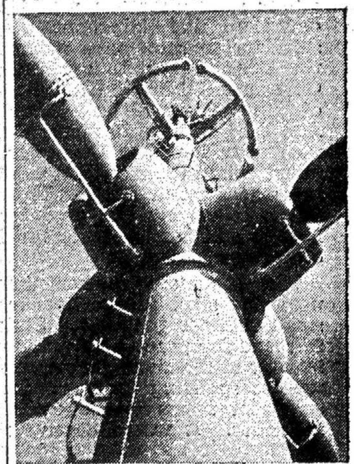
Year—	Number Sold	*Retail Value	Average Retail Price Per Receiver
1933	3,806,000	$180,500,000	$47.40
1934	4,084,000	214,500,000	52.50
1935	6,027,000	330,000,000	54.70
1936	8,248,000	450,000,000	54.50
1937	8,065,000	450,000,000	55.80
1938	6,000,000	210,000,000	35.00
1939	10,500,000	354,000,000	33.70
1940	11,800,000	450,000,000	38.10
1941	13,000,000	460,000,000	35.40
1942	4,400,000	154,000,000	35.00

*Figures for receivers include value of tubes in receivers.

Source—Radio and Television Retailing.

It is the post-war plan of most manufacturers to continue selling AM receivers, inasmuch as Standard Broadcasting has been established for a quarter of a century and is now a 285 million-dollar industry. In addition to their AM receiver line most manufacturers will also offer AM-FM receivers and television receivers. During the next few years, as in the past, very few manufacturers will make receivers to accommodate FM channels only.

It might be well at this point to analyze factors affecting the type



Courtesy of RCA.

Television antennas atop the Empire State Building. The sound signals are radiated from the quadrants at the top. Image signals are transmitted from the curved surfaces below.

of radio receivers that will be sold in the future.

As of Feb. 1, 1945, licenses had been issued to 46 commercial and 2 experimental FM stations. In addition, construction permits had been issued for 7 commercial FM stations. As present FM broadcast coverage is supplemented by the granting of licenses for the 356 applications now pending for commercial FM stations, an increasingly larger proportion of the receivers sold will be of the AM - FM type. As previously stated, this type sells for approximately 25% more than comparable AM models.

Six Experimental Stations

By Feb. 1, 1945, licenses had been issued to 6 commercial and 25 experimental television stations. Moreover, construction permits for 3 commercial television and 20 experimental television stations had been issued. As present telecast coverage is greatly increased through the granting of licenses for the 103 applications now pending for commercial television stations, television will claim its share of the receivers sold. The receivers which comprise this portion of the total sales probably will sell at prices averaging approximately 50% higher than the average prices of AM receivers of equavilent quality.

Another interesting war development may increase radio sales. During the current war lightweight, portable short-range radio communications equipment of the "walkie-talkie" type proved to be highly useful.

It is proposed to establish in the 460-470 mc. band a low-power short range Citizens Radio Communication Service, widely available to citizens of the United States. It is believed that this service will have many every-day and emergency uses, especially in rural areas and between points which do not now have convenient communication facilities.

A typical example of such a use would be for a central physicians' service which could communicate with doctors traveling to and from patients. Department stores, dairies, and other organizations operating delivery trucks, by means of this service, could intercommunicate with their delivery vehicles en route. Large industrial plants and construction projects may also use this new device.

It is quite likely that the sales of this type of equipment may reach a considerable volume.

Potential Sales

Following is a table giving estimates of post-war annual volume of radio receiver sales:

Estimates of Post-War Annual Volume of Receiver Sales

Year—	Retail Value
1941	$460,000,000
194VE plus 1	1,410,000,000
194VE plus 2	1,650,000,000
194VE plus 3	1,870,000,000
194VE plus 4	1,430,000,000

Many factors were considered in making these estimates. Among them are the various considerations enumerated under the previous section titled Post-War Prices. These estimates also take into account proposed broadcast stations with their increased coverage. Allowance has been made for delayed purchases by persons who will wait varying periods for "futuristic" models.

Weight is given to the fact that AM-FM receivers and television receivers will represent an increasingly larger proportion of total sales each year. This in turn will result in increased average receiver prices each year.

However, it is believed that, at least on a short time basis, FM will be much more important than television on account of its more general utility and the fact that sound broadcasting techniques have already been developed. As television broadcast techniques are perfected, television sales will become increasingly larger.

In this appraisal, accumulated demand has been distributed in accordance with the industry's estimated ability to handle it.

It is assumed that the demand accumulated from 1941 to the end of the European war, plus natural increases in current demand, will maintain production and employment at high levels for the first few years after the war, and that there will be a continuation of the past trend toward increased output per worker resulting from technological developments.

It is realized that in practice the radio market may be subject to many influences not mentioned here—for example, the export markets may increase at an unexpected rate. There is no positive assurance that peacetime sales will approach the values given, but post-war planning in the radio industry — as in all others — is based on the assumption that post-war opportunities for United States business will be great. The radio business is expected to be large and at the same time play a big part in contributing to the development of other industries.

First Boston Corp. Offers Common Stock of Mobile Gas Corp.

A syndicate headed by the First Boston Corporation is offering today 100,000 shares of Mobile Gas Service Corp. common stock at $17 per share. The syndicate acquired the stock via competitive bidding from the Consolidated Electric & Gas Co.

Bretton Woods Plan Will Foster Foreign Totalitarianism

(Continued from page 2189)

in England increases. This relieves the pressure on the market for sterling and causes its price to rise in terms of dollars until it is no longer profitable to export gold from England.

Under these gold standard conditions there is not perfect stability of the exchanges, but the fluctuations are comparatively narrow, limited as they are by the costs of transporting gold from one country to another.

When the United Kingdom is on an inconvertible currency basis the Bank of England will not or cannot pay out gold on demand at par. In that case an adverse balance of payments for the United Kingdom may cause the depreciation of sterling to go somewhat further. In other words, the fluctuations in exchange may be wider.

However, even under this condition of an inconvertible currency, corrective influences are still at work and trade may still prosper and expand, as long as traders and financiers are free to bargain and arrange their own terms of trade and finance. A deficit in England's international accounts causes sterling to decline. The purchasing power of foreign currencies in terms of English goods rises, so that England's export trade is stimulated. Conversely, foreign currencies and foreign goods become more expensive for English purchasers, so that England's imports tend to decline. The result, as under the gold standard, is an increase in England's exports and a decline in her imports, until the demand for foreign exchange in England equals the supply, and the price of sterling returns toward parity.

As a matter of fact, there are additional corrective influences operating to stabilize exchanges under both gold standard and inconvertible currency conditions, such as movements of securities and short-term private credits. Furthermore, individual producers and traders, in free markets, through hedging and through making contracts in currencies more stable than their own, can protect themselves against losses due to exchange fluctuations. Because of this fact trade can and does expand and standards of morality tend to rise as competent and honest traders learn to avoid losses and so become better credit risks. Furthermore, popular demand increases for a reform of political conditions contributing to the instability of the exchanges.

However, the corrective influences of free markets cannot stabilize any exchange if the government of that nation is inflating its fiduciary, or paper, currency. Under this condition, the purchasing power of each unit of the currency continues to decline at home and abroad, regardless of any form of exchange control, price control, or rationing. The nominal value of such a currency in terms of those commodities subject to price control is maintained only as long as the government can persuade its people to refrain from spending their surplus currency.

Purposes of Government Exchange Controls

Nevertheless, by means of exchange control a government can for a time conceal one important symptom of inflation, namely, the declining value of its currency in foreign exchange. This expedient therefore has an important political use in lulling the people's fears of inflation.

After their experience with inflation from 1914 to 1924 the German people had an intense dread of inflation. This fear played an important part in winning popular support for the Nazis, who promised to balance the national budget and prevent inflation which the Social Democrats were threatening to undertake as a recovery measure in 1931 and 1932. However, the Nazis soon found it necessary to resume inflation of currency and credit in order to finance their reemployment and rearmament program.

Early in that program, therefore, the Nazis imposed exchange controls to conceal this fact from the people. It was declared a crime to trade marks for foreign currencies except at the government's official rate. In order to enforce this measure it was necessary for the German Government to require that every international transaction receive official approval. A government permit was required for every purchase of foreign goods or services and for every sale of German goods or services to residents of foreign countries. Travelers were searched at the borders to prevent them from taking German currency out of the country or bringing it in. Those leaving the country were also searched to see to it that valuable property was not being taken out of the country for sale abroad. This was intended to prevent an outflow of German capital.

The immediate object and effect of such exchange control is to maintain a higher value for foreign currencies than would otherwise prevail. As the inflation raises domestic incomes and prices, exports tend to decline and imports to rise. This creates an unfavorable balance of payments, a surplus of the inflated currency abroad, and a shortage of the foreign currencies in the country experiencing the inflation. Consequently, the demand for foreign currencies in the inflating country exceeds supply. In free markets, as I have explained, this condition leads to a decline in the foreign exchange value of the inflated currency and a rise in other currencies until demand and supply are brought into equilibrium.

However, when the Nazis prevented this rise in foreign currencies, they had to supply another mechanism for adjusting demand to supply. The supply of foreign currency was insufficient to meet the demand of all the German citizens who were trying to spend their marks for foreign goods or foreign credits. Therefore, the German Government had to ration the foreign currency among the various German applicants for it. Government officials had to pass upon the relative importance to the nation of every purchase by Germans of foreign goods and services. German citizens had to explain why they needed foreign goods, including books and magazines. They had to show why they wanted to travel abroad, where they were going, and what they planned to do.

In short, the amount of foreign exchange which any German citizen could get depended on his ability to convince the appropriate government officials that his use of the exchange would be in the best interests of Germany as those interests were interpreted by the German Government. No system of priorities alone could do the job, because the same foreign article or service could be used in so many different ways by different persons. The personal judgment of the official must necessarily be the final determining factor in administration of such controls.

Precisely the same system of rationing for foreign exchange and consequent control over international trade, travel and communications is essential to any plan for stabilizing exchanges through government fiat as to rates and government rationing or apportioning of the scarce currencies.

This is what the Bretton Woods Agreements for an International Monetary Fund provide as the means for stabilizing exchange rates when any currency even *threatens* to become scarce (Art. VII, Sec. 3b). It is also what is involved in the provisions relating to the control of capital transfers (Art. VI, Sec. 1). It is what Mr. Morgenthau, Secretary of the United States Treasury, had in mind in his statement as reported in the New York "Times," Feb. 10, 1945, that the governments would run the foreign exchange markets "if and when the legislative bodies approve Bretton Woods."

Under these Agreements, the management of the Fund is not only authorized but required to set up machinery for rationing and apportioning scarce currencies. This is necessary to ration the scarce currency among the various member nations. It would therefore be the function of the Fund to decide what share of the scarce currency should go to each member nation.

In addition, the Fund Agreement authorizes each member nation to set up its own system of rationing its allotment of the scarce currency as between its own nationals. Each member would in fact be obliged to undertake such a program, regardless of its own responsibiltiy for the shortage, because the rationing procedures of the Fund would make the currency scarce for every member. And it should be repeated here, such a world-wide rationing program for foreign exchange would have to be initiated at the outset or near the outset of the Fund.

Furthermore, the exercise of such rationing powers would not be exceptional or confined to rare emergencies. It would be a regular, normal, continuous procedure. The purpose of the Fund is to prevent the adjustment of exchange rates to changes in demand and supply. Experience has amply shown that governments, in attempting to stabilize exchange rates, are continually influenced by political as well as economic conditions. Consequently, they tend to establish exchange values for their currencies which are too high or too low, usually too high, to be maintained for any length of time in free markets. The Fund would be obliged to support these uneconomic rates. The result could not be otherwise than to produce serious maladjustments between demand and supply in the foreign exchange markets, maladjustments which could not be handled merely by short-term credits and which would therefore have to be dealt with under the rationing powers created and sanctioned by these Agreements.

Causes of Exchange Instability

The basic cause of exchange instability is inflation, which tends to go much further under conditions of inconvertible currency than under gold standard conditions. As explained above, it is this inflation which prevents the operation of those forces which, in free markets, tend to stabilize a nation's exchanges by correcting an adverse balance of foreign payments.

Exchange controls do not stop the inflation. On the contrary, their purpose and result is to conceal a certain symptom of inflation, nullify the corrective influence of free markets, and thus permit continuance of inflation. Until this basic cause of exchange fluctuations is remedied, attempts at exchange control, such as are contemplated by the Fund Agreement, merely produce increasing restrictions on trade and finance and encourage continuance of the basic evil.

Roots of Inflationary Policy

In order to stabilize foreign exchanges in a way which increases the economic liberty which most Americans believe is essential to political and economic progress, it is necessary first of all that currency inflation be brought to an end. That is a matter for domestic policy in each country. United States loans for stabilization purposes, therefore, should depend on the announced and evident willingness of the governments concerned to abandon their inflationary policies.

These policies stem from the belief that prosperity depends on the level of prices and the supply of money. Every decline in prices, including prices for services, it is believed, must be resisted (a) by private organization for price-maintenance purposes, (b) by government prohibition of price-cutting and wage-cutting, and (c) by expansion of currency and credit to finance government purchases of surplus commodities and surplus labor.

In fact, of course, the general level of prices has nothing to do with prosperity. If the decimal point in all prices were moved one place or a dozen places, either to the right or left, no one would be any better off or any worse off in terms of buying power or employment. If all prices were cut 90%, labor would be paid 10 cents per hour instead of one dollar, but the price of a $2 shirt would be correspondingly reduced to 20 cents, and all other prices in proportion, so that each worker would be as well off as before.

On the other hand, attempts of any organization of producers to exact a price that is out of line with the supply of money and the price level does cause trouble. If, through restriction of output, or of competition, they succeed in raising their total money incomes, they reduce the prosperity of other producers in two ways: (1) by reducing the money income available to other groups and (2) by raising the prices of what these less monopolistic producers buy.

Under these circumstances the injured groups tend to organize and restrict production in imitation of their exploiters, or else they are likely to call on government for some sort of help in raising their own incomes. At this point we are likely to find new government bureaus established to help the less fortunate or less organized, through government restriction or support of restriction of competition, or through government spending for relief, public works, subsidies, purchase of surplus commodities, cheap credit, and the like.

These increases in government functions and spending, however, cannot be financed entirely by taxation. The program is undertaken as a recovery measure, or to increase employment, and if it were financed by taxation it would decrease spending, employment and prosperity in one sector of the economy as much as it expanded them elsewhere. Therefore, this government rescue work, to be effective, must be financed by means which increase the total supply of money and credit. Consequently we find that every so-called "managed economy" of this sort makes liberal use of fiat money inflation. This has been true of Soviet Russia, as well as Nazi

(Continued on page 2195)

Herbert Allen Director of Miller-Wohl

Herbert Allen has been elected a director of The Miller-Wohl Co.,

Herbert Allen

Inc., operators of the chain of "Three Sisters" women's wearing apparel stores. He is a partner of the underwriting firm of Allen & Co., 30 Broad Street, New York City.

SEC Conference on Floor Trading Ban

(Continued from page 2163)

Mr. Treanor said in effect that the floor trader enjoyed an advantage over the public and that floor trading does not stabilize the market because those engaged therein only accentuate the trend, buy on balance when the market is up and selling on balance when the market is down.

"These things happened," said Mr. Treanor, "despite the management of the Exchange, which attempts to give the public the best market."

He pointed out that the adoption of such a rule would deprive some individuals of their means of livelihood and expressed the opinion this was necessary in the public interest.

Proposed Remedy Drastic

Answering these allegations, Emil Schram, President of the New York Stock Exchange, said: ". . . If these is any aspect of floor trading which we find it to be detrimental to the public interest it must be corrected promptly.

"It does not seem to me that the material as presented supports the drastic proposals which you are being urged to adopt."

He stressed the need for serious study of the effect upon marketability which any limitation on floor trading might have, and then continued:

"Throughout its entire history the New York Stock Exchange has constantly improved its rules governing the conduct of its members. Our self-regulation has progressed over the years and should continue to develop by evolution rather than by revolution."

Others Participate

For the New York Curb Exchange Edwin Posner, its Chairman, called attention to the meager references contained in the report of the Trading and Exchange Division of the SEC concerning floor trading on the Curb. He also claimed the data did not support Mr. Treanor's conclusion.

Opposing Mr. Treanor's recommendations, B. C. Forbes of the Investors Fair Play League contended that the abolition of floor trading would impair liquid markets, be contrary to our free institutions, and discourage venture capital.

A. S. Brown supported the Treanor recommendation.

Scope of Economic and Social Council Discussed at San Francisco

(Continued from first page)

as the Foreign Economic Administration, which have been engaged in relief activities. . . .

In the case of supplies to be furnished on other than a relief basis, the FEA will operate in Eastern and Southeastern Europe to fill supplementary demands for supplies needed for war purposes, both UNRRA and FEA will function in Eastern Europe, but in Western Europe, only the FEA. . . . These military demands will meet the following purposes:

(1) Pacific War operations;
(2) Direct European operations;
(3) Backing up occupation, as at Adriatic ports;
(4) Assisting redeployment of our troops, with transportation facilities, etc., perhaps at Antwerp and Adriatic ports. . . .

* * *

The overall needs of countries from outside their own borders during the early post-war years is estimated at from $30 to $40 billions, of which our share is being mentioned at our current annual shipments of $7 to $8 billions of non-munitions supplies. . . . Judge Rosenman, who visited the Conference, has reported to the President on the basis of his European investigation that 7 million laborers kidnapped by the Germans are starving; that there is a dangerously low level of nutrition throughout Europe; and he mentioned the alleged effect on the American economy of substandard living and employment in Europe. . . . And the Combined Raw Materials Board has this week reported on the dire necessity of furnishing raw materials to liberated industrial countries like France, Belgium, the Netherlands and Norway. . . .

* * *

French officials here point out that for their country speed is as important as the kind and quantity of supplies. . . . Apparently a little help rendered now is preferable to its tenfold increase later on. . . . **The time factor is accentuated by the imminent repatriation of 4,000,000 Frenchmen, made up of 800,000 war prisoners and 3,200,000 civilian workers previously deported to Germany. . . .** They will need lodgings, food and work, the latter being most important to prevent social as well as economic difficulties. . . . France's requirements in order of importance are:

(1) Shipping;
(2) Gasoline and tires;
(3) Railroad equipment for lorries which they have, plus more lorries;
(4) Tools;
(5) Machinery and farm implements. . . .

In the words of one authority here, in emphasizing the basic need for local transport for nutrition: "France doesn't want to be spoonfed; she wants to feed herself; give us the tools and we will do the rest." . . .

* * *

It is pointed out here that England cannot help France or the rest of the Continent; her difficulties being aggravated by (1) shipping shortages, and (2) removal of agriculturists during wartime. . . . Her supply of meats, at six weeks, compares with eight weeks prewar supply. . . . The American supply of meat is 116% of prewar; the same comparative records for other foods are being shown in the official reports of the Combined Food Board. . . .

The "Regional Arrangements" Problem

The Conference seems to be increasingly following the false conviction that basic conflicts can be resolved by legalistic verbiage, and that fundamental divergences of interest can be effectively compromised by the word-artistry of international lawyers. . . . This has been clearly demonstrated in the uncovering of the very real discrepancies between the relative importance of regional arrangements and the World Organization concept. . . .

* * *

The British attitude toward solution of regionalism is particularly well stated in the following transcript of a question-and-answer between Mr. Eden and your correspondent during the Foreign Secretary's press conference:

Wilfred May of the "Financial Chronicle": "Does the insistance on virtual regional sovereignty by some powers constitute an irreconcilable conflict with the basic spirit of an effective world organization—and if so, won't any formula for a solution arrived at be likely to be overlegalistic and ineffective in actual operation and practice?" . . .

Mr. Eden: "I think that would be taking a rather super-gloomy view of the present situation. . . . I hope it is not as bad as that. . . . I can conceive, as I tried to explain, of a situation in which there is a World Organization and there are regional organizations within that organization. . . . Now, for example, we have no treaty engagements with our neighbors across the channel, but supposing there were such a treaty engagement directed against Germany, **I could hardly conceive that anyone would regard that as contrary to the spirit of the World Security Organization in present conditions. . . . It is just a question of whether we accept that the World Organization comes first, and that these other elements are viewed as buttresses to it: at least, that is my conception. . . . I think the matter can be worked out."** . . .

* * *

Whether such reconciliation can effectively work in this hemisphere, in the face of the Inter-American Economic Agreements and Chapultepec, is—despite current optimism—seemingly more questionable. . . .

The Scope of Economic and Social Council

As forecast in this column last week, it has now been definitely decided to exclude from the Conference deliberations regarding the Economic and Social Council all special organizations, except the International Labor Office, the League of Nations, Food and Agriculture, and UNRRA, representatives of which are now regularly attending the sessions. . . .

* * *

It is understood that the British, as a means of resolving the continuing dispute over labor representation, are proposing by way of compromise that representatives of employers as well as employes, as such, be invited to serve the Economic Council in a consultative manner. . . . **This conforms to the status of British labor, who are behind the International World Trade Union Congress, and also of the British delegation, both of whom are opposing the Sovietized Workers Trade Union's admittance on grounds of procedure and not on principle. . . .**

* * *

It is doubtful, whether this compromise will satisfy the WTUC proponents, who are vehemently objecting to naming of the International Labor Office, as supported by the American Federation of Labor, one of the principal affiliates of the Organization's Economic and Social Council. . . . The workers and employers groups would merely act in an advisory manner, whereas the ILO would be an affirmative functioning body with definite responsibilities to discharge. . . .

* * *

Those who are denying the plea at this Conference for workers' representation on the World Organization, with authority equal to that of the ILO, are pointing out that such admittance would let down the bars to all kinds of groups in the community. . . . They interpret Section 9 of the Dumbarton Oaks Agreements to call for the admission of specialized agencies which are inter-governmental in character and will have specific executive duties to perform. . . . Private and non-official agencies are barred, it is held. . . . They are to discharge specific functions entrusted to them by governments, which technique differentiates them from private bodies. . . . In addition to these governmental and executive attributes possessed by the long-established ILO, its make-up is tripartite; made up of Government, Employers, and Workers. . . .

Hence, it appears that the maximum that will be done toward meeting the demands of the CIO-Soviet controlled Workers Trade Union Organization, will be to invite them to the World Organization—not to this Conference—after its establishment, together with business interests, for consultative and advisory purposes, leaving the AFL favored in International Labor Office as the official organization performing its existing and additional functions. . . .

Special International Organizations

Another possible eventuality here is inaction with respect to the designation of any organizations in either executive or advisory capacities, including even Bretton Woods and the food bodies, leaving that to the new League after it begins to operate. . . .

* * *

A radically changed method from what has been contemplated, for invoking economic sanctions, is being broached in the highest quarters. . . . Pursuant to Dumbarton Oaks, it has been assumed that they would be put into effect by the Security Council, with the details to be worked out by the Economic and Social Council, who would determine their kind and degree in the light of conditions varying from country to country. . . . **However, it is now proposed to set up within the Security Council a separate economic staff, to determine what economic measures are likely to be effective hand-in-hand with security measures. . . .** Operating in the economic sphere, it would have a status parallel to the Military Staff Committee as prescribed in Chapter 8-B, Sections 8 and 9, of Dumbarton Oaks Charter. . . . This "Economic Staff Committee" would act as a Board of Economic Warfare for the interim of the threatening period. . . .

* * *

The Economic and Social Council was given two additional boosts over the week-end. . . . Before his departure, Prime Minister Mackenzie King of Canada pleaded for its importance, and the Conference's Commission 3, Committee 2, which is handling the Council, voted to make it one of the "principal organs" of the World Organization. . . . This means that the Council is now to be listed as one of the main functioning bodies, along with the Assembly, the Security Council, the International Court, and the Secretariat; **but in the absence of administrative powers with enforcement "teeth," the change is only nominal. . . .**

Old League Officials Present

Officials of the old League of Nations are present at this Conference as "observers present for purposes of consultation." . . . Dr. Loveday, who both at Geneva and since has been Director of the League's Economic Financial and Transport Department, is regularly in attendance at the sessions of the Conference Committee charged with formulating the new Economic and Social Council. . . . **According to responsible officials, it can be predicted that the new World Organization will absorb many of the excellent relevant facilities established by the League (assuming that the Soviet's traditional antipathy to the League will provide no barrier). . . .**

* * *

Both for comprehension of some important operations of the new Council, and for purpose of weighing the relative effectiveness of the new and old organizations in promoting economic and social well being, the pertinent activities and powers of the old League should be scrutinized. . . . For when it is recalled that despite the best efforts of the League to promote international economic and social cooperation, the world emerged in the 1930s into the highest degree of economic nationalism, with blocked currencies, exchange controls, bilateral trade agreements, import quotas, export subsidies, etc., it is easy to be skeptical about the effectiveness of the new Council—operating without administrative "teeth." . . .

* * *

There are several potential favorable factors. . . . In the long run, the peoples and governments may be willing to demonstrate more cooperation and make sacrifices. . . . More specifically: the equivalent work under the League was conducted by its Council, which was neither competent technically nor really interested in the problems. . . . It handled all questions—political as well economic—and this diffusion obviously created a basic disadvantage. . . .

The new Economic Council fills the need for a central body at a political level which will be both representative and effective. . . . The old Council was much more interested in political problems, whereas more interested and expert personnel will be assured in the new organization in the expected inclusion of specialists of political stature, like Ministers of Agriculture, Commerce, etc. . . . Assistant Secretary of State Clayton would seem to typify an improved member. . . . The new Economic and Social Council follows almost exactly the proposal of the League's "bounce" Committee in 1939. . . . Calling attention to the League's interest in diplomacy to the exclusion of trade matters, it asked for a new specialized body at a high political level. . . . The proposal was approved by the Assembly at The Hague in 1940, but plans were terminated by the ensuing invasion of France. . . .

Will Economic Nationalism Return?

On the other hand, confronting the new organization's aims in the economic field is the accepted fact that in the "flush of victory" countries in the early post-war years are likely to be particularly nationalistic and autocratic. . . . A particular element of relative weakness is the greater strength and self-autonomy of the affiliated organizations, as Food and Agriculture, Bretton Woods, with the result that all really controversial decisions (even though always advisory and not compulsory) will be made in the Assembly. . . . The Council will act merely as conciliator in the case of controversial matters. . . . **Finally, the sense of national sovereignty in social and economic matters may well be intensified by the recognition being so largely given thereto in political matters. . . .**

* * *

In absorbing the economic, financial and transport section of the League, most of which is now at Princeton, the new organization will get the benefit of very extensive research activity on post-war conditions and possibilities. . . . This section of the League has four standing sub-committees which have prepared studies on international cooperation and reported their resultant recommendations to the General Assembly: (1) the Economic Committee dealing with post-war policies; (2) the Financial Committee mainly concerned with reconstruction during this post-war period; (3) the Fiscal Committee dealing with problems of double taxation and general fiscal reform; (4) the Statistical Committee concerned with banking statistics, balance of payments, and regulating statistical methods. . . .

A number of loan agreements were made, and still continue to function under the League's supervision. . . . The United Nations Organization, as in the case of League mandates, will ultimately have to assume these functions, for which these relevant operating units of the League will be most helpful. . . .

* * *

The League is still compiling reports, an excellent, comprehensive analysis of post-war prospects, and definition of the Economic-Social Program envisioned by Dumbarton Oaks having been issued April 16, last. . . .

Financing the New Organization

In planning for the budgetary and expense administration of the new World Organization, the technique of the League will be taken as a pattern. . . . The finances were administered by a centralized Supervisory Commission under the general direction of the Assembly. . . . The League experts who are here feel that questions of finance are bound to play an important part in the organization, and that hence there must be provided a central financial authority; in contrast to a system under which the constituent bodies would maintain standing sub-committees, which have prepared studies on independent financial administration. . . . The League expenses were shared on a unit basis, and there was trouble about sharing of the proportionate burdens. . . . The British share having been 10% in the case of special and regular expenditures. . . . In recommending a strong central financial authority for the future, the Supervisory Commission reported: **"It seems unreasonable for governments, on the one hand, to require the League to undertake functions, while on the other hand they fail to share in the expenses involved"; and pointed out that at the Philadelphia Conference the ILO demanded greatly increased activities without providing means to pay for them.** . . . Senator McCarran, Chairman of the Senate Appropriations Committee, has visited the Conference, and it is presumed that Congress will keep a close eye on the new organization's financial provisions. . .

* * *

Total expenditures of the League, including the ILO and the World Court, between 1932-1939, averaged 32 million Swiss francs (about $9 million); not too serious in relation to war costs, or to this Conference's expenses of $1,500,000. . . The division of expenses among the various sections in the 1939 year of reduced activities follows:

	Swiss Francs		Swiss Francs
Organization	12.5	Buildings	1.5
Internat'l Labor Office	8.3	Wireless	0.2
World Court	2.6	Pensions	1.8
Opium Board	0.1	Miscellaneous	1.1
Refugees	0.3		
		Total	28.4

* * *

It is understood that, at British instigation, the four Powers are proposing an amendment whereby appointment to the Economic Council will be limited to technical experts; but this is opposed as weakening the political authority (in the good sense of the term) which it otherwise might have. . . . In any event, the unwillingness or inability of really great authorities to attend meetings in a foreign land must be faced. . . .

Cultural Activities

A four-Power amendment under active consideration this week provides specifically for cultural activities as a principal function of the Economic and Social Council. . . . Pursuant to this boost, plans in the following fields are being rapidly consummated:

(1) Educational—By means of a sub-agency statistics can be assembled, and surveys of educational methods and policies made. . . . But internal affairs of a nation are not to be touched, although some countries are seriously concerned over infractions. . . . This branch will extend the past and current work being done by the State Department's Division of Cultural Relations under the aegis of Bryn Hovde. . . .

(2) Improved use of libraries and books throughout the world; with better cataloguing, and resulting greater distribution of volumes.

(3) Sciences—Distribution on a worldwide basis of knowledge on new developments. . . .

(4) New developments in the social sciences—The present thinking of the Conference Committee is that Social Security shall be a social rather than an economic function. . . .

(5) Music and Art—To develop media which have common bases. . . .

(6) Exchange of industrial skills internationally. . . .

* * *

Lord Beaverbrook has cabled one of the British journalists here to the effect that Bretton Woods will certainly be defeated in Parliament. . . .

There is in England none of the propagandizing which goes on here; it would be considered strictly improper for a civil servant as Lord Keynes to propagandize. . . . Propaganda is permissible only after the Government has actually introduced the bill. . . . This will be done in London probably only after Congressional action here. . . . **If Congress acts favorably here, the matter will still be doubtful in England; if action is negative here, the proposals will of course have no chance in England. . . .**

* * *

It is reported that Professor Hayek's book, "The Road to Serfdom" has in England aroused greater apparent than real criticism. . . . For there as well as here, the controversial Liberals consist of a vocal minority, with the real economists keeping silent. . . . **The majority of the British people are against State-management, but simultaneously they doubt whether Hayek is correct in thinking there is a real danger to liberty. . . .**

* * *

With the power of veto still being argued in all its phases throughout the Conference, Chairman Kleffens of the Netherlands Delegation says he will take an unalterable stand for preserving at least the naming of an aggressor against emasculation by the veto "blackball."

DIVIDEND NOTICES

ALLIS-CHALMERS MFG. CO.

COMMON DIVIDEND NO. 84

A regular quarterly dividend of forty cents ($0.40) per share, upon the issued and outstanding common stock, without par value, of this Company, has been declared, payable June 30, 1945, to stockholders of record at the close of business June 8, 1945. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON, Secretary-Treasurer.

May 7, 1945.

ALLIS-CHALMERS MFG. CO.

PREFERRED DIVIDEND NO. 5

A dividend of one dollar ($1.00) per share on the preferred stock, $100.00 par value, of this Company, has been declared, payable June 5, 1945, to stockholders of record at the close of business May 15, 1945. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON, Secretary-Treasurer.

May 7, 1945.

CHICAGO GREAT WESTERN CORN BELT ROUTE RAILWAY COMPANY

CHICAGO GREAT WESTERN RAILWAY COMPANY

Preferred Stock Dividend

A dividend of 62½c a share has been declared on the 5% Preferred Stock of this Corporation, payable on June 29, 1945, to stockholders of record at the close of business June 14, 1945. Checks will be mailed.

B. F. PARSONS, Secretary

Chicago, Illinois, May 15, 1945

De Cant Is Now With Maxwell, Marshall Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Abel Davis De Cant has become associated with Maxwell, Marshall & Co., 647 South Spring Street, members of the Los Angeles Stock Exchange. Mr. De Cant was previously with North American Securities Co. and Gross, Martin & Co. Prior thereto he was manager of the municipal department of the District Bond Co.

Schwamm & Co.

Saul Schwamm and Elizabeth Schwamm, as general partners and Trust for J. M. Schwamm and Trust for N. M. Schwamm, as limited partners, announce the formation of Schwamm & Co., 60 Broad Street, New York City, a limited co-partnership to act as dealers in state and municipal bonds.

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on May 15, 1945, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable July 2, 1945 to the holders of such stock of record at the close of business June 4, 1945.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on May 15, 1945, declared a quarterly dividend of twenty-five cents (25¢) per share on the outstanding shares of the Common Stock of the Company, payable July 2, 1945 to the holders of such stock of record at the close of business June 4, 1945.

W. P. STURTEVANT, *Secretary.*

American Woolen Company

INCORPORATED

225 FOURTH AVE., NEW YORK 3, N.Y.

At a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable June 15, 1945 to stockholders of record June 1, 1945. Transfer books will not close. Checks will be mailed by Guaranty Trust Co. of N. Y., dividend disbursing agent.

F. S. CONNETT, *Treasurer.*

May 16, 1945.

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Washington, D. C., May 16, 1945.

A dividend of $4.50 per share on the Preferred Stock of The Alabama Great Southern Railroad Company has been declared payable [illegible] 28, 1945, to stockholders of record at the close of business May 28, 1945.

A dividend of $4.50 per share on the Ordinary Stock has been declared payable June 28, 1945, to stockholders of record at the close of business May 28, 1945.

J. J. MAHER, *Secretary.*

THE BUCKEYE PIPE LINE COMPANY

30 Broad Street

New York, April 26, 1945.

The Board of Directors of this Company has this day declared a dividend of Twenty (20) Cents per share on the capital stock without par value, payable June 15, 1945 to shareholders of record at the close of business May 25, 1945.

C. O. BELL, Secretary.

Magma Copper Company

Dividend No. 91

On May 16, 1945, a dividend of Twelve and One-half Cents (12½c) per share was declared on the capital stock of Magma Copper Company, payable June 15, 1945, to stockholders of record at the close of business May 25, 1945.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 67

On May 16, 1945, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable June 15, 1945, to stockholders of record at the close of business May 25, 1945.

H. E. DODGE, *Treasurer.*

DIVIDEND NOTICES

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on May 7, 1945, declared a dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of the Company, payable by check June 1, 1945, to stockholders of record as of the close of business May 19, 1945, for the quarter ending May 31, 1945.

N. H. BUCKSTAFF, *Treasurer.*

St. Louis, Rocky Mountain & Pacific Co.

Raton, New Mexico, May 8, 1945.

PREFERRED STOCK DIVIDEND NO. 101

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business May 15, 1945, payable June 1, 1945. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 88

The above Company has declared a dividend of fifty cents per share on the Common Stock of the Company, to stockholders of record at the close of business May 15, 1945, payable June 1, 1945. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

TENNESSEE CORPORATION

TENNESSEE CORPORATION

A dividend of 25¢ per share has been declared, payable June 29, 1945, to stockholders of record at the close of business June 7, 1945.

61 Broadway
New York 6, N. Y.
May 8, 1945.

J. B. McGEE, *Treasurer.*

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency has been declared, and that the same will be payable on or after the 1st day of June, 1945, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 63 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto 1, Canada.

The payment to Shareholders of record at the close of business on the 17th day of May, 1945, and whose shares are represented by Registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 31st day of May, 1945.

The Transfer books will be closed from the 18th day of May to the 31st day of May, 1945, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for accounts of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income Tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a Certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an authorized dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as noted above may convert the amount of the current dividend by sending at their own risk and expense coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Streets Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

IMPORTANT NOTICE

Holders of Bearer Share Warrants who have not yet secured new talons with Dividend coupons numbered 61 to 80 inclusive, are hereby notified that same are available. The talon only should be detached from the Bearer Share Warrants and presented at or forwarded to the office of the Secretary, Imperial Oil Limited, 56 Church Street, Toronto 1, Ontario, Canada, by registered mail (with return address clearly indicated) when a new supply of coupons bearing the same serial number as the Warrant from which the talon is detached, will be issued in exchange therefor.

By order of the Board,
J. A. NEW, General Secretary,

56 Church Street,
Toronto 1, Ontario.
8th May, 1945.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

WEDNESDAY, MAY 23

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Underwriters—To be filed by amendment.

Bids Asked—North American Co. will receive bids up to 3 p.m. EWT May 22 for the purchase of the stock.

EVERSHARP INC. on May 4 filed a registration statement for $3,000,000 4½% convertible income debentures due 1965.

Details—See issue of May 4.

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

Underwriters — Lehman Brothers was named principal underwriter, with names of others to be filed by amendment.

THURSDAY, MAY 24

NATION-WIDE SECURITIES CO., INC., on May 5 filed a registration statement for 300,000 shares of capital stock, par $1.

Details—See issue of May 10.

Offering—At market.

Proceeds—For investment.

HEWITT RUBBER CORP. on May 5 filed a registration statement for 190,000 shares of common stock ($5 par). The registration includes 10,000 shares being offered by a stockholder.

Details—See issue of May 10.

Offering—The 190,000 shares registered include 120,000 shares offered in exchange for the 75,000 outstanding shares of capital stock of Robins Conveyors, Inc. on the basis of 1.6 shares of Hewitt for each share of Robins. The remaining 70,000 shares, including 10,000 shares being sold by a stockholder, are underwritten. Price to the public will be filed by amendment.

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

SUNDAY, MAY 27

GASPE OIL VENTURES, LTD., has filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Address—Montreal, Canada.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase warrants for the purchase of 2,000 shares of common for each 15,000 shares of common stock sold in the offering at a price of 45 cents per share.

Proceeds—Will be used as additional working capital. A certain sum will be set aside as a reserve for drilling test wells on its claims, and balance may be used for exploration work in other areas of the Gaspe Peninsula.

Underwriter—Tellier & Co.

Registration Statement No. 2-5743. Form S-2. (5-8-45).

WEDNESDAY, MAY 30

RICHMOND RADIATOR CO has filed a registration statement for 333,333 shares of common stock (par $1).

Address—Reynolds Metals Building, 3rd and Grace Streets, Richmond, Va.

Business—Prior to war company manufactured and sold at wholesale, plumbing fixtures, etc. At present the major contract on the company's books is for the manufacture of rocket motors. This contract, according to the registration statement, provides for the sale of more than $8,000,000 of the contract item. Due to war-time regulations on Government contracts it is not possible to elaborate on this contract, statement said.

Offering—The company is offering to holders of its common stock of record at the close of business May 31, 1945, the 333,333 additional shares of common at $3 per share, in the ratio of one share for each two shares held. Reynolds Metals Co., which owns 61.47% of the common stock of Richmond, will, if necessary, waive rights to the extent required to provide shares for stockholders other than itself, since on a mathematical basis the stockholders, including Reynolds, would be entitled to about 97/100 of a share for each two shares. Otherwise Reynolds will subscribe to its full share, and will also purchase at $3 per share any stock not subscribed for by other stockholders. The rights to subscribe will expire July 5.

Proceeds—Net proceeds are estimated at $ 99,999 less expense of issuing stock, estimated at $25,000. About $550,000 of the proceeds will be used to consummate the contract of purchase with Carillon Ceramics Corp. The purchase price for fixed assets and inventory will be about $650,000. Carillon Ceramics is a wholly-owned subsidiary of General Ceramics Co. and its plant is located at Metuchen, N. J. Of the remaning amount of $400,000, approximately $250,000 will be advanced to United States Sanitary Manufacturing Co., wholly-owned subsidiary, for the development of a mill room for the manufacture of enamel and the remaining $150,000 will be available for working capital.

Underwriters—None named.

Registration Statement No. 2-5745. Form S-1. (5-11-45).

SATURDAY, JUNE 2

KEYSTONE CUSTODIAN FUNDS, INC., has filed a registration for investment trust-full certificates of participation, viz.: 350,000 shares of series B-2; 300,000 shares of series K-2, and 500,000 shares of series S-3.

Address—50 Congress Street, Boston, Mass.

Offering—At market.

Proceeds—For investment.

Sponsor—Keystone Custodian Funds, Inc., is named sponsor.

Registration Statement Nos. 2-5746, 5747 and 5748, respectively. Form C-1. (5-14-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BOX BOARD CO. on April 25 filed a registration statement for $1,750,000 20-year 4½% convertible debentures and 109,375 shares of common stock, par $1. The shares of stock were registered to provide for the conversion feature of the debentures.

Details—See issue of May 3.

Offering—A total of $220,000 of the debentures are reserved for sale by the company to its profit sharing incentive retirement trust; $177,000 are to be offered to officers and employes in exchange for outstanding securities of the company or for sale to them and $1,103,000 together with any balance of the $177,000 not taken by officers and employes are to be sold to underwriters for offering to the public at a price to be filed by amendment. The remaining $250,000 are reserved.

Underwriters—Paine, Webber, Jackson & Curtis and Paul H. Davis & Co. head the group of underwriters.

AMERICAN ENGINEERING CO. on Feb 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share

Underwriters—Van Alstyne, Noel & Co heads the underwriting group, with the names of others to be supplied by amendment.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅜%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

ATLANTIC CO. on March 23 filed a registration statement for $10,600,000 5% sinking fund debentures, due April 1, 1980, and 274,868 shares of common stock (no par).

Details—See issue of March 29.

Offering—Under reorganization and recapitalization plan company is offering to the holders of outstanding 6% cumulative preferred stock the privilege of exchanging their shares on the basis of $100 par value of stock for $100 par value of 5% debentures and one share of common stock; to holders of 7½% cumulative preferred stock the privilege of exchanging their shares on basis of $100 par value of preferred stock for $100 of debentures and 5 shares of common and to holders of outstanding 6% Class A preference stock the privilege of exchanging their shares on the basis of $50 par value of stock for $50 par value of 5% debentures and two shares of common stock.

The holders of the 6% preferred and 6% Class A stock offering their stock for exchange shall receive dividends on April 1, 1945, at the same rate of dividends paid on the stock on Jan. 1, 1945, but shall receive no dividends thereafter, the debentures bearing interest from such date.

Any debentures not issued in exchange for stock shall then be offered to holders of presently outstanding first mortgage 5% sinking fund bonds on the basis of $100 par of debentures plus an amount not exceeding $3 in cash for each $100 par value of bonds exchanged. The 5% sinking fund bonds are callable at 103. All of the outstanding 5% sinking fund bonds not exchanged for debentures and all of the first mortgage 3% serial bonds shall be called for redemption.

The company contemplated that about June 1, 1945, it will issue not exceeding $3,400,000 3% notes and use the proceeds either for the purpose of calling all 3% serial bonds and the outstanding unexchanged 5% sinking fund bonds or to reimburse the company for funds previously used for that purpose. Any debentures not taken in exchange for stocks or bonds may be sold by the company at not less than par plus accrued interest.

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

AUTOMOBILE DEALERS INSURORS, INC. on Feb. 19 filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock.

Details—See issue of Feb. 22.

Offering—Preferred and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for $101 per unit.

Underwriters—None named.

BALTIMORE PORCELAIN STEEL CORP. April 13 filed a registration statement for 100,000 shares of 7% cumulative convertible preferred stock (par $5) and 100,000 shares of common (par 10 cents).

Details—See issue of April 19.

Offering—The price to the public is $5 per unit consisting of one share of preferred and one share of common stock.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

BENDIX HELICOPTER, INC. on Feb. 2 filed a registration statement for 1,200,000 shares of capital stock, par value 50 cents.

Details—See issue of Feb. 8, 1945.

Offering—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

Underwriters—Bond & Goodwin, Inc.

CALIFORNIA WATER & TELEPHONE CO. on March 27 filed a registration statement for 107,000 shares of $1.20 cumulative preferred (par $25) and 9,672 shares common ($25 par).

Details—See issue of April 5.

Offering—New preferred will be offered for exchange to holders of 100,000 shares of 6% cumulative ($25 par) preferred on share for share basis. Unexchanged shares and the 7,000 additional shares of preferred and 9,672 shares of common will be offered through underwriters to public, the preferred at $27.50 per share and the common at $36 per share.

Underwriters — Blyth & Co., Inc., is named principal underwriter.

CAROLINA POWER & LIGHT CO. on March 16 filed a registration statement for 156,158 shares of $5 preferred stock (no par).

Details—See issue of March 22.

Offering — The 156,158 shares of $5 preferred stock are to be offered, share for share in exchange for not more than 90% of the 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to date of redemption. Company proposes to make a cash adjustment which, together with dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange privilege a dividend at rate of $7 per share per annum or $6 per share per annum, respectively, up to respectively up to the redemption date of these stocks.

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

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CITY STORES CO. on April 19 filed a registration statement for 125,000 shares of common stock (par $5). Shares are issued and outstanding and are being offered by Bankers Securities Corp., parent.

Details—See issue of April 26.

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

Underwriters—Lehman Brothers is named principal underwriter.

CLYDE PORCELAIN STEEL CORP. on April 27 filed a registration statement for $500,000 first mortgage 15-year 5½% sinking fund convertible bonds and 100,000 shares of common stock reserved for conversion of the bonds.

Details—See issue of May 3.

Offering—Price to the public is 100.

Underwriters—Kobbe, Gearhart & Co., Inc., and Newburger & Hano are principal underwriters.

CONSOLIDATED RETAIL STORES, INC. on April 6 filed a registration statement for 30,000 shares of $2.75 cumulative preferred stock (no par).

Details—See issue of April 12.

Offering—The company is giving to the holders of its outstanding 8% cumulative preferred stock, par $100, the right to exchange such stock for $2.75 cumulative preferred on the basis of 2.30 shares of $2.75 cumulative preferred, plus certain cash payment by the company, for each share of 8% preferred. Unsubscribed shares will be purchased by underwriters and offered to the public at $50 per share.

Underwriting—Central Republic Co., Inc.; Peltason, Tenenbaum Co.; Scherck, Richter & Co.; Stix & Co.; G. H. Walker & Co.; I. M. Simon & Co., and Stein Bros. & Boyce.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

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

Details—See issue of Feb. 15, 1945.

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

Underwriters—Van Alstyne, Noel & Co. named principal underwriter.

ELECTROMASTER, INC. on March 29 filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Details—See issue of April 5.

Offering—Offering price to the public is $8 per share.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

EUREKA VACUUM CLEANER CO. on April 30 filed a registration statement for 122,500 shares ($5 par) common stock.

Details—See issue of May 10.

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

Underwriters—Hornblower & Weeks and Kebbon, McCormick & Co. are named principal underwriters.

GODCHAUX SUGARS, INC. on April 25 filed a registration statement for 29,370 shares of $4.50 prior preferred stock, cumulative (no par).

Details—See issue of May 3.

Offering—Company is offering to the holders of the 26,700 shares of its $7 preferred stock now outstanding the right to exchange such shares for 29,370 of its $4.50 prior preferred upon the basis of 1 1/10 shares of prior preferred for each share of $7 preferred plus a cash adjustment with respect to dividends. The company intends to redeem at $110 per share and accrued dividends all $7 shares not exchanged under the plan. The underwriters will purchase any new shares not issued in exchange and offer them at a price not less than $101.50 per share.

Underwriters — Hallgarten & Co., and Harris, Hall & Co., Inc., head the group of underwriters.

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

HINDE & DAUCH PAPER CO. on April 21 filed a registration statement for 35,900 shares of $4 cumulative convertible preferred stock (par $100) and 119,666⅔ shares of common (par $10). The latter are being registered in event of the conversion of the preferred stock.

Details—See issue of April 26.

Offering—Company is offering to holders of its 35,900 shares of $5 cumulative convertible preferred right to exchange such shares, on a share for share basis, subject to certain dividend adjustments. Any unsubscribed shares will be purchased by underwriters and offered to public at a price to be filed by amendment.

Underwriters—Glore, Forgan & Co. and Maynard H. Murch & Co. are principal underwriters.

LAISTER-KAUFFMAN AIRCRAFT CORP. on April 19 filed a registration statement for 17,702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).

Details—See issue of April 26.

Underwriters—John R. Kauffman Co. is named principal underwriter.

LASALLE YELLOWKNIFE GOLD MINES, LTD., on March 30 filed a registration statement for 314,512 shares, par value $1.

Details—See issue of April 5.

Offering — Of total registered 200,000 shares consist of a new series of shares and will be sold at $1 per share. There is also included in the registration 114,512 shares which were sold to United States residents prior to registration, and concerning which an offer of recision is to be made.

Underwriters — Company proposes to market its own securities.

LITTLE RAPIDS PULP CO.—Bondholders Protective Committee has filed a registration statement for certificates of deposit for $145,000 first lien collateral income gold bonds due March 1, 1943.

Address of Committee—204 First National Bank Building, Appleton, Wis.

Business—The issuer has been engaged in the operation of a pulp mill since March, 1925, and through a wholly-owned subsidiary, the operation of a hydro-electric plant since 1933 at Kagawon, Ontario, Canada.

Date of proposed call for deposit, June 1, 1945.

Registration Statement No. 2-5744. Form D-1. (5-11-45).

MAJESTIC RADIO & TELEVISION CORP. on April 24 filed a registration statement for 69,965 shares of common stock, one cent par value. Of shares registered 66,965 are already issued and outstanding and being sold by certain stockholders and 3,000 shares will be issued by Majestic upon exercise of an option at $2 per share.

Details—See issue of May 3.

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

Underwriters—Kobbe, Gearhart & Co., Inc., is named principal underwriter.

MOBILE GAS SERVICE CORP. April 12 filed a registration statement for 100,000 shares of common stock (no par). The shares are issued and outstanding and owned by Consolidated Electric & Gas Co.

Details—See issue of April 19.

Issue Awarded at competitive bidding May 15 to The First Boston Corp. and associates at $16.029 per share.

MORRISON-KNUDSEN CO., INC., April 12 filed a registration statement for 4,000 shares series M 5% and 3,000 shares series N 6% cumulative preferred stocks both $100 par value.

Details—See issue of April 19.

Offering—The preferred stock will be sold at par.

Underwriters — Wegener & Daly, Inc., Idaho, is underwriter for the preferred stock.

NEWCOR MINING & REFINING, LTD., on March 10 filed a registration statement for 500,000 shares of common stock without par value.

Details—See issue of March 15.

Offering—Price to the public is $1 per share.

Underwriters — Tellier & Co. is named principal underwriter.

NU-ENAMEL CORP. on March 30 filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Details—See issue of April 5.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

PRINCESS SHOPS, INC. on April 20 filed a registration statement for 25,000 shares of 60 cent cumulative dividend preferred stock (par $5) and 25,000 shares of common stock (par 50 cents).

Details—See issue of April 26.

Offering—The stock is being offered in units consisting of one share of preferred and one share of common at $10 per unit.

Underwriters — First Colony Corp. and Childs, Jeffries & Thorndike, Inc. head the underwriters, with the names of others to be filed by amendment.

FRED B. PROPHET CO. April 17 filed a registration statement for 100,000 shares of common stock (par $1). Shares are issued and outstanding and are being sold by Fred B. Prophet, President, Treasurer and Director.

Details—See issue of April 26.

Offering—Of the shares registered the underwriters have purchased 86,500 which will be offered to the public at $6.25 a share. The remaining 13,500 shares will be offered by Mr. Prophet to officers, directors and employees of the corporation at $5.25 a share. Any of the 13,500 shares not purchased by such officers, etc., will be purchased and offered to the public by the underwriters at $6.25 a share.

Underwriters—Smith, Hague & Co., Detroit, and Straus & Blosser, Chicago, are named principal underwriters.

REVERE COPPER & BRASS, INC. on April 27 filed a registration statement for 150,000 shares of common stock (no par). The shares are issued and outstanding and are owned by General Cable Corp.

Details—See issue of May 3.

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

Underwriters—Blyth & Co., Inc. is the principal underwriter.

RUSS BUILDING CO. April 16 filed a registration statement for $2,000,000 4¼% 20-year sinking fund debentures due 1965.

Details—See issue of April 26.

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

Underwriters — Blyth & Co., Inc., is named principal underwriter, with others to be named by amendment.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggre-

Bretton Woods Plan Will Foster Foreign Totalitarianism

(Continued from page 2191)

Germany, of Fascist Italy, as well as pre-war France.

No one can doubt that most nations of the world today are in the grip of ideas and policies taking their peoples down the primrose path of collective bargaining and inflation, using the term "collective bargaining" to cover not merely trade unions, but all other forms of price-maintenance organizations and government policy. This is what economists who advocate United States approval of the Bretton Woods Agreements mean by the "price rigidities" which, so they say, make return to the gold standard impossible. Prices are to be permitted to move only in one direction—upwards. No correction of any situation is to be brought about by a price decline in any important oversupplied or monopolized line. Instead, other prices must move up. This means that the general price level must move up, that inflationary policies must continue, and that foreign exchange rates can be stabilized only by pauperizing gifts from richer nations to poorer nations, or by suppression of liberty and trade through stricter government rationing of declining amounts of exchange and goods.

Can Economic Liberty Be Restored?

Dr. Harry D. White, Assistant to the Secretary of the Treasury, in defending the Agreements, says

"Fundamentally, the stability of the decade before the First World War was due not to the gold standard but to the fact that the world economic structure was sufficiently *resilient* and *adaptable* to permit playing the game according to gold-standard rules." (*Foreign Affairs*, January, 1945.)

By a "resilient and adaptable" economy Dr. White means one in which prices and wage rates are determined by supply and demand in competitive markets. In short, he means a condition of individual liberty, or free enterprise. Since this no longer exists, he says, it is no use to hope for reestablishment of the gold standard, because governments will no longer permit the "necessary adjustments" through free markets and free prices. Instead, he believes, we must have rigged markets, fiat money and currency depreciation.

He continues:

"Nor if a change in exchange rates is necessary to correct a fundamental disequilibrium, could the Fund object on the grounds of the domestic social or political policies of a country; it cannot be placed in the position of judging such policies of its members. It could not forbid countries to undertake social security programs or other social measures on the ground that such measures may jeopardize a given parity. Englishmen have not forgotten that in the sterling crisis of 1931 social services were cut in the attempt to maintain the fixed sterling parity.

"To use international monetary arrangements as a cloak for the enforcement of unpopular policies whose merits or demerits rest not on international monetary considerations, as such, but on the whole economic program and philosophy of the country concerned, would poison the whole atmosphere of international financial relations."

By means of currency devaluations, therefore, the nations of the world may continue their "managed economy" programs as the resulting governmental deficits are met by fresh issues of inconvertible currency. At least, so Dr. White implies.

Dr. E. M. Bernstein, Assistant Director of the Division of Monetary Research, Treasury Department, makes much the same defense of the Bretton Woods Agreements. He says:

"In these days few countries, even if they could, would be willing to change firmly established wage practices. The experience of the past shows clearly that if the economic structure cannot be changed the gold standard will at times have to give way.

"In the present state of world opinion, the gold standard in any form cannot be regarded as a practical basis for a common international monetary policy. The opposition is too widespread and too fundamental. In many countries the people have come to regard the gold standard as a policy compelling restrictions that undermine domestic social and political policies which are paramount in the public mind." (*American Economic Review*, December, 1944.)

These economists consider it politically impossible to restore the individual liberty necessary for competitive markets for commodities and services. We must expect, they say, a policy of "administered" prices and wage rates. This means restriction and control of investment, production, and trade by government and by government-supported monopolies. It means government doles to the idle and government purchases of "surplus" commodities. It also means continuance of price ceilings, rationing and wage controls to conceal the inflationary results—rigged markets, fiat money, inflation, stateism.

History shows that the final result of these policies will be economic collapse and political revolution. Gifts and easy credit from the United States, which is richer and less far advanced in collectivism, may for a time postpone the day of reckoning. But this postponement will be purchased by a more complete and widespread breakdown in the end.

It should also be recognized that the United States itself will be in a precarious financial condition after the war. Tax rates will be higher than ever before in our history. Gold reserve ratios will be alarmingly low. Costs of production will be high and rising. Widespread class warfare is in prospect as various economic groups attempt to use organization and political power in order to get more money for less output.

The United States, therefore, will not be in a position to afford the luxury of supporting a world-wide RFC or WPA such as is contemplated in the Bretton Woods Agreements.

The difficulties of foreign nations are not due to lack of gold or dollars. They have five times as much gold and dollar balances as they had in 1919, although the needs of trade have not correspondingly increased. The United States gold holdings are not out of line with the relative economic importance of this country as compared with the rest of the world. As a matter of fact, the United States is a net debtor on short-term foreign account for nearly one-third of our total gold holdings, or six billion dollars—an amount equal to that which this nation is asked to put into the World Fund and Bank. In addition, through the RFC, the Import-Export Bank, lend-lease, and continued spending abroad for war purposes further great sums of American money are being put into the hands of other nations.

In view of these facts, the World Fund and Bank are not necessary for making foreign loans. Instead, they are part of the scheme for a so-called "planned economy," or socialism, on a world-wide basis.

The economic difficulties of all nations, including the United States, arise from a general unwillingness of peoples and governments to live within their incomes and to meet competition in free markets. There is a general desire to prosper by organizing to seize a larger share of a restricted output, instead of by competing in production. The fallacies of communism and of scarcity economics, or monopoly, dominate the thinking of governments and peoples. These are the causes of the "price rigidities" which are said to make a return to the gold standard impossible.

Some day, in the not distant future, these policies will bring their punishment. Then they will be seen as the reactionary measures they are and will be repented by those who now mistakenly regard them as "progressive," or "liberal." When that time comes it will be a comparatively simple matter to extend help to those who need it, because they will be ready to help themselves. Private capital in this country even now is ample for the task and would be eager for the opportunity, if foreign borrowers showed a willingness in any reasonably near future to live within their means.

Those who say that the world will not or cannot return to the gold standard and free enterprise mistake for a permanent condition what is only an inflationary and reactionary episode in human history. Civilizations have passed through such episodes before, suffered, recovered, and returned to the ways of freedom.

The end of the current reaction may be comparatively near. Collectivism is politically popular, but it depends for its life upon support of United States capital, accumulated under 150 years of free enterprise. When this support is withdrawn, as it will be, either through exhaustion of funds or through a change in United States policy, a reversal of the present socialistic trend may soon be expected.

The Bretton Woods Agreements, therefore, both for the Fund and Bank, mark a possible turning point in the totalitarian trend which has been dominant in world affairs for 50 years. If these Agreements are ratified by the United States, Great Britain and other nations, including Russia, may continue for a few more years in further collectivistic experiments subsidized by United States funds and goods. In that case the reversal of this reactionary trend will be delayed and mankind will continue its retreat towards serfdom, poverty and war.

If, on the other hand, the United States Congress rejects these Agreements, the day of returning liberty, lasting prosperity and peace will be brought measurably nearer.

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gate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12.500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11.822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

TEXAS POWER & LIGHT CO. on April 21 filed a registration statement for $26,600,000 first mortgage bonds due 1975. Interest rate will be filed by amendment.

Details—See issue of April 26.

Offering—Bonds will be offered for sale at competitive bidding with the successful bidder naming the interest rate. The price to the public will be filed by amendment.

Underwriters—To be filed by amendment

Bids Asked—Company is inviting bids for the purchase of the bonds. Bids will be received up to 12 noon EWT May 21 at 2 Rector St., N. Y. City. The successful bidder to specify the interest rate.

TEXTRON INC. on April 19 filed a registration statement for $5,000,000 15-year 4½% convertible debentures due April 1, 1960.

Details—See issue of April 26.

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

Proceeds—Approximately $1,930,075 will be used to redeem at 102½ $1,883,000 15 year 5% convertible debentures; $500,000 to purchase from American Associates, Inc., $500,000 of debentures of Newmarket Manufacturing Co.; to repay American Associates the unpaid balance of a loan and to reduce an outstanding bank loan.

Underwriters—Principal underwriters are Blair & Co., Inc., New York, and Maxwell, Marshall & Co., Los Angeles.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

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

Hearings on stop order proceedings were scheduled before SEC on April 25.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2182)

should be kept for anticipated storms. Two weeks ago this column also moved its stops up sharply. There were reasons and all of them were right in the market and not in the news. For the news itself has of late become so confused it has become meaningless.

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The first important clue to an unhealthy situation occured May 9 when the rails got under 56 in the Dow averages. The break itself was unimportant. But the fact that it penetrated a base of resistance was ominous. This was confirmed by the following two days' action. The action of the rails was lost in the welter of a general market reaction. Yet the percentage of decline by the rails was greater than among the industrials. The latter breakthrough wasn't comforting but they (industrials) didn't violate any zone of resistance. The rails did.

So what? you may ask. We don't have to buy the rails. We'll play with the industrials. But things don't work that simply. There's a little something technicians call divergence which takes hold here. What this means need not be gone into here. Suffice it to say that it points to reaction in the entire list. Sometimes it indicates a reversal of not only the minor trend but the major trend as well. The rails have already begun flying their danger signals. The industrials seem to be on the verge of following suit. Watch out for a confirmation if the industrials break through the 160 level.

* * *

Specific advice applying to the stocks this column is committed to is as follows:

Hudson Motors, bought at 18, currently about 30, raise your stop to 27.

Jones & Laughlin, bought at 29, now about 32. Raise stop to 30.

Phelps Dodge bought at 27 was stopped out when it broke 27½.

U. S. Rubber, bought at 56, now about 59. Keep stop at 57.

U. S. Steel bought at 59, now about 66, keep stop at 65.

Walworth bought at 11, now about 10½, can't go anywhere if the market itself won't move. Stock has a good base and ripe position to move but it looks as if it will make its bid too late to amount to anything. So I suggest slipping out of it at current levels.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

No Amendments to the Bretton Woods Agreements: Spence

(Continued from first page)

Banking and Currency Committee and Treasury officials have been participating in informal discussions of proposals to amend the BW enabling Bill HR 2211. Since there appears at present to be no chance of amending the BW Agreements themselves, at least not directly, the intention of the proponents of the changes in HR 2211 is to set down on paper this Government's interpretations of the Fund and Bank documents. Chairman Brent Spence of the House committee, after participating in several meetings on the subject, today informed the writer that he is opposed to any delay in this country's entrance into the Fund and Bank, conditioned on the other members accepting our interpretation of the BW documents. Mr. Spence's statement follows:

"I am not opposed to some amendments that would clarify the Bill HR 2211 and yet will not make fundamental changes or necessitate calling another international conference like that of last year. If an amendment to the bill would not affect the United States immediate entrance into the Fund and Bank, I am willing to consider it sympathetically. But I am opposed to our making our entrance into the program conditional upon the other member countries accepting in advance our interpretations. If we adopted an amendment of the latter character," he continued, "other countries would want the same right. It would establish a precedent, and there might be no end to it. England and others would want the same privilege.

"I anticipate that both the Fund and the Bank will be subject to interpretation and amendment after they are in operation. The device of conditional American acceptance, now being opposed, would in effect be reopening the BW Conference.

"We can always withdraw from the Fund and Bank, if they are not operated to our satisfaction.

"So long as general acceptance of our interpretation of the Agreements is not made a condition of our entry, I am willing to accept certain interpretations for incorporation in the bill, HR 2211, but no changes in the Agreements themselves. The Bank should be clearly authorized to make long-term stabilization loans. I see no objection to that. It has the power now, but if the language of the agreement on the Bank is clarified in this respect, I will not object.

"As for the language restricting the operations of the Fund to short-term transactions, I am not in favor of it. The Fund is not going to be interested in making long-term loans, and it will not be necessary to limit it by amending the Agreement.

"While I see no objection to making the American Governor of the Fund and Bank the same person, I would not favor our insisting that other countries adopt this procedure as a condition precedent to our joining. I do not approve of putting the short and long-term operations in a single institution. The suggestion that the American representatives on the Fund and the Bank be under the supervision of an Inter-departmental Council or Committee (as suggested by the ABA and the Federal Reserve Board) is satisfactory to me. It would not be a bad idea."

According to Mr. Spence, up to noon today the conferees on BW had "not agreed on anything." Mr. Spence pointed out further that the BW agreements must be ratified by 65% of the voting power this year, or they will by their terms lapse. However, it would always be possible to get the date postponed by mutual consent.

The House Banking and Currency Committee this week obtained a rule on the bill for the reduction of the reserve ratio. This legislation is said to be urgent, because of the current war loan drive.

Also pressing for Congressional action before June 30 is the Reconstruction Finance Corporation subsidy bill.

E. S. Robinson Now With J. F. Reilly

J. F. Reilly & Co., 40 Exchange Place, New York City, announce that Edwin S. Robinson, formerly with J. Arthur Warner & Co., is now associated with them.

Coleman Chairman of New York Stock Exch.

At the annual election of the New York Stock Exchange, held today, the following officers were elected:

John A. Coleman

Chairman of the Board of Governors: John A. Coleman, Adler, Coleman & Co.

Members of the Board of Governors; Harold C. Mayer, Bear, Stearns & Co.; Raymond Sprague, Raymond Sprague & Co.; Robert L. Stott, Wagner, Stott & Co.; Percy M. Stewart, Kuhn, Loeb & Co.; F. Edward Bosson, Putnam & Co., Hartford; Wm. Wymond Cabell, Branch, Cabell & Co., Richmond, for three years terms and Howard Butcher, Jr., Butcher & Sherrerd, Philadelphia, for a term of one year.

Two members of the Gratuity Fund for the term of three years: John Rutherfurd, at Foster, Brown & Co., and John K. Starkweather, Starkweather & Co.

Five members of the Nominating Committee for the term of one year: Sydney P. Bradshaw, Clark, Dodge & Co.; Joseph G. Osborne, Hayden, Stone & Co.; Robert Wilson, Fransioli & Wilson; Wm. J. Hammerslough, Lehman Bros.; and William J. Price, 3rd, Alex. Brown & Sons, Baltimore.

Pres. Truman Approves Change in Sec. Act

President Truman on May 15 signed legislation amending the Securities Act to permit exception from its provisions of security issues not exceeding $300,000.

To Refund Maturing Ctfs.

Announcement has been made by the Treasury Department of the refunding into a 13-month 0.90% note to mature on July 1, 1946, of certificates of indebtedness, amounting to $4,770,000,000, which mature June 1, states the Associated Press, Washington, May 10.

This procedure will be followed because another certificate to be offered in the Seventh War Loan drive will be dated June 1, 1945, and will mature on June 1, 1946.

The Treasury said that also on June 1, 1945, there has been called for redemption the 1½% bonds of the Home Owners' Loan Corporation in the amount of $754,904,000. The holders of these bonds will be offered the opportunity of exchanging them for the 0.90% note to be offered for the maturing certificates of indebtedness. The Treasury said the outstanding 2¾% bonds of 1945-47 in the amount of $1,214,000,000 can be called for redemption on Sept. 15, 1945, on four months' advance notice, and that this notice will be given before May 15.

New Phone Number for Morgan Stanley & Co.

Morgan Stanley & Co., Two Wall Street, New York City, members of the New York Stock Exchange, announce the change of their telephone number to REctor 2-2100.

INDEX