Final Edition

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JUN 8 1945

In 2 Sections—Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

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Volume 161 Number 4392 | New York, N. Y., Thursday, June 7, 1945 | Price 60 Cents a Copy

F. Eberstadt Urges Overhauling of Securities Act As Aid to Post-War Business and Employment

Investment Banker Says Securities Laws and SEC May Block Flow of Capital to Detriment of Employment and Our Whole Economy. Sees Private Foreign Loans Floated Primarily in London as Things Stand Now. Would Give State Blue Sky Authorities Jurisdiction on Issues Up to $1,000,000 and SEC on Issues Above That. Sees Registration Statement and Prospectus in Present Form So Complicated They Are Read by Few and Understood by Less.

Assuming post-war securities flotations at around $16 billion a year, a figure based on an estimated gross national product of $160 billion, Ferdinand Eberstadt, senior partner of F. Eberstadt & Co., investment bankers, New York, appearing before the House Special Committee on Post-War Economic Policy and Planning on May 31, urged simplification and streamlining of the Federal securities laws and regulations so as to facilitate the flow of private investment capital into business and industry, at a rate adequate to maintain a high level of production and employment. Mr. Eberstadt's prepared statement follows in full:

Ferdinand Eberstadt

I would appreciate having the record show that I am not appearing before this Committee on behalf of, or as the representative of, any group or organization. I am here simply as an individual and at the Committee's invitation. No one but myself is responsible for what I say.

The reports of this Committee indicate clearly its realization of the importance and desirability of a free and active private investment market as a stimulant to business and employment in the post-war period. This view seems to be quite generally shared by informed people in business, labor, and government circles. Less general, however, is the realization that certain provisions of our securities laws and regulations and certain administrative practices and procedures of the SEC thereunder may constitute such serious obstacles to the free flow of capital as to jeopardize our attaining the volume of private investment necessary to support that measure of production, consumption, and employment which all of us hope for.

Sustained high levels of business and employment in the post-war period will, of course, require a favorable concurrence of many elements. No single one, however favorable, can alone produce this result. And so, I don't want to seem to over-estimate the relation of active private capital markets to post-war business. But no one, I think, will dispute the statement that they constitute one very essential link in the chain of good business.

If we are to have peacetime production, consumption, and employment levels beyond anything

(Continued on page 2520)

Cartels—A British View

By ROBERT BOOTHBY, M. P.*
Member, Monetary Policy Committee (Great Britain)
Author of "The New Economy"

British Statesman Maintains That Cartels, Though as Dangerous as Other Monopolies, Are Essential in Eliminating Cut-Throat International Competition and in Adjusting Production to Demand. Says British Attitude Is Toward Controlled Cartels as a Means of Regulating Production and Prices, and Controlling Disastrous International Competition. Views Industrial Concentration in Certain Industries as an Inevitable Development of Competitive Capitalism and Lists Measures Required for Offsetting Dangers of Cartels. Concludes Solution Lies in a Compromise Between a Completely Free and a Completely Planned Economy.

Cartels are only one aspect of the most formidable economic problem which now confronts the Western Democracies—the problem of monopoly. For the power to exploit the "common man" derives invariably from the existence of monopoly, in one form or another.

Robert Boothby, M.P.

Basic monopolies are the unfettered ownership or control of land, credit, minerals and transport. That is why all four are gradually being brought under an increasing

*Mr. Boothby was educated at Eton and at Magdalen College, Oxford. He was elected to Parliament in 1924 and from 1927-29 was Parliamentary Private Secretary of Mr. Winston Churchill as Chancellor of the Exchequer. He was Parliamentary Secretary to the Ministry of Food during 1940-41.

(Continued on page 2516)

Conference Works on Economic Set-up Despite Political Differences

By A. WILFRED MAY
Special Correspondent of the Commercial and Financial Chronicle

Although the Small Powers' Trust in Big Five Disturbed, Progress Is Reported in Deliberations on Set-up of Economic and Social Council. Interim Machinery Proposed for Functioning of World Organization Pending Definite Ratification. Status of Affiliated Organizations Not Yet Determined. Economic and Social Council's Functions Expanded to Include Human Rights and Education. Council Is Also Given Right to Cooperate With Non-Governmental World Organizations and to Call Conferences and Conventions. France's Proposal for a "Raw Materials" Commission Shelved. Termination Date of Conference Uncertain.

A. Wilfred May

SAN FRANCISCO, CAL., June 6—The world's turbulent political happenings compose a dark cloud overshadowing the earnest peace-seeking plans arising from these shores of California. . . . Most disturbing of all are the repeated evidences of the dominant Big Five powers' inability to get along with each other—so soon after V-E Day and even before the end of the conference. . . . The new Organization's necessity of relying on Big Power leadership "as a practical matter" is continually pointed out. . . . **But the 45 small powers' trust in such lead-**

(Continued on page 2528)

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The Railroads Face the Future

By WAYNE A. JOHNSTON*
President, Illinois Central Railroad

Leading Railroad Executive Recounts Wartime Accomplishments of Railroads and Reviews Post-War Problems in Rail Transportation. Sees Need for Close Cooperation of Men and Management and Further Modernization of Equipment, Though Lines Are Not Faced With Reconversion Problems. Expresses Belief That Heavy Rail Traffic Will Be Sustained and That Both Freight and Passenger Services Will Be Improved. Holds Railroads, if Given Semblance of Equal Opportunity Can Withstand Competition From Other Transportation Services.

Transportation is a continuing enterprise. It goes on and on. It does not start and it does not stop with wars. It serves humanity, whether armed or unarmed. It serves wherever and whenever people or goods are needed more or are worth more at one place than at another. And transportation binds up the wounds of war. It is the ultimate bond of peace as potently as it is a weapon of war.

Wayne A. Johnston

Consequently, the end of the war in Europe means no end to the transportatiton that has been so vital in the prosecution of the war. Instead, it finds the railroads and all their allied carriers entering what may be called a period of transition. We are faced with certain changes in directions and kinds of traffic, but with no appreciable lessening of our combined civilian and military burdens of some years past.

This swing in emphasis from East to West is being taken by the railroads pretty much in stride, for tracks run **both** ways, and traffic reverses readily. Of course the ideal is balanced traffic; there is seldom profit or operating advantage in having all the loaded movement in one direction or the other. In this respect, there will be burdens on the long-haul Western lines, already the unsung heroes of the war in the Pacific; but for some roads there will actually be a better traffic balance, with fewer cars and locomotives and crews to send home empty-handed.

And when the par in the Pacific likewise is ended—God grant it

*An address by Mr. Johnston before the Executives Club of Chicago, Chicago, Ill., June 1, 1945.

(Continued on page 2514)

George Kountz With B. J. Van Ingen Co.

B. J. Van Ingen & Co., Inc., 57 William Street, New York City, announces that George H. Kountz is now associated with them in their Buying Department. Mr. Kountz has recently been serving in the armed forces. Prior thereto he was with Einhorn & Co.; was a partner in Seufferle & Kountz, and an officer of Charles A. Hinsch & Co. in Cincinnati.

Financing Small Business Joint Work of Government and Banks

By JOHN W. SNYDER*
Federal Loan Administrator

Head of Reconstruction Finance Corporation Points Out to House Committee That Banks and Other Private Agencies Are Taking Steps to Provide Greater Financial Facilities for Small Business and He Tells of the Measures Taken by His Organization to Assist This Movement, Though a Blanket Participation Agreement Says RFC Will Make Direct Loans Only Where Banks Do Not Find It Possible to Supply the Needed Credit. Over 20,000 Loans to Small Business Already Authorized.

I appreciate the opportunity of appearing before this Committee to discuss the "Financial Problems of Small Business," and I am glad to have the opportunity of telling you what plans RFC has with respect to this most important subject.

John W. Snyder

You will recall that under the Act RFC is authorized to make business loans where credit at prevailing rates is not otherwise available. Therefore in making loans to business enterprise it is not in competition with private lending institutions, and it has from the beginning preserved the privilege of the banks to make these loans in the first instance. An applicant to the RFC for a business loan is required to show that an effort has been made to secure the desired credit from local lending institutions, and that such credit was not available. A direct loan by RFC is made only after all possibilities of a loan from private banks have been exhausted.

I feel that there is, at this time, a strong desire on the part of banks to provide greater financial facilities for small business after the war. Bankers realize the importance of small businesses in the national economy and the need for encouraging additional small independent enterprises after the war. They also realize that loans must be made to small business on other than a "Gilt-Edge-Collateral" basis. Bankers, however, are required to bear in mind that they are depositaries of private funds and this all-important question of requisite safety to their depositors must be considered by them when making loans.

The American Bankers Association, as you know, created the post-war Small Business Credit Commission under the Chairmanship of a very capable and sympathetic banker, Robert M. Hanes, to study the problems of small business. It is felt that the Bank Credit Pools being organized by this Commission under Mr. Hanes' leadership, can take more risks

*Statement by Mr. Snyder before the Select Committee on Small Business of the House of Representatives, May 31, 1945.

(Continued on page 2519)

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25 Park Place, New York 8
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Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, *President*
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Thursday, June 7, 1945
Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)
Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.
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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.
Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.
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What the Public Expects Of Television

By DR. LYNDON O. BROWN*
Of Stewart, Brown & Associates

Dr. Brown Points Out That Despite the Public's Desire for Television, and the Optimistic Prediction Regarding Post-War Sales of Television Sets, the Rosy Prospects Have Some Drawbacks, Such as (1) High Costs in Furnishing Television Networks; (2) Uncertainty of Advertising Use, and (3) the Relatively Higher Prices of Television Sets and Expense of Their Installation. Sees Need of a More Accurate Understanding of Public's Attitude Toward Television.


Lyndon O. Brown

Television has stimulated public imagination and practically everyone has some ideas as to why they would like to have television in their home after the war. Typical of the things expected from television are the following:

A 12-year-old boy on a farm in Texas expects to follow the world series in New York.

A woman in Topeka, Kansas, expects to watch the latest fashion shows of leading New York stores.

A lady in Ohio expects to watch and hear Dr. Fosdick in New York deliver his Sunday sermon.

*An address by Dr. Brown at the First Annual Conference on Radio & Business, City College School of Business, New York, May 23, 1945.

(Continued on page 2530)

Washington Pondering Speculation Controls

By HERBERT M. BRATTER

Writer Points Out That Economic Stabilization Office Is Studying Problem of Dealing With Rising Capital Values Despite Strong Public Sentiment Against Additional Government Controls. Says Belief Exists in Official Circles That Increase in Stock Market Margin Trading May Lead to Speculation Fever, but Eccles Proposal to Tax at 90% Capital Gains Has Not Won Approval of Treasury or of Congress, and Has Been Met With Serious Objections. Holds Relative Increase in Farm Values Has Already Reached World War I Peak, and That There Is Fear That Further Rise May Magnify Post-War Readjustment Problem.

Recent newspaper stories to the effect that the Office of Economic Stabilization is considering a program for the curbing of speculation in stocks and real estate has resulted in considerable correspondence setting forth the voice of the people. Most of the letters coming in to Washington on the subject are from business organizations and businessmen who are opposed to any further Washington controls. Those officials who are responsible for doing what can be done to ward off inflation, while cognizant of the pressure which can be exerted by the public to let well enough alone, are engaging in mental speculating of their own. In this process they project recent trends into the future and when they do this, they are far from convinced that nothing should be done.


Herbert M. Bratter

In fact, the existence of so considerable a sentiment among the people, favorable to doing away with what controls of prices and business now exist, is for many a sufficient cause of concern. Therefore, if only as a warning against too rapid relaxation of other wartime measures while the war is still going on in the Pacific, a program to curb rising speculation in stocks, farm land and residential real estate will find strong sup-

(Continued on page 2523)

A Plan for Aiding Small Business

By MARRINER S. ECCLES*
Chairman, Board of Governors Federal Reserve System

Chairman Eccles Proposes a Three-Fold Program to Aid Small Business, Comprising (1) Making Available Technological and Managerial Information; (2) Readjustment of the Tax System so as to Favor Particularly the Smaller Enterprises; and (3) the Continuance of the V-Loan Mechanism to Enable the Banking System to Extend Credit. He Opposes Direct Government Loans as Competing With Private Banking, and Favors With Modification the IBA Credit "Pool" Plan.

The present is a strategic time for formulating a sound program for meeting the long-term needs of small business. Small businesses at present are prosperous, but small business as a type of enterprise is under serious handicaps.


Marriner S. Eccles

During the depression, it was assumed that if we could only pump out more and more credit to small business borrowers, all would be well. We conceived of the problem in terms of credit and relief. We now know that a broader approach is necessary.

Small business in practice means independent individual enterprise. It is fortunate for the economy that, along with the growth of a few thousand large businesses in the last half century, enterprises of the individualistic type remain very numerous, about three million in number. The small businesses have much to do with preserving competition, with adding variety to the standard of living, and with supporting independent communities. Also

*Statement made by Mr. Eccles before the Select Committee on Small Business of the House of Representatives, June 1, 1945.

(Continued on page 2526)

TVA Replies to Mr. Abrams

W. L. Sturdevant, Its Director of Information, in Letter to the "Chronicle" Denies That the Project's Power Activities Are Unprofitable. Says Electric Revenues Must Absorb Expenses of Governmental Functions Operated by TVA. Holds "Surplus" Provided for Federal Government Fully Offset the Tax Exemptions.

Editor, The Commercial and Financial Chronicle:

We have just read the article, "Proposed Missouri Valley Authority," by Ernest R. Abrams in your issue of May 17, 1945. The article is so misleading in its statements on page 2179 about the TVA that we feel compelled to reply to them and to request in fairness that the reply be published.

TVA power operations constitute the only activity which is subject to the sort of commercial financial analysis which Mr. Abrams attempts. In the fiscal year 1944, power operations produced total operating revenues of $35,430,000 and a net income, after all power expenses, of $14,116,000. The net income, plus interest paid on bonds, amounted to a return of 4.1% on the net average power

(Continued on page 2521)

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Ten Don'ts Suggested by Babson

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1. Don't let any possible reconversion slump frighten you. In certain industries there must, of necessity, be some unemployment while switching over from war to peace work; but in most cases this slump will be only temporary. With it there will be a decline in the earnings of some companies but, after a readjustment for excess profits taxes, this should not be troublesome.

Roger W. Babson

2. Don't buy the new low-coupon rate long-term bonds which are now being issued. Money rates will continue low for only a short time. The pendulum always has swung and is going to continue to swing. Many bonds now selling on a 3½% basis will some time again be selling on a 6% basis. Much lower prices for fixed interest securities are inevitable.

3. Don't hold second-grade railroad securities any longer; but now take your profits. This applies to most railroad stocks and certainly to railroad income bonds which are now selling at fantastic prices. Railroad net earnings are headed for a severe post-war slump which will probably last many years.

4. Don't sell the general stock market. The Dow-Jones Industrial Averages will surely sell for more some time during the next twelve months than they do at the present time. This probably also applies to many utility stocks. I am especially bullish on the chain stock stocks. I also like some of the convertible preferred which should combine reasonable safety with speculative possibilities.

5. Don't wait too long before buying the land upon which you hope to some day build a home. I don't like big commercial farm properties and am rather scary about city property; but well-

(Continued on page 2511)

Freight Truckloadings in April Up 4% Over 1944

The volume of freight transported by motor carriers in April decreased 6.7% below March but was 4.0% above April, 1944, according to American Trucking Associations, Inc., which on May 24 further announced:

Comparable reports received by ATA from 257 carriers in 41 states showed these carriers transported an aggregate of 2,117,481 tons in April, as against 2,270,706 tons in March and 2,036,763 in April of 1944.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 183.

Approximately 81% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category decreased 6.6% below March but was 4.8% above April of 1944.

Transportation of petroleum products, accounting for about 12% of the total tonnage reported, showed a decrease of 10.0% below March and was 5.6% below April of last year.

Carriers of iron and steel products hauled about 4% of the total tonnage. Their traffic volume was 3.0% above March and 22.5% above April of 1944.

About 3% of the total tonnage reported consisted of miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class decreased 7.5% below March but was 6.0% above April of 1944.

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Bocklet Retires

Charles J. Bocklet has retired from partnership in Gammack & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, effective May 31.

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Post-War Private Flying And Employment

C. Bedell Monro, Pennsylvania Central Airlines Head, Predicts 100,000 Jobs by 1948. Condemns Railroad Opposition to Airport Development.

The aviation industry must be honest with fighting men and not disillusion the thousands who look to the skies for peacetime pursuits to expect jobs which will not exist unless private flying and other aviation fields are fully developed to create new employment opportunities.

This thought was expressed yesterday by C. Bedell Monro, President of Pennsylvania-Central Airlines, in a talk before the Wings Club of New York. He declared that even the most generous estimates of post-war potentials in commercial airline operations will provide only a "pitiful market for the countless thousands of servicemen who will look to aviation for their future security."

C. Bedell Monro

Mr. Monro urged the fullest development of private flying for the creation of a wide variety of employment opportunities for those thousands trained for aviation in the armed forces, who expect jobs in aviation after the war. Citing a national airport program as one of the requisites to the stimulation of private flying, Mr. Monro deplored recent testimony of railroad interests opposing such a program. The PCA head characterized this opposition as "a threat that involves an act of sabotage to the future of our entire national defense and a reprehensible blow at post-war employment."

The PCA President pointed out that the domestic airlines before the war had a fleet of only 360 planes with an average of 50 employees on the ground for each plane, representing a total of only 17,300 people. "By 1948 the airlines may have about 1,000 planes and the ratio may increase to 100 ground personnel for each plane. Even this expansion will provide only 100,000 jobs in the entire field of commercial aviation—far less than the number of men in

(Continued on page 2523)

Reynolds & Co. Adds Wm. Robbins to Staff

Reynolds & Co., 120 Broadway, New York City, members New York Stock Exchange, announce that William B. Robbins is now associated with them. He was formerly an officer of Fitzgerald & Company.

Arnold Wayne Now Is With Byfield & Co.

Arnold B. Wayne has become associated with Byfield & Co., 61 Broadway, New York City, members New York Stock Exchange. Mr. Wayne was formerly with Bruns, Nordeman & Co. and prior thereto was in business for himself.

House Debates Bretton Woods Bill

Although Bankers Withdrew Opposition to Amended Bill, They Were Attacked in the House Debate on the Measure. Representative Smith, (R) of Ohio Criticizes the Amendments Made by House Banking Committee as Insufficiently Clear While Wolcott (R) of Michigan, Ardently Defends the Measure and Congressman Crawford and Jessie Sumner Strongly Oppose It. Arguments Centered on Monetary Fund Project.

Special to the Commercial and Financial Chronicle

WASHINGTON, D. C., June 6—While some supporters of Bretton Woods express pleased puzzlement over the apparent endorsement of the pending bill by the ABA, others are equally puzzled by the continued criticism of bankers, such as cropped up in today's debate on the House floor.

For some days Congressman Spence, Chairman of the Banking Committee, has been mentioning with obvious satisfaction the fact that American Bankers Association President W. Randolph Burgess on May 28 has expressed in writing his gratification with the changes the committee made in the enabling bill now before Congress. It was reliably reported that the Banking Committee Chairman intended to have the letter put in the Congressional Record. This was done yesterday. The letter as read to the House contains this statement:

"While the new bill of course does not meet in every respect the suggestions that we made, it seems to us a substantial improvement over the original, and will aid in the effective accomplishment of the purposes of the whole program which is, after all, what we most desire."

Yet we find in the same record these statements by Administration Congressmen:

Representative Sabath of Illinois said:

"I am aware that some outstanding bankers and the 'bankers bund' are opposed to this legislation because it will prevent their manipulation of foreign currency as they have exercised it in the past. They have sought to have a free rein in setting the prices on various exchanges and interests, as well as in making loans to foreign governments at a high rate of interest as they did in the not-far-distant past."

Representative Patman of Texas, a member of the House Banking Committee, said:

"There is an international banking ring with headquarters in this country that is opposing this legislation with all their power and might. In every way possible they are opposing it. It is against their selfish, greedy interest for this bill to become a law. They do not want these agreements; it is against their interests. They are the vultures that sit around waiting for some country to get into trouble so that they can help bail it out at a big price and to the disadvantage of the other countries of the world. They are the ones who are fighting this bill."

Smith Criticizes Wolcott Amendments

The debate on the Bretton Woods bill was opened by Representative Frederick C. Smith (R.) of Ohio one of the three Banking Committee members who signed a minority report on the bill (HR 3314). Mr. Smith devoted his opening speech to a criticism of the Wolcott and Committee on Economic Development amendments.

"The Wolcott Amendment we are told," Congressman Smith said, "would confine the Fund to short-term lending and the CED Amendment would authorize the Bank to make long-term stabilization loans that would otherwise be made by the Fund. . . . A reading of the Wolcott Amendment would lead one to think that the present language in the Agreement confines the Fund to short-term lending, but that is so

(Continued on page 2529)

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Public Utility Securities

Commonwealth & Southern

The Securities and Exchange Commission on May 31 approved the recapitalization and integration program of the Commonwealth & Southern system, excepting for minor amendments, to which the company is expected to agree. Under the plan, the so-called northern utilities—Consumers Power Company, of Michigan, Central Illinois Light Company, Ohio Edison Company and Southern Indiana Gas & Electric Company—would readjust their common stocks for convenient distribution to C. & S. stockholders. Commonwealth & Southern would also issue new stock of its own (8,979,234 shares). The common stocks of the four northern companies and of Commonwealth would then be distributed to the present stockholders of Commonwealth, the preferred as a class getting 85% and the common 15%. The distribution would be as follows:

	For Each Share Pfd.	For Each Share Com.
	—Shares—	
Consumers Power	1.03	.008
Ohio Edison	1.03	.008
Central Illinois	.206	.0016
Southern Indiana	.206	.0016
Commonwealth & Southern	5.15	.04
Cash, about	$3.00	--

Commonwealth & Southern last year earned about $11,400,000 and paid excess profits taxes (together with tax savings resulting from bond financing, emergency amortization, etc.) of about $22,200,000. After the war, if excess profits taxes are eliminated, about half the latter amount would be saved, increasing net to around $22,500,000 on the 1944 basis. The company may lose some earnings due to readjustment of the industrial load (which was benefitted by heavy war activities in its areas), by increased income taxes on the northern companies when reporting individually, etc. However, there will doubtless be large demands for power for the automotive industry in Michigan, and some estimates for a "normal" post-war year (perhaps several years hence) by the local managements of the different companies have been quite optimistic.

The SEC has estimated that future net income might be expected to average $17,700,000, while President Whiting considered $20,000,000 a fair estimate and Jay Samuel Hartt, consulting engineer for the company, estimated prospective annual consolidated net income as high as $24,708,000. On the basis of these estimates, and applying varying price-earnings ratios, we would arrive at the following estimates for the future value of the preferred and common stocks:

Earn. Est. By—	12 Times Earn. Pfd.	12 Times Earn. Common	14 Times Earn. Pfd.	14 Times Earn. Common
SEC	$122	$.96	$142	$1.12
Whiting	138	1.08	161	1.26
Hartt	170	1.32	198	1.54

With reference to price-earnings ratios, the average electric-gas utility stock is currently selling at close to 15 times earnings. Better grade issues sell at about 15-20 times earnings and small or unseasoned issues at about 10-15 times. Commonwealth's northern companies, with the exception of Southern Indiana G. & E., might be entitled to price-earnings ratios of 14-15, after a little market seasoning. The southern group, less favorably capitalized and with a poorer earnings record, might merit a price-earnings ratio of only about 10-12, especially as it will still be a holding company system — though an integrated one, conforming to SEC requirements.

Commonwealth subsidiaries' residential rates are extremely low as compared with the national average — that is one reason, paradoxical as it seems, for the present high excess profits taxes. For the five companies combined — four operating and one holding company — comprising the "package" to be received by Commonwealth stockholders, an average price-earnings ratio of 12 would seem reasonably in line with present market standards, even for relatively unseasoned issues.

The southern group may, however, within a few years establish a better record of earnings. Economic trends favor the South and the freight rate structure has just been revised in favor of this territory. With allowance for this improvement an average price-earnings ratio for both northern and southern companies of 14 might be attainable in the not too distant future.

The estimates in the above table result in estimated "break-up" prices for the preferred of $122-198, compared with current price around $107; and a range of 96¢ to $1.54 for the common, compared with the current price around 1. It would seem advantageous for common stockholders to switch into the preferred stock. However, the plan still has to be approved by a majority vote of stockholders and confirmed by a Federal Court; and there is always the possibility of an upset or change until the last appeal period has passed.

Dealer-Broker Investment Recommendations and Literature

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

American Economic Outlook, by A. Moore Montgomery—Tucker, Anthony & Co., 120 Broadway, New York 5, N. Y.

For Post-War — Circulars on **Colorado and Southern, Interstate Air & Engineering, Mohawk Liqueur,** and **Pressurelube** — Bennett, Spanier & Co., Inc., 105 South La Salle Street, Chicago 3, Ill.

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

New Consolidated Supplement to Louisiana Bond Record of 1938 —Information from A. M. Smith Investment Co., Carondelet Building, New Orleans 12, La.

Road to Serfdom—Reprints of the Readers' Digest condensation of the book by Friedrich A. Hayek —**B. S. Lichtenstein & Co.,** 99 Wall Street, New York 5, N. Y.

Statistical Handbook for New Jersey Municipal Bonds — 13th annual edition—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Also available is an analysis of **New England Public Service Co.**

American Barge Line Company —Current position and possibilities—Straus & Blosser, 135 South La Salle Street, Chicago 3, Ill.

American Hardware Corp.— Discussion of attractive position of common—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

American President Lines, Ltd. — Timely statistical report — **Kaiser & Co.,** 20 Pine Street, New York 5, N. Y., and Russ Building, San Francisco 4, Calif.

Ampco Metals, Inc. — Current bulletin—**Sills, Minton & Co., Inc.,** 209 South La Salle Street, Chicago 4, Ill.

Also available is a report on **Maryland Casualty Co.**

Ashland Oil & Refining Company — Memorandum discussing investment possibilities of the 4½% cumulative convertible preferred stock—A. G. Becker & Co., Inc., 120 South La Salle Street, Chicago 3, Ill.

Atlanta & West Point Railroad —Descriptive circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Boston Insurance Company — Analytical memorandum — Mackubin, Legg & Co., 22 Light Street, Baltimore 3, Md.

Also available are circulars on **Employers' Group Associates, Franklin Fire Insurance Company, Hanover Fire Insurance Company, Phoenix Insurance Company, Providence Washington Insurance Company, Security Insurance Company,** and **Springfield Fire & Marine Insurance Company.**

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.**

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.

Christiana Securities — Bulletin **Laid, Bissell & Meeds,** 120 Broadway, New York 5, N. Y.

City of Montreal, Financial Reorganization, including a memorandum on the current budget— Dominion Securities Corporation, 40 Exchange Place, New York 5, N. Y.

(Continued on page 2507)

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Utility break-through points to continuation of major trend. Intermediate reaction indicated by industrials. Obstacle present about 170-172.

There has been some hesitation in the past few days but the main trend is still up and there doesn't seem to be anything in the market picture, at this writing, to point to any change. Minor trend however points down.

Last Thursday (May 31), when you saw the previous column, the Dow industrials were nibbling at the 170 figure. The rails were just across 58. On Tuesday and Thursday the volume was respectable, somewhere near the two million mark. Friday's action showed a change. For example Thursday's and Tuesday's highs in the industrials seemed to have become tops. But the rails, which closed poorly on Thursday, shot up Friday and crossed what seemed to become an obstacle established Wednesday. On Tuesday the rails made a high of 58.86. Thursday's high was 58.74, but the close was 57.90. Friday they managed to cross the 59 figure by 6c and closed at 58.89. It was obvious that the quick rail recovery pointed to better prices as was proved in the subsequent market action.

It was equally significant that the rail action was not duplicated by the industrials. Their refusal to advance is the basis of the minor danger signal. But while the rails were in the forefront and the industrials were laggards, a new group came forward to claim the spotlight. The utilities, which haven't been doing much of anything since last April, quietly became active.

As an average there is little exciting in the utility action. Up to last April it was almost pegged at the 28 figure. Fluctuations were minor and interest in the group was

(Continued on page 2527)

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CORRESPONDENTS IN OTHER PRINCIPAL CITIES

JUNE 1, 1945

Dealer-Broker Investment Recommendations and Literature

(Continued from page 2506)

Also available, a memorandum on the debt reorganization plan of the **Province of Alberta.**

Consolidated Edison Co. of New York—Analytical study—**Kidder, Peabody & Co.**, 17 Wall Street, New York 5, N. Y.

Elk Horn Coal Corporation and **Lawrence Portland Cement Co.**—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Fort Dodge, Des Moines & Southern Railway Company—One-page analysis—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

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

Also available are circulars on **Howell Electric** and **Punta Alegre Sugar.**

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

General Cigar Company, Inc.—Detailed memorandum on outlook—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available, a study of **Southern Indiana** first 4s of 1951 and **Chicago, Terre Haute & Southeastern** ref. 5s of 1960 and income 5s of 1960; and a bulletin of **Research Comment** on several currently interesting issues.

General Industries Co.—Recent report — **Mercier, McDowell & Dolphyn, Buhl Building**, Detroit 26, Mich.

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

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

Interstate Power Co.—Study of speculative possibility in the preferred stock of a public utility company—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.; TACA Airways; American Window Glass,** and **P. R. Mallory.**

Iowa Southern Utilities Company—Detailed discussion of interesting situation—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

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.

(Continued on page 2532)

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Grew Says U. S. Not in Anti-Russia "Front"

Joseph C. Grew, Acting Secretary of State, has assured a delegation of Congressmen that the United States has not "become part of an Anglo-American front", according to Associated Press reports from Washington, May 31.

Representative DeLacy of Washington, accompanied by Representatives Coffee of Washington, Patterson of California and Bailey of West Virginia, submitted a letter signed by the four and Representatives Marcantonio, Dickstein and Celler of New York; Green and Weiss of Pennsylvania, Sabath of Illinois, Patrick of Alabama and Hedrick of West Virginia.

The letter contained questions which they said arose out of recent press criticism of American foreign policy. These asked if there had been any departure by the United States from its position, "achieved by President Roosevelt, as a disinterested third power which could mediate in and mollify whatever differences might develop between our two great allies"; had our policy on the Polish question and on other Eastern European questions changed "since President Roosevelt's death," and had "old anti-Soviet predjudices caused a shift "since Roosevelt's death from American frendliness toward our Russian ally?"

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Real Estate Securities

Amendments to State of New York Real Property Law Should Have Favorable Effect on Real Estate Securities

Owners of Chanin Building First to File Reorganization Plan For Maturing Funded Debt Under Amended Law

Two amendments to the Real Property Law of the State of New York (The Burchill Act under which real estate reorganizations have been effected) became effective April 16, 1945. One amendment deals with reorganization plans, the other deals with cash offers for the mortgage under par and the release of the security under the trust mortgage.

Previous reorganizations under the Act took place after a default in the terms of the mortgage indenture. The law now provides that the Trustee of any mortgage, the holders of 25% in principal amount; the mortgagor or owner of the property, whether or not a default exists, may present a plan for the reorganization of such mortgage, which may provide for: (1) the extension of the maturity of the mortgage, deed of trust or indenture and the debts secured thereby; (2) the modification of the provisions for interest, amortization or sinking funds; and (3) such other changes, modifications or amendments as may be fair and feasible and for the best interests of the security holders. No plan shall be approved unless the court, after such hearing shall determine that it is fair, feasible and for the best interests of the security holders. The affirmative consent of the holders of two-thirds of the principal amount of the outstanding securities shall constitute a presumption that the plan is fair, feasible and for the best interests of the security holders. All proceedings hereunder and the rights of the parties hereto, including the hearing, the final order determining the plan of reorganization embodying such modifications, the time and method for the persons affected by such plan becoming parties thereto and the right of appeal from any order, shall be governed by section 122 hereof; except that if the reorganization shall become effective it shall be without prejudice to the right of any particular holder of such securities who has duly dissented therefrom to have the court determine the cash value of such securities as he may have owned on or before the date of the presentation of the plan of reorganization pursuant to this section, and providing for the payment or securing his ratable share of such amount as a condition for declaring the plan operative. Upon the order becoming effective the plan shall be binding upon all the security holders.

Under date of June 1, 1945, Lexington Avenue & 42nd Street Corporation, owner of the Chanin Building in New York City, presented a plan for the reorganization of the existing funded debt which matures September 1, 1945. The funded debt was reorganized in July 1934. It consisted of a:

First Mortgage	$6,392,500
Second Mortgage	2,962,500
Third Mortgage	2,500,000
	$11,855,000

Since the consummation of said prior plan of reorganization, the Chanin Building has been operated by Chanin Management, Inc. under the supervision and control of the Continental Bank & Trust Company of New York, as supervising Trustee and the Board of Directors of the leasehold owner, as provided in said plan, with the following results:

(a) All required payments under said plan have been met to the end that all basic and accumulated interest has been paid under the first, second and third mortgage indentures and during the period from 1935 to 1939, inclusive, additional interest of 1% per annum has been paid on the first mortgage bonds. On September 1, 1944 an additional ¾% interest was paid on the first mortgage bonds.

(b) The outstanding first mortgage bonds have been reduced to $6,059,500, the amount now outstanding.

(c) The reserve fund of $100,000 has been set up and is now held by the Continental Bank & Trust Company of New York as Trustee under the first mortgage indenture for the benefit of the bondholders.

(d) There is no default in the payment of ground rent, taxes, or other fixed charges against the property.

(e) No dividends have been paid on the stock, nor have any salaries been paid to officers or directors.

NEW PLAN OF ORGANIZATION

The new plan of reorganization summarized is as follows:

(1) Extend the maturity date of each mortgage to September 1, 1965.

(2) The capital stock continue as presently held:
15% by First Mortgage
15% by Second Mortgage
20% by Third Mortgage
50% by Chanin Interests
Chanin Management, Inc. to continue to manage and operate the property.

(3) All the income from the building shall continue to be controlled by the existing sequestration agreement, under which the net rental income is is paid each month to the first mortgage trustee for distribution in accordance with the plan. Income after operating expenses, ground rent and Real Estate Taxes to be used in following order:

(a) Basic cumulative interest at 4% per annum on first mortgage.

(b) Cash equal to 2% of the outstanding first mortgage bonds for a sinking fund.

(c) An annual contingency Reserve of $25,000 until fund of $250,000 has been established.

(d) Basic cumulative interest at 2% per annum on second mortgage.

(e) Basic cumulative interest at 1% per annum on third mortgage.

(f) 1% Additional non-cumulative interest on first mortgage.

(g) 1% Additional sinking fund on first mortgage.

(h) 1% Sinking fund on second mortgage.

(i) Any remaining income for additional sinking fund on the first mortgage.

The plan as outlined above seems fair and reasonable. It, we believe, rightfully treats first mortgage bondholders better than the reorganization plan of 1934, but it appears to be designed to give warranted consideration to all parties concerned. In submitting the plan, the owners have shown the Net Income before Trust Indenture Charges for the six months ended January 31, 1945 to be $315,928.83. Projecting this figure to an annual basis would result in $631,857.66 available for distribution under the new plan an amount sufficient to pay:

5% Interest on the First Mortgage
Provide $189,907.66 for First Mortgage Sinking Fund
2% Interest on the Second Mortgage
Provide $29,625.00 for Second Mortgage Sinking Fund
1% Interest on the Third Mortgage, and
$25,000.00 for the Contingency Reserve Fund.

The Anglo-Chilean Exchange Agreement

Pact of Oct. 30, 1940 Provides for "Blocked" Payments Similar to Peruvian Agreement, Published in Last Week's "Chronicle". Provides That Payments Between the Two Countries, Other Than Necessary Payments in Chilean Pesos, Shall Be Made Only in Sterling.

Another and earlier example of the bilateral exchange agreements made by Great Britain with Latin American countries, similar to that made with Peru on Nov. 17, 1942, and published in last week's "Chronicle" (May 31, 1945, page 2398) is given below. It is dated Oct. 30, 1940 and provides essentially for the "blocking" of all payments between Peru and the "sterling area" in British Pounds Sterling.

1. All trade and financial payments between Chile and the Sterling area shall be settled in sterling.

Payments which must necessarily be made in Chilean pesos shall be settled by the sterling on the basis laid down in Clause 2.

All other payments necessarily expressed in currencies other than sterling and Chilean pesos shall be converted into and settled in sterling on the basis of the official rates fixed in London.

2. The Banco Central de Chile shall quote rates for sterling based on the official middle price for gold in London (today) 168/6d per ounce fine equivalent to 4.02½ dollars to the £) and the corresponding rates for dollars fixed by the Chilean authorities.

3. With the exception of the payments referred to in the final paragraph of this clause all sterling payments to Chile from persons resident in the sterling area shall be made to:

The Special Account of the Banco Central de Chile at the Bank of England
or to the Special Accounts of the Banco Central de Chile with their correspondents in the

(Continued on page 2525)

Holds Anglo-Swedish Monetary Accord a Revival of Nazi "Swaps"

In an article in the New York "Herald-Tribune" of May 20, H. Eugene Dickhuth calls attention to the implications of the Anglo-Swedish monetary agreement of March 6 (published in the "Chronicle" of May 17, page 2165) which, he states, has "an appended protocol" that would require Sweden to accept payment for her export surplus to Britain in the form of blocked sterling balances. These balances can be used, he states, "only for the purchase of British goods or merchandise from the sterling area."

According to this article "the Anglo-Swedish monetary agreement, signed on March 6 and publicized at the time as a noteworhty forward step in immediate post-war trade, had an unpublished appendix which has been criticized in the British House of Commons as the nearest approach to bilateralism or barter."

"Since the whole basis of Bretton Woods, Dumbarton Oaks and other envisaged international agreements is multilateralism," comments Mr. Dickhuth, "the discovery is worth some study. It should be added, however, that the trade agreement between London and Stockholm is an interim pact covering the reconstruction period, and it may, therefore, be discarded later in favor of an overall world plan."

Concerning the unpublished "protocol," it is stated that, "to reconstruct this specific case, it seems from a reading of Swedish newspapers that after conclusion of the agreement the Stockholm Government issued a statement concerning an appended protocol which inquirers in Parliament labeled 'secret.'

"This additional document, while representing no binding obligation on either country, expresses both governments' 'intention of exporting certain goods up to a given amount to the other party.' It thus nullifies in effect previous impressions, created by the text of the published main agreement: that Sweden would accept amounts of blocked sterling limited only by the volume of her exports to Britain.

"The appendix is also reported to cover a list of goods which either side believes is exportable surplus, permitting an approximate indication of the amount either party is willing to accept. The criticism of members of Parliament is no doubt prompted by the recollection of the pre-war Nazi swaps of aspirin tablets and Zeiss lenses for specified foreign raw materials.

"'The Financial News,' London, of April 25, remarked that 'quite clearly, if both governments intend to deliver the goods which they informally said they hoped to deliver, the arrangement comes as near a bilateral trade pact—whether or not it was concluded formally—as anything this country has ever entered into.'

"Under the main agreement Sweden has undertaken to accept payment for her export surplus to Britain in the form of blocked sterling balances, which, in turn, can be used only for the purchase of British goods or merchandise from the sterling area."

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Interviews Chairman of United Nations Committee

A. Wilfred May, correspondent of the "Commercial and Financial Chronicle" at the United Nations Conference, discusses economic aspects of the charter with Sir A. Ramaswami Mudaliar, Chairman of the India delegation and Chairman of the Conference's full Committee on Economic and Social Cooperation.

Senate Silver Bloc Will Seek To Amend Bretton Woods

Reported Bloc Will Try to Have United States Subscription Paid Partly in Silver

Special to the Commercial and Financial Chronicle

WASHINGTON, D. C., June 6—**With House Bretton Woods debate now considered perfunctory, attention veers to Senate.** Since some banking spokesmen have stated publicly that the Bretton Woods enabling bill ought to be further perfected in the Senate, friends of the program are alert for any sign of cooperation there between the banks and the Silver Bloc.

The Silver Bloc is jealous of the recognition Congress has given the "white metal" since 1933. It is fearful that sooner or later the opponents of hard money will address themselves to seriously attacking the silver purchase statutes. Indeed, only a few days ago a belated effort was made in the House of Representatives to strike from the books the 12-year-old bimetallism power of the President. Because the effort, in the form of an amendment to the Reserve Ration Bill, was made only after the bill had already passed the Senate and been approved by the House Banking Committee, it was ruled out of order.

Senator McCarran of Nevada has long been on record as planning to hitch the silver "wagon to the Bretton Woods star," one way or another. Senator Elmer Thomas of Oklahoma, author of the inflation legislation of 1933 known as the Thomas Amendment, only recently gave notice on the Senate floor of his intention to present an amendment to the Bretton Woods legislation, the chief feature of which is to be a requirement that the United States pay part of its subscription to the International Monetary Fund in the form of silver.

The Senator would use for that purpose any silver the Treasury holds in excess of the required reserves against outstanding silver certificates.

It is also recalled by members of the United States delegation at Bretton Woods last year that more than a score of senators at that time signed a letter to President Roosevelt, demanding more consideration for silver. Facsimiles of that letter were sent to every delegate participating in the Bretton Woods Conference, under Senator Thomas' frank.

The Silver Bloc is probably not so much interested in getting something more for silver as it is in securing what it now has. Its theory always has been: "The best defense is offense." It is always ready to utilize what allies it finds at hand, and does not hesitate to ditch those allies.

As good an example as any of the Bloc's political methods was the "alliance" with the Senate Republicans in 1939. On that occasion the Republicans sought to utilize the then pending expiration of the President's emergency monetary powers as the occasion to deprive the White House of the power to change the gold content of the dollar. Also involved were the life of the $2 Billion Stabilization Fund and the power to acquire newly-mined domestic silver. The Republicans agreed to aid the Silver Bloc in getting the temporary silver authority *temporarily* renewed, in exchange for the Silver Bloc's help in depriving the President of his other emergency monetary powers.

The upshot of the deal was that the Silver Bloc not only obtained a renewal of the desired silver power, but got as well both an increase in the price of domestic newly-mined silver, and the dropping out of any termination date. That is, the silver subsidy became *permanent*. Only one or two Republican Senators kept out of this deal.

All the others supported it. The deal became the Act of July 6, 1939.

But the Republicans failed completely to obtain their objective. The Silver Bloc simply let them down.

The episode just described may not be without its lessons when the Bretton Woods bill comes up in the Senate.

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Investment Banking Syndicate Boosts Bond Sales in Southern California

LOS ANGELES, CALIF.—The Banking and Investment Division of the War Finance Committee for Southern California has erected a huge 7th War Loan thermometer in front of the Los Angeles Stock Exchange on which each day at noon, to the accompaniment of a blast of a siren on the building, the Los Angeles Fire Department posts the total sales for the Southern California area.

The "Investment Banking Syndicate" war loan operation originated in Los Angeles at the beginning of the Third War Loan Drive. The Syndicate idea was first suggested by Carey Hill of Hill, Richards & Company, Los Angeles, a member of the Board of Governors of the IBA and presently a member of the Federal Legislative Committee of the IBA. Subsequently, the syndicate plan has been adopted by a number of states including New York. Robert H. Moulton of R. H. Moulton & Company, a former Governor of the IBA, is State Chairman and Gerald M. Goodman of Lord, Abbett & Co. is Vice Chairman of the state committee. In addition there is an Investment Syndicate Committee which is as follows:

Gerald Goodman Robert H. Moulton

Guy Witter, Chairman, Dean Witter & Company, Los Angeles; Darrell J. Bogardus, Bogardus, Frost & Banning, Los Angeles; Willis H. Durst, Wagenseller & Durst, Inc., Los Angeles; Rudolph J. Eichler, Bateman, Eichler & Co., Los Angeles; Carey Hill, Hill, Richards & Co., Los Angeles; Frederick W. Koenig, Young & Koenig, Los Angeles; Robert Parsons, Pacific Company of California, Los Angeles; William Paul, Secretary, Los Angeles Stock Exchange; Donald Royce, Blyth & Co., Inc., Los Angeles.

Syndicate Manager: H. B. Marr, Broad Street Sales Corporation, Los Angeles.

The organization also includes a group of Supervisors, each of whom has a group of firms assigned to him. These supervisors are:

D. J. Bogardus, Bogardus, Frost & Banning, Los Angeles; Willis H. Durst, Wagenseller & Durst, Inc., Los Angeles; Rudolph J. Eichler, Bateman, Eichler & Co., Los Angeles; Frederick W. Koenig, Young & Koenig, Los Angeles; Louis Meyer, Stern, Frank & Meyer, Los Angeles; Donald Royce, Blyth & Co., Inc., Los Angeles; Charles Sill, Nelson Douglass & Co., Los Angeles; Wilian Wells, Maxwell, Marshall & Co., Los Angeles; Guy Witter, Dean Witter & Co., Los Angeles; Al Purkiss, Walston, Hoffman & Goodwin, Los Angeles; George Marx, Holbert-Hargrove & Co., Long Beach; George R. Miller, George R. Miller & Co., Pasadena; C. Wesley Hall, Wesley Hall & Co., San Diego.

Knudsen Retires as Army Production Head

Announcement has been made of the retirement of Lieut.-Gen. William S. Knudsen as War Department director of production, the Associated Press reported from Washington, May 29, adding that Gen. Knudsen's resignation becomes effective five years to the day after he left his job as president of General Motors Corporation to take on the job, at the request of the late President Roosevelt, of converting peacetime industry to the needs of war.

General Knudsen, a civilian who became a three-star general in one jump, reached the Army retirement age of 64 two years ago but stayed on active duty by request until Germany was defeated. He was regarded as the Army's No. 1 "trouble shooter" on the production front. In announcing his forthcoming retirement, the War Department disclosed that he had been awarded an Oak Leaf Cluster to add to a previously awarded Distinguished Service Medal for his work with the Air Forces.

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

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The late Dr. Charles P. Steinmetz, noted General Electric Company scientist, made the statement, "*Cooperation* is not a sentiment. It is an *economic necessity*." What a world of realism there is in that statement. And it comes alive today—when all the affiliates of this Schenley company are making every possible effort to elicit cooperation from their wholesalers and retailers in salvaging cartons in which our merchandise is shipped from our various plants—so that new material can be used for more important wartime work.

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Well, the following big figures might interest some of our readers, since they are accustomed to astronomical figures these days: We saved, last year, by cooperative salvaging—nearly 21 million pounds of cartons. In one three-month period, ended February 1st, this year, our Schenley, Pennsylvania plant alone salvaged more than 1,300,000 pounds, and also handled an additional 650,000 pounds of unusable carton material, which was routed to scrap dealers and paper mills, as a part of the company's nation-wide conservation drive. It is estimated that the quarterly total of salvaged paper at this one plant represented the replacement of sufficient paperboard for the manufacture of 7,150,000 Army "K" ration packages.

There, indeed, is a "NECESSITY"!

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Confers With Stalin

Harry L. Hopkins, at Moscow on a special mission for President Truman, has conferred several times with Premier Stalin, but the subject of the talks has not been disclosed, according to the Associated Press from Moscow, May 28.

Foreign Commissar Molotov and American Ambassador W. Averell Harriman were present at the meetings, which were said to be extremely cordial.

Stalin was reported to be very busy at this time, and it was felt that his willingness to hold lengthy discussions on three consecutive evenings indicated that highly important issues were being given a thorough airing.

Truman to Confer on Jobless Pay Increase

President Truman has indicated his intention to discuss his proposal for emergency unemployment pay increases with Congressional leaders. The President has also expressed endorsement of the long range Social Security expansion program embraced in the recently introduced Wagner-Dingell Bill, the Associated Press reported from Washington June 1.

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NSTA Notes

INVESTMENT TRADERS ASS'N OF PHILADELPHIA

The annual Spring Outing of the Investment Traders' Association of Philadelphia will be held at Manufacturers' Country Club on Friday, June 22. A large turn-out of the local membership is expected. Travel restrictions will probably reduce the number of out-of-town guests to those who are in the city on business on that date. Golf and soft-ball will be followed by dinner and evening pastimes peculiar to the fraternity.

NATIONAL SECURITY TRADERS ASSOCIATION, INC.

The National Security Traders Association announces the appointment of the following District Chairmen:

Bert H. Horning, Stiffel, Nicolaus & Co., St. Louis, Mo.
Joseph C. Phillips, Pacific Northwest Co., Seattle, Wash.
Ray P. Bernardi, Cray, McFawn & Co., Detroit, Mich.
Don E. Summerell, Wagenseller & Durst, Los Angeles, Cal.
Joseph H. Weil, Weil & Arnold, New Orleans, La.
T. Geoffrey Horsfield, William J. Mericka & Co., New York, N. Y.
Harry Barclay, Caswell & Co., Chicago, Ill.

Calendar of Coming Events

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.

June 22, 1945—Investment Traders Association of Philadelphia Spring Outing at Manufacturers Country Club.

June 23, 1945—Bond Traders Club of Chicago annual outing at Lincolnshire County Club.

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

W. W. Glass Now With Kebbon, McCormick Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Wiley W. Glass has become associated with Kebbon, McCormick & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Glass, who has recently been serving in the U. S. Army, was previously with Blyth & Co., Inc., and Knight, Dickinson & Kelly.

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Michigan Chemical Corporation has interesting growth possibilities . . . It has several new post-war products . . . It is one of the companies now producing the famous insecticide DDT . . . It has a small capitalization for a chemical company and the common stock, traded in the over-the-counter market, has great leverage . . .
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Alfred L. Baker & Co. Now Betts, Borland Co.

CHICAGO, ILL.—Alfred L. Baker & Co., pioneer Chicago brokerage firm, changed its name to Betts, Borland & Co. on June 4.

Present active partners are Arthur M. Betts, Chauncey Blair Borland, Francis Peabody Butler, John H. Quinlan, Thomas Henderson and John P. Wise.

Arthur M. Betts was graduated from Chicago-Kent College of Law in 1913 and admitted to the Illinois Bar. In the same year he became associated with Alfred L. Baker & Co. as manager of the bond department, becoming a partner in 1925. Mr. Betts has been a governor of the Chicago Stock Exchange since 1932 and served five successive terms as chairman of the board of governors, from 1938 to 1943. He is a director and member of the executive committee of Butler Brothers, vice-president and director of the 208 South LaSalle Street Building Corporation, and a trustee of the Chicago Commons Association.

Chancey Blair Borland became a partner in the firm in 1930. He is a graduate of Harvard University and for many years has been prominent in banking and real estate circles in Chicago, being managing owner of the Borland properties, as well as being identified with civic affairs and numerous charitable institutions. He is a director of the Continental Illinois National Bank & Trust Company, the Elgin National Watch Co., the Building Managers' Association, and trustee of St. Luke's Hospital, Old People's Home, Crerar Library and other institutions. He served as president of the Chicago Council of the Navy League of the United States from 1941 to 1944.

Alfred L. Baker & Co. was founded in 1896 by Alfred L. Baker, who died in 1927. Mr. Baker was for many years prominent in brokerage and banking circles in Chicago and actively interested in civic affairs, both national and local.

Among Mr. Baker's intimate contemporaries were many leading and public spirited Chicagoans, such as Charles H. Wacker, John G. Shedd, Edward B. Butler, John V. Farwell, Medill McCormick, Morton D. Hull, Ernest A. Hamill, David R. Forgan, Louis F. Swift, Kellogg Fairbank, Edgar A. Bancroft, Edward F. Carry, Richard C. Hall, etc. It was the custom of many to drop in at the Baker office during the noon hour to discuss business conditions, politics or just "look at the market."

From 1896 to 1930 the firm was located on the ground floor corner of the Home Insurance Building at LaSalle and Adams streets. When the building was torn down to make way for the new Field Building, the firm moved one-half block north to its present location on the ground floor of the Borland Building. The firm is one of the few prominent brokerage houses who have remained in ground floor locations.

Former partners of the firm included Tracy Drake, Solomon Sturges, Hugh McBirney Johnston, Thomas Coyne, Robert M. Curtis and John A. Stevenson. Another partner, Walter W. Crawford, resigned in 1942 to engage in war production as assistant to the president of the Standard Steel Spring Co.

Nat'l Securities Trusts Assets Higher

H. J. Simonson, Jr., President of the National Securities and Research Corp., announced on May 28 that net assets of investment funds sponsored by the company totaled $23,638,454 as of April 30 last, as compared with only $9,802,026 on the same date in 1944. Total shares outstanding increased during the year from 1,688,046 to 3,416,967 and the number of shareholders advanced from 5,485 to 12,734. The data covers operations of the following seven series sponsored by the corporation: Bond Series, Low-Priced Bond Series, Preferred Stock Series, Income Series, Stock Series, Industrial Stocks Series and Low-Priced Common Stock Series.

H. J. Simonson, Jr.

Business Man's Bookshelf

Bretton Woods Agreements Act. Testimony of Leon Fraser on—The First National Bank of the City of New York—paper.

Fiscal Policy for Full Employment—John H. G. Pierson—National Planning Association, 800 21st Street, N.W., Washington 6, D. C.—paper—25¢ (discounts on quantity orders).

New York Laws Affecting Business Corporations, Annotated and Revised to April 24, 1945—United States Corporation Company, 150 Broadway, New York 7, N. Y.—paper—$2.00.

Pattern of Corporate Financial Structure—A Cross Section View of Manufacturing, Mining, Trade, and Constructions, 1937—Walter A. Cudson—National Bureau of Economic Research, 1819 Broadway, New York 1, N. Y.—cloth—$2.00.

Post-war Outlook for the Steel Industry—E. W. Axe & Co., Inc., 730 Fifth Avenue, New York 19, N. Y.—paper—$1.00 (50¢ to public libraries and non-profit institutions).

World Organization—Economic, Political and Social—The Academy of Political Science, Columbia University, New York 27, N. Y.—$2.50 per copy to non-members (included with current membership privileges).

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R. W. Davis Heads Bd. of Chicago Exchange

CHICAGO, ILL.—Ralph W. Davis, partner of Paul H. Davis & Co., was elected Chairman of the Board of Governors of the Chicago Stock Exchange, at the annual election of the Exchange succeeding Harry M. Payne.

Homer P. Hargrave, Merrill Lynch, Pierce, Fenner & Beane; D. Dean McCormick, Kebbon, McCormick & Co.; and Harry M. Payne, Webster, Marsh & Co., the retiring Chairman of the Board, were re-elected members of the Board to serve three years.

Robert W. Baird, The Wisconsin Co., Milwaukee, Wisconsin; William A. Fuller, William A. Fuller & Co.; Robert A. Gardner, Mitchell, Hutchins & Co.; John J. Griffin; and Reuben Thorson, Paine, Webber, Jackson & Curtis, were elected members of the Board of Governors to serve three years.

Emmett G. Barker, James E. Bennett & Co. was elected Chairman of the 1946 Nominating Committee and Messrs. William T. Bacon, Bacon, Whipple & Co.; Ralph Chapman, Farwell, Chapman & Co.; John C. Stewart and Alfred E. Turner were elected members of this Committee.

Ralph W. Davis, the new Chairman of the Board of Governors, is a partner of Paul H. Davis & Co., 10 S. LaSalle street, and has been a member of the Chicago Stock Exchange since 1922. He graduated from the University of Chicago in 1916. After his release from the U. S. Army in 1919, he became associated with Paul H. Davis & Co. and was admitted as a partner of that firm in 1921. He represented the firm of Paul H. Davis & Co. on the Floor of the Exchange until April of 1942, at which time he accepted a position as Assistant to the President of the Northern Illinois Corporation, located in De Kalb, Illinois, manufacturers of basic tank track. He returned to the securities business as an active partner of Paul H. Davis & Co. in June, 1944. He has been actively engaged in the administration of the Exchange having served in the past as a member of the Board of Governors and Chairman of the Executive Committee.

Robert W. Baird is President of The Wisconsin Company of Milwaukee, Wisconsin and is the first out of town governor to be elected since 1930.

Inglis With Alm & Co.

OSHKOSH, Wis. — Thomas B. Inglis has joined the staff of Alm & Co., Oshkosh National Bank Building.

Ten Don'ts: Babson

(Continued from page 2504)

located suburban land—both for homes and small farms—should be much higher as soon as building restrictions are removed.

6. **Don't forget that inflation is with us and is bound to be more with us during the years ahead.** The $25 billions of cash in the pants' pockets, cash drawers and "socks" of the American people, an increase of 300% over pre-war figures, will surely cause a post-war stampede for new houses, new furniture and new gadgets of all kinds. When you consider that the supply of good stocks and bonds is even less than it was during pre-war days, we are bound to see higher stock prices due to this inflationary situation.

7. **Don't get hipped on anything or anybody.** Remember every locality, industry, job, home, investment, yes, and religion, has its advantages and disadvantages. Be tolerant and listen to the other fellow. Mix play and work, thrift and spending, friends and enemies; all in proper proportion. The same need for diversification in connection with investments is necessary for one's good character, health, income and happiness.

8. **Don't be skimpy on money spent for the education of yourself or your children.** If, in the years to come, the shadow of Russia ever falls on the United States, those who are experts in any one subject will have nothing to fear. Hence, the importance of having your children educated and trained to hold some necessary position under all economic conditions.

9. **Don't neglect the churches after the war is over.** We talk about "fox-hole religion" among the Servicemen, but there are many more fox-holes here in the United States than there are abroad. The churches will especially be entitled to your attendance and support after this global warfare has come to an end. See that you then repay the churches for what they are now doing for you and your families.

10. **Don't forget that you are going to die some time.** Not only take care in making your will, but keep it up to date through the proper use of codicils. Too many people sacrifice their lives by hard work and thrift to accumulate some money; but give almost no thought to how the money is to be used after they go. This means give more thought to the use of forming trusts for your heirs and others. Your local banker will give you good suggestions, free of charge, concerning such trusts.

We have a continuing interest in the following:

American Barge Lines Co. Common
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(ST. LOUIS)
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De Gaulle Announces Project of Fuel and Credit Nationalization

General Charles de Gaulle, in a radio address to the French nation on May 24, in which he discussed the foreign and domestic policies of his government, announced a project of nationalization of coal mines and electricity as well as a proposal for the control of credit to make it "possible to direct all national activity."

"First of all," he declared, "there will be a reform of public services, which will place our administration in a better position than it is at present to face modern problems. We mean by this, provisions which will organically turn over to the state—without any spoliation, but for the exclusive service of the nation—the two essential controls, namely, the production of coal and electricity on which depends in large measure, the economic development of the nation and of the Empire, through which it will be possible to direct all national activity—as well as the control of credit through which this activity can be steered. Lastly, there will be measures for the repopulation of France, consisting of guarantees to families, and rational regulations concerning immigration. The harbor is in sight, let us be united, patient and hardworking, so that we will not sink before reaching it."

H. P. Carver Corp. Formed in Boston

BOSTON, MASS.—H. P. Carver Corporation has been formed with offices at 75 Federal Street. Officers are Harold P. Carver, president; Margaret R. Carver, treasurer; and Elisabeth H. Robers. Mr. Carver was president of Carver & Co., Inc.

Hearing Again Postponed

The Securities and Exchange Commission has again postponed to August 1st the hearing in broker-dealer registration revocation proceedings against Ira Haupt & Co., New York City.

A. F. Lafrentz Heads Insurance Society

A. F. Lafrentz, President of American Surety Co. of New York, and First Vice-President of New York Casualty Co., has been elected President of the Insurance Society of New York. Organized in 1901, the Society provides and maintains an organization for educational purposes, primarily in connection with or relating to insurance. It maintains a reading room and reference library at 107 William Street. Mr. Lafrentz succeeds William A. Riordan of Aetna Life Affiliated Companies, who has served as President of the Society since 1942.

A. F. Lafrentz

Evans Spalding Member of N. Y. Coffee & Sugar Exch.

CHICAGO, ILL.— Evans Spalding a partner of John J. O'Brien & Co., 231 South La Salle Street, members of New York and Chicago Stock Exchanges and other principal exchanges, has been admitted to membership in the New York Coffee & Sugar Exchange Inc.

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Cruttenden Admits Four New Partners

CHICAGO, ILL.—Cruttenden & Co., 209 South La Salle Street, members New York and Chicago Stock Exchanges, announce that James H. Murphy, Conrad Tuerk, William R. Mee and Walter F. Norris have been admitted to the firm as general partners. Conrad Tuerk was formerly secretary and assistant general manager of W. F. Straub & Co. Mr. Norris, formerly a vice-president of Commerce Union Bank of Nashville, Tennessee, will assume the duties of sales manager. Mr. Mee will continue as syndicate manager and Mr. Murphy will continue as manager of the trading department. Present partners are: Walter W. Cruttenden, Frederick R. Tuerk, John B. Dunbar and Anthony L. Godie.

Admission of the new partners was previously reported in the "Chronicle" of May 24th.

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Pennsylvania Brevities

Millions for Construction Projects

Pennsylvania's Martin Administration has disclosed that it has under active consideration a $33,000,000 post-war highway improvement program for the Philadelphia area.

The projected program includes new approaches to the Delaware River Bridge, an 11-mile super-highway along Delaware Avenue to Roosevelt Boulevard, razing of the "Chinese Wall" along Market Street, elimination of traffic bottle-necks and improvements to the approaches to the Southwest and Northeast airports.

Added to the above is the $42,000,000 project for the construction of storm sewers, sorely needed in Philadelphia and already approved by City Council.

Last month the City Planning Commission recommended an immediate appropriation to defray engineering expenses in drawing plans and specifications for the extension of the Market Street subway from 23rd to 46th Streets. This project, together with completion of the Locust Street subway, is estimated to cost approximately $100,000,000.

When it is considered that wartime restrictions in labor and materials have resulted in a virtual "building holiday" for the last two years, and that a lessening of these restrictions will unloose a deluge of diversified inquiries, it may be assumed that there need be little fear of an unemployment problem in the Philadelphia area and the prospects of continuance of industrial activity at a high level are bright.

Warner Company

Dealers in sand and gravel and manufacturers and distributors of central-mix concrete, building materials, limestone products, Warner Company is in an excellent position to benefit from increased activity in the construction business over the next several years. During 1944, the company's net quick assets increased $578,223 to $2,750,560, of which $1,505,796 was in cash and $600,000 in U. S. Treasury bonds. With ample working capital at its disposal, new contracts can be undertaken as fast as manpower and other materials become available.

It is reported that the company's plan of recapitalization which will eliminate two issues of preferred stock carrying arrearages is almost ready for submission to stockholders.

Edward G. Budd Mfg. Co.

President Edward G. Budd has informed his employees that he believes there will be more post-war jobs in the Budd plant than there are now workers employed. "It is our belief," he said, "that goods will be taken by our customers just as fast as we can get them into production." He

(Continued on page 2513)

"Doc" Williams Moving to Du Bois, Penna.

PHILADELPHIA, PA.—Philadelphia traders will miss the effervescent fun, quick wit and unfailing comradeship of George H. "Doc" Williams, a partner of Kennedy & Co. since 1922, who is moving himself and family to Du Bois, Penna., this month. Between cracking jokes and trading P.T.C. issues with aplomb, if not always for profit, "Doc" stuck his fingers into the frozen-foods warehousing and distributing business. It was probably the best "buy" he made since he cornered the market on Mayflower Hotel bonds two decades ago. His partnership remains intact and the business will be managed and conducted by Harold Cunningham.

Jos. McNamee to Trade For Hopper, Soliday

PHILADELPHIA, PA.—Joseph McNamee, formerly with the Philadelphia office of Hornblower & Weeks, has assumed charge of the trading desk at Hopper, Soliday & Co., 1420 Walnut street, members of the Philadelphia Stock Exchange.

William Parvin Joins Roe in San Antonio

SAN ANTONIO, TEX.—William F. Parvin, who has been Assistant Manager of the Bond Department of the City National Bank & Trust Company, of Kansas City, Missouri, since 1935, has joined Roe and Company, Frost National Bank Building, as Executive Manager. Mr. Parvin is a native Texan and attended the University of Missouri. He started in the investment business in 1930.

C. W. Michel Partner In Loeb, Rhoades Co.

Capt. Clifford W. Michel has been admitted to partnership in Carl M. Loeb, Rhoades & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other leading national Exchanges. Capt. Michel was previously a partner in J. S. Bache & Co.

Pennsylvania Municipals

Although the new issue Pennsylvania municipal market has been quiet in recent weeks, the lack of activity from this source has been offset in some measure by the reappearance in the market, via liquidation, of parcels of previously outstanding bonds. The City of Philadelphia was an important contributor in this regard, having recently disposed of $5,000,000 of its bonds which were previously held by the Board of Sinking Fund Commissioners.

This offering attracted a series of bids, with the winning tender of 116.9184 being made by a syndicate composed of Smith, Barney & Co., Harriman Ripley & Co., Yarnall & Co., Blair & Co., W. H. Newbold's Son & Co., Stroud & Co. and E. H. Rollins & Sons.

The sale consisted of several lots of refunding bonds, carrying interest rates of 3¼% and 3⅛%, maturing in various years (1965 to 1975), and optional in late 50s and in 1962. Rather close bidding was a feature of the sale, with only a few cents separating offers made by the unsuccessful syndicates.

* * *

The much discussed John Hancock Mutual Life Insurance Co. portfolio award included several small amounts of Philadelphia's, also a block of $500,000 Commonwealth of Pennsylvania 3¼s of 1953-1955. The latter brought a price to the seller of 120.971.

The Commonwealth, incidentally, closed its 1943-1945 fiscal biennium on May 31 with a record high surplus of $174,000,000. This was $4,000,000 more than Governor Edward Martin had anticipated earlier in the year and the surplus includes $111,750,000 in the General Fund and $63,000,000 in the Motor License Fund.

Approximately $49,000,000 of the surplus was appropriated by the legislature to liquidate bonded debt of the depression-born Pennsylvania General State Authority. In approving the repeal measure, Governor Martin said that the act will "remove the menace of placing unlimited indebtedness upon the Commonwealth without first submitting such proposals to a vote of the taxpayers."

Patently, the Governor is one official who is conscious of the fact that it is the taxpayer who ultimately must pay the "freight" and, accordingly, is entitled to at least some say with respect to the use of public credit.

* * *

With the passing of the State Authority, all of whose bonds, by the way, were held by the State Employees Retirement Fund and the School Employees Retirement Fund, the Commonwealth will receive title to the 550 buildings constructed during the tenure of the agency. Redemption of the bonds, which were to run until 1967, will save the Commonwealth millions in interest charges and in other expenses.

* * *

Governor Martin's action in recently approving measures exempting Pennsylvania municipals from the State's 4-mill personal property tax and from any similar county tax was favorably noted by the market. A principal beneficiary of the legislation will be the City of Philadelphia, which is expected to profit to the extent of $730,000 annually.

The city, of its own volition, has always assumed payment of the tax on its bonds, thereby enhancing their attractiveness marketwise. Another favorable development for the city was the defeat of efforts made in the legislature recently to repeal its productive wage tax.

NASD Dist. 13 to Hear Ralph Phillips June 8

The National Association of Securities Dealers, Inc., District No. 13, will hold a meeting in the great hall of the Chamber of Commerce, 65 Liberty Street, New York, at 3:15 p. m. on Friday, June 8, 1945. "Why belong to the NASD" will be the subject of brief remarks by Ralph E. Phillips, Chairman of the Board of Governors of the Association, following which and to the extent that time permits the meeting will be open for questions and general discussion.

Ralph E. Phillips

The District Committee believes it will contribute to the value of the meeting if members who have specific questions in mind will send them in writing to the office of the District Committee in advance of the meeting and, if possible, not later than May 29. This would assist the Committee in being prepared to discuss the topics of greatest interest to the members but is not intended to debar questions from the floor insofar as time may be available.

Because of the regulations of the New York City Fire Department the capacity of the hall is restricted. It is, therefore, requested that the attendance be limited to one delegate from each house.

Alfred M. Dick Joins Lewis C. Dick Co.

PHILADELPHIA, PA.—Alfred M. Dick, long associated with Hopper, Soliday & Co., is now affiliated with his brother, head of Lewis C. Dick Co., 1420 Walnut street. He will trade in securities and situations in which he has specialized for a number of years. Miss Hilda Williams, who has been on the Street since "way back when," will continue to service her own clientele.

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The Mutual Fund

What It Is—What It Does—Advantages

By WALTER L. MORGAN*

Mutual Investment Fund resources have just exceeded the billion dollar mark by a good margin. Yet I doubt if there has ever been written a clear concise story understandable to the layman rather than the market expert or statistician as to what a Mutual Fund is. What Mutual Funds do, their advantages: what shareholders receive in the form of continued dividends, experienced management, diversification, is a real story. It shows why so many investors are turning to Mutual Funds whether their estates amount to $1,000 or $100,000.

Walter L. Morgan

What is a Mutual Investment Fund?—Let us suppose that you have $500, or even $5,000, to invest. If you invested this money yourself you would buy at most only four or five different stocks or bonds; but, if you and many others combined your money you could buy a much wider list of stocks and bonds for protection and profit.

Now, if you hire experienced investment management to carefully select and watch over your group investments and deposit all these securities with a bank as a safeguard, you would have the equivalent of the modern Mutual Investment Fund.

When and How Do You Receive Your Dividends? — Dividend checks are mailed to Mutual Fund shareholders usually every three months.

What Assurance is Afforded of Continued Dividends? — The amount of your dividends from a Mutual Fund may vary but their continuity is assured because you do not put all your eggs in one basket.

Your money in some Mutual Funds is put to work in over 100 different securities including America's leading companies. I believe your money should be divided among bonds, preferred stocks and common stocks to give you a balanced, or diversified, Mutual Fund.

Interest and dividends on the securities, less expenses, are distributed quarterly irrespective of profits or loss from sales of investments. When net profits are realized on sales of investments they are paid to shareholders and augment regular income.

How Are Your Dollars Invested? — Your dollars are invested for safety and profit in Mutual Funds by spreading them over 20 or more industries. Frequently your dollars are further diversified by spreading them over bonds and preferred stocks as well as commons with reserves established in cash and Government bonds as conditions warrant.

How Are the Assets of Mutual Funds Safeguarded?—First of all, the securities are held by a bank or trust company. Mutual Funds operate under protective investment restrictions, and are audited regularly by independent Certified Public Accountants.

Activities of Mutual Funds are regulated by the Federal Government under the Investment Company Act of 1940, and by laws and regulations of many States.

Who Owns Mutual Fund Shares?—Mutual Fund shares are owned by hundreds of thousands of individuals, many with only a few hundred dollars of savings. Some are large investors.

An increasing number of insurance companies, corporations, colleges, endowment funds, lodges, professional and semi-professional investors are buying Mutual Fund shares as a "sound" investment. This is convincing proof of their suitability for the average investor.

Is Management Important?—Good management is just as important in handling investments as it is in operating such successful companies as General Motors, American Telephone and du Pont. The average investor needs expert financial advice just as much as he needs the advice of a doctor or a lawyer. Experience has proved that merely holding a lot of different securities is not enough. You need expert management too!

Many Mutual Funds have had experience ranging from ten to 20 years, or more, through booms and depressions, in good times and bad. In many Mutual Funds the management record has been notably good—a fact recognized by independent financial authorities and publications.

What Are Additional Advantages?—Shareholders are relieved of many details:

1. They receive in four checks a year their share of many hundreds of dividend checks and interest coupons. This greatly simplifies income tax returns.
2. They do not have to bother with investment changes since these are handled by the Fund.
3. In event of death settlement and continued management of estates are greatly simplified.
4. Quarterly reports keep shareholders fully informed.
5. A market for Mutual Fund shares is guaranteed because you can turn your shares in to the Funds for cash and receive their exact liquidation value whenever you decide to sell.

The real story of the Mutual Fund then is to give aid in solving these fundamental problems facing all investors, how to protect your estate through diversification, make it grow by good management, and obtain continued dividends.

*Condensed from illustrated copyrighted booklet issued by Mr. Morgan who is President of Wellington Fund.

Pennsylvania Brevities

(Continued from page 2512)

stated that the change from producing shells and bombs to making automobile bodies and railroad cars is a tremendous piece of work which will require the spending of millions of dollars and take months to accomplish. New presses are coming into the plant. Old ones are going out. Foundations are being built. Machinists are busy producing new tools. The transition will keep thousands of workers occupied for months.

A note of high optimism was struck with the statement that the company's sales in its first post-war year would exceed those of any pre-war year.

William K. Barclay, Jr., Stein Bros. & Boyce, Edward Boyd, Jr., Harriman Ripley & Co., and Wallace H. Fulton, executive director of NASD, attended this Association's joint governors' and advisory council meetings at Seaview Country Club, Absecon, N. J., last Monday and Tuesday.

Corporation Notes

April net operating income of Pennsylvania RR. was $9,397,623, compared with $8,810,307 in April, 1944.

The Harbison-Walker Refractories Co. of Pittsburgh announces the purchase of controlling interest in Canadian Refractories, Ltd.

Stockholders of Hamilton Watch Co., Lancaster, Pa., will vote at a special meeting June 25 on a recapitalization plan providing for the call of present 6% cumulative preferred and the issuance and sale to common stockholders of a new lower-dividend convertible preferred.

Dealers alert to under-priced stocks possessing speculative merit are favorably disposed toward the common shares of Pennsylvania Engineering Corp. of New Castle.

Through its wholly-owend subsidiary, Pennsylvania Engineering Works, the company manufactures a diversified line of steel mill equipment including blast furnaces, cars, ladles, rolling mill tables, hot blast stoves, gas washers, cupolas, open hearth furnaces hot metal mixers, etc. Funded debt, outstanding in the amount of $419,500 on Dec. 31, 1942, will have been completely retired out of earnings on July 1, 1945. Sales of $2,025,311 in 1944 produced a net profit of $103,363, equivalent to $0.85 per share on the 120,665 outstanding shares. Book value is reported to be $12.92 per share. Current market, about 4.

Pittsburgh Railways Co. operating revenues for 1944 are expected to slightly exceed the $21,292,180 reported for 1943. It is reported that current operations compare favorably with the first quarter of last year. Within the last six months, the company has received delivery of 65 additional cars of the high-speed PCC type and has another 100 cars nearing completion.

These cars are considered to be important factors in gaining and holding patronage and in reducing operating and maintenance costs.

Cobb Part Time Consultant for Army-Navy Liquidation

Augustus S. Cobb, Vice-President of the Bankers Trust Co., New York City, has assumed duties as a part-time consultant and adviser to the Office of the Army-Navy Liquidation Commissioner, Thomas B. McCabe, Commissioner, announced on June 4. The Commissioner pointed out that the appointment of Mr. Cobb is in line with the policy of the OANLC to secure outstanding business leaders to aid in the vast and complex business of disposal of all overseas surplus of the armed forces. In addition to his industrial posts, Mr. Cobb previously served the Government as Director of Conservation, U. S. Fuel Administration, 1918-19; and as Director of Conservation, New England Fuel Administration, 1917-18.

Mr. Cobb began his business career with Cobb & Co., Boston, in 1908, and was associated there until 1917. In 1919, he joined the Bankers Trust, and has been Vice-President since 1922.

His industrial connections include the following:

President and Director of the City Land Company since 1937. Director of the following: Andersen, Meyer & Co., Ltd.; Bankers Safe Deposit Co.; South Porto Rico Sugar Company; Brooklyn Eastern District Terminal; Great Western Sugar Company; Havemeyers & Elder, Inc.; Montana Chrome, Inc.; Scranton & Lehigh Coal Co.; and Metallizing Co.

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The Railroads Face the Future

(Continued from page 2502)

may be soon!—there will be another transition period back into what we all hope and pray will be the lasting ways of peace. Then, too, there will be transportation, as there has always been, and to the extent the railroads can make it so it will be keen, alert, courteous, vigorous transportation animated by a combination of men and management seeking in unity first of all the welfare of all the nation.

This final transition to the ways of peace will of course be in progress to some extent before the completion of the war with Japan. It would be against the whole trend of human nature and of the American spirit in particular to expect otherwise at this propitious time. We are in that phase already with the first plans for reconversion of industry. If this development is so measured and timed as to take up the slack between our productive capacities for a two-front war and a one-front war, then indeed it will be a good thing for us all, as it would cushion the shock of complete reconversion after final victory. I am for it if it will not delay the date of that final victory. Nothing must be allowed to interfere with our collective determination to press the war in the Pacific to the earliest possible completion.

War Burdens of Railroads

As we turn from our maximum war effort toward the first glimmerings of an eventual final peace, it would not do for us to forget the burden which that war effort called upon the railroads to assume. Between World Wars I and II we in America developed a good many types of carriers aside from railroads. Some of these newer carriers had been only in the embryo stage at the time of World War I; it was almost altogether a railroad war as far as regards overland transportatiton. Yet those newer carriers by 1939, the last year of reasonably full peace, had assumed a great deal of the nation's customary peacetime burden of transportation.

In do not need to remind you of the casualties suffered by these auxiliary methods of transportation in the early months of American participation in World War II. Rubber was curtailed, gasoline was limited, submarines came along, even the Panama Canal became out of bounds. The "standby" service of the railroads was called upon again and again just as there was being added to the customary civilian traffic the immense war traffic in materials and supplies demanded by our fighting forces.

What this meant in increased dependence upon the railroads is best expressed in some estimates from the Association of American Railroads. These estimates show that the railroad proportion of total inter-city freight transportation in the United States rose from 62% in 1939 to 70% in 1942 and to better than 71% in 1943 and 1944, when the annual total for all carriers was more than a thousand billion ton-miles. On the passenger side the several agencies of transport (excluding the private passenger automobile, which was really the war's biggest transport casualty) handled a peak business in 1944 of roundy 135 billion passenger-miles. The railroad's proportion of this business rose from 61% in 1939 to 71% in 1944.

Without the tremendous excess capacity of the railroads, this vast growth in our national transportation needs could not possibly have been handled. For this I want to pay a sincere and well-deserved tribute also to the loyalty, devotion and skill of our railroad workers—in particular to the "old heads," whose steadiness and experience have meant so much in the training of the hundreds of thousands of new workers, many of them women and young people, who have rallied to our call.

From Pearl Harbor to the end of December, 1944, the railroads transported approximately 37,200,000 members of our armed forces in special troop trains or in special troop cars attached to regular trains. This figure does not include many millions of railway journeys made by uniformed men and women traveling singly or in small groups in line of duty or on furlough. For the army alone we handled some 28,000,000 men in organized troop movements and 225 million tons of freight and express.

From 1940 to 1944 export freight by railroad more than doubled. Unloadings for that purpose at all American ports in 1940 were 818,000 carloads. This business grew through 1941 and 1942 and 1943 to a record wartime top in 1944 totaling 1,913,000 carloads. In all kinds of freight, the railroads handled during 1944, our last full year of the global war, an all-time record-breaking total of 738 billion ton-miles. This was nearly double the corresponding traffic of 1918, the big year of World War I. In 1944 we likewise broke all records in passenger traffic with a total of 96 billion passenger-miles, which was considerably more than twice the corresponding 1918 performance and, parenthetically, more than four times as large as our pre-war passenger-mile total of 1939.

As a sidelight, I might add that railway employment in 1944 was greater than in any year since 1930, and the railway payroll was the highest in history. Our stake was victory in Europe, and in my opinion it was well earned. The importance of the part the railroads played in the outcome can be recognized, I am sure, without any need of waiting for the verdict of history.

For the immediate future, as I have indicated, our principal duty on the railroads is to concentrate upon transportation for the Pacific War and for those phases of the reconversion program which are already beginning to unfold. That will require no new development on our part—only more of the same we have been doing. For the long-pull post-war future, however, we must first of all agree upon certain guiding principles and hew to the line they set us, come what may, in the certainty that the test of their soundness will be the contribution they make to the solution of the nation's many problems **after** the war. So the question is: **After the war, what?**

The Post-War Problem of Management

One thing I see ahead of us on the railroads after the war is a tremendous challenge in the field of human relations. It has often been said, and truly in my opinion, that the greatest asset of any business is the people who work for it. The challenge which I see in railroading is to make the most of that great asset. We must have the willing co-operation of the men—and the women, too—who man our railroads. We must arouse and maintain their interest and initiative. We must marshal their energy and enthusiasm. We must bring about real understanding— in both directions—between those who supervise others and those who work under supervision.

I want our railroads to lead the way in a truly creative partnership of men and management. As I see it, this involves: the finest selection we can make of new employes; a balanced and sound program of indoctrination and training; a continuing plan for the fullest sharing of managerial information with all railroad workers; recognition and tangible rewards that will stimulate every worker in every rank to put forth his best efforts at all times; and a character of leadership that will win and deserve to win the confidence and loyalty of every individual in the industry.

I do not believe I am setting my aim too high. The first and most important thing we have to recognize in human relations—and it is just as true in any other business as it is in ours—is that there is no clash of interest between those who work and those for whom they work. In the past we have heard too much about capital and labor with one set off against the other. We ought to discard such terminology and the confusion of thought for which it has come to stand. In the better world which we confidently expect to follow this war, our hope of progress lies in having much less competition and much more co-operation in human relations.

Equipment Improvement

Another thing I see ahead of us in the railroad business after the war is to continue on to higher ground in the never-ending evolution of the art of transportation. The railroads of America constitute an industry calling for creative imagination. That industry needs—and after the war is over will greatly need—new equipment, new machinery, new methods. Our task is to meet those needs better and more fully than they have ever been met before.

In the last fifteen years the railroad business has undergone two great tests. First was the depression, which halved the traffic and revenues of the railroads. The railroads met that test with a brilliant record. Not only did they survive, which in itself would have been no mean achievement; more than that, they made in the depression years the greatest strides any American industry has ever made in such a span of time in the improvement of services and operations. Before the books were closed on that great test, the outbreak of war plunged the railroads into another, with rapidly and greatly mounting demands for rail transportation in the midst of unprecedented shortages of men and materials. Ask any man on any street in America how the railroads have met that test, and you will get the ringing answer: "They have certainly done a grand job."

These two tests have demonstrated—if any demonstation be needed—the enormous possibilities of the railroads. As we face the future we must resolve to realize the utmost upon these possibilities in the days and years to come.

The Need of Sustained Traffic

Still another thing I see ahead of us in the railroad business after the war is a struggle to sustain the sources of traffic which furnish the lifeblood of our railroads. It seems to me unnecessary to prove the simple statement that everything else depends upon our success in doing that. Upon our traffic depends the security of employment of our workers. Upon our traffic depends our ability to obtain and utilize the new tools we must have to make the railroads better instruments of service to the American people.

There are some people who seem to be pessimistic concerning the future traffic of our railroads. I am not one of them. We are in the midst of a great industrial revolution in America—a revolution in which new methods, new processes, new materials and new products are changing the industrial map of the country. A similar revolution is going on in agriculture. The end of the war will find us not going back to a pre-war economy but going forward to a post-war economy. There is only one place for the railroads to be in that situation, and that is in the thick of it—keeping abreast of these developments, leading the way to bring the fruits of these developments to the communities, and the people—all the people — in the communities, along their lines.

Certainly, the conversion of American industry from normal production to war production has brought about the greatest pent-up demand for goods of all kinds that we have ever had in America. And still further, our destiny of leadership in the post-war world will open new frontiers for American enterprise greater than this country has had since the settlement of the West.

Those frontiers will be not only in this country but also overseas. I look for heavy exports from the United States for at least five years after the war—and for much longer than that if our business people take full advantage of the foreign trade situation. Europe is devastated. It must first provide housing for millions. Many of its basic industries have been damaged; factories have been demolished; machinery has been destroyed; its food supply is exhausted. Europe must have housing materials, machinery, farm equipment, locomotives, cars. It cannot produce all of this material alone. Much of it must come from the United States.

Latin America, too, which prior to the war went to Europe for so many of its imports, must for a long time continue to look to the United States. It has a starting credit of some five billion dollars in this country which will be used to buy goods here. Then, too, our overseas expeditions during the war have helped to spread knowledge of American products throughout the world. People in other countries know better what we have to offer.

Greater interest is being displayed by our own people in foreign trade than ever before. We are coming to realize more and more that our tremendous post-war capacity to produce will require outlets beyond the seas as well as here. We have a great many orders already on hand and others promised. It will be up to us to fill them so well that our foreign trade will deserve to continue a rate of expansion fully in keeping with the increased consumption which we are expecting here at home. That will be our best and most lasting contribution to world rehabilitation after the war.

Some fantastic things are being said nowadays about the opportunities for American enterprise in the post-war world. I am tempted to take the most fantastic and call it an understatement. If we are really as smart as our American tradition has taught us to be, we can exceed the dreams of our greatest dreamers. I for one believe we will.

I am not prophesying the millennium. There will be many and desperate problems confronting us after the war is fought to a finish. However, I do not think we need to shiver and shake over them. Rather I think we need to look the future full in the face, recognize our assets as well as our liabilities, make courageous plans

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and resolve to see them through. Such a spirit—as I read the record—is the secret of all success we have had in the building of America.

So much for the principles underlying our railway approach to the post-war future. I think they are sound principles and both the railroads and the nation will benefit by our adherence to them.

No Reconversion Problem

For the practical terms of their application, I want to point out that the railroads are one war industry that has no reconversion problem. Our products are ton-miles and passenger-miles. Our tools are locomotives and cars and yards and shops and stations. Both our products and our tools are the same for war or peace. The skills required to operate the railroads are the same for peace or war. We will not have to close down or slow down for one moment to change over.

That does not mean there will be no change on the railroads after the war. On the contrary, there will be vast changes. There will be constructive thinking, constructive planning, constructive performance in both passenger and freight service. I am confident that the next five years (God granting an early end of the Japanese war) will witness the greatest transformation in the tools and methods of the railway business that we have ever had in anything like that period of time—and I do not except even the days of the pioneers.

This transformation will be mainly in the direction of modernization. We were already doing a lot of that, you recall, when this war started. We will pick up where we had to leave off when the war came along, and as promptly as materials and manpower become available we will add all the other things we have since figured out, plus the new developments that can be garnered from what our suppliers and all industry have meanwhile learned. That's a big order—but we have the funds and the plans and the confidence and the courage to carry it out.

Faster Freight Service

One example of the trend we had in progress when the war started was overnight freight service to points far distant—points that previously managed to get along with deliveries twenty-four or thirty-six hours from the time of shipment. Chicago was interested in that, because it was our pioneer MS-1 that made possible such service to Memphis, 527 miles away. It provided pick-up of less-than-carload freight at the close of one business day here in Chicago and delivery in Memphis at the beginning of the following business day. That's an advantage most shippers could—and did—appreciate. I never saw a freight train on which business picked up faster than on MS-1 from the moment of its entry into service. I cite it here as an example of the type of service that makes a railroad liked among its customers. There will be further expansion of such schedules in post-war days. All freight service will be on faster schedules that can and will be maintained with the same fidelity as the schedules of our finest passenger trains.

There will be improvements likewise in freight terminals to expedite and protect shipments and to reduce expense of handling. Special service equipment will also be provided for freight that moves in carloads, particularly perishables and other fast freight. There will be better power, better cars, better track, elimination of terminal delays. Passenger service, too, will be improved. There will be more and better streamline trains, with smart styling, comfort and convenience—all based upon our own studies as well as analyses of the needs and desires of our passengers, both old and new. You know the war brought us a lot of new passengers, many of whom had never been on a train before; we will do our best to keep them for customers.

Also we must not overlook the fact that improvement and maintenance of schedules require a good deal of work and money behind the scenes on the railroads as well as out in the open where the customers see what is going on. It is not a matter of the power and speed of locomotives alone, nor the adaptability of the equipment behind them. We have to start at the foundation, with improvement in the track, and we have to build in added quality and dependability all the way up, including bridges, signals, terminals, communications, cars—and last, but not least, better information and understanding among the personnel charged with getting out the needed performance. It is a long row and a hard one, and we have to hoe it all the way.

These are the lines along which must be exerted our pressure for continuing evolution in the art of transportation. I wonder how many of you have ever called to mind all the improvements in railroad transportation you happen to know about that have taken place in your lifetime. I suggest you try it some time: I think you will be amazed. And unless you have spent a lifetime at railroad work, the improvements you happen to be acquainted with are only a tiny fraction of all that have taken place. There have been vast improvements in all departments—improvements in all the services of the railroad, in methods of operation, in the tools and materials used, in the design of everything that goes into the work of the railroad, even in the training of the workers and the organization of the work. Trains still run on tracks, but that is just about the only thing that hasn't changed, even in my time.

This dynamic quality is one of the outstanding characteristics of the railroad. We cannot stand still. Our business is movement, and we have to keep on the move all the time. We are never satisfied, we cannot be satisfied, with what we have. We must be constantly planning for the better. That is a big part of what we have ahead of us on the railroads, and we will work at it, you may be sure, with all the energy and intelligence of an alert and progressive organization. And the plans we make and put to use will mean a lot to you as business men and citizens of Chicago and to all the people who live along railroads and look to railroads for the bulk of their transportation, both in war and in peace.

Chicagoans especially will have a lot at stake in post-war railroading, for this city has long been recognized all over the globe as the world's greatest railway center. The railroads made Chicago great and can keep her great. They can do so especially in the post-war set-up of industry and commerce, for that will surely require dependable large-scale transportation as an essential part of manufacture and distribution.

And Chicago should be able to rely upon its railroads in the future as it has in the past, for the post-war railroads, to survive and prosper, must have the same sort of confidence and courage that made Chicago so great a railway center. It is the "I Will" spirit—the spirit that can meet and overcome competition. For, of course, we are going to have post-war competition in transportatiton—intense, keen competition. Everybody surely knows there is nothing new in that. The last twenty-five years have witnessed no greater rivalry in any line of endeavor in all this country than the rivalry of competing forms of transportation. The railroads have survived that ordeal; I know of no reason to shrink from anything the future may have in store for them.

No Fear of Competition

As for me, I say of competition: Let it come! Give us policies of government that will be conducive to some semblance of equal opportunity, and the railroads will take care of themselves. Make it truly a struggle for survival of the fittest, and the railroads will not be found wanting. Our generation of railroaders can live up to our greatest traditions.

This they will do, I am sure, because the nation needs them. We must have railroads in and for America—solvent railroads, strong railroads, manned by alert and respected workmen, directed by progressive management, modernized to fit the needs of post-war America, operating under sound policies of government, and commanding the confidence of the American people.

Says F. R. Notes Lack "Metallic" Backing

Edward Henry Neary, Attorney, Points to Statement of Chairman of the Federal Reserve Board That There Is Not Any Tangible Collateral Back of Federal Reserve Currency.

Editor, Commercial & Financial Chronicle:

Is our currency "backed by," or is there "behind" it, or is it secured by, metals, or by reserves of metals?

Twenty-two billion of our $26 billion money outstanding consists of Federal Reserve notes. I limit my remarks to them.

A Federal Reserve note is a written promise by the United States of America to pay dollars to the bearer on demand, i.e., the Government is the promisor, the maker, the debtor. They are issued by the Treasury to the Federal Reserve banks. The bank delivers gold certificates for at least 40% of the amount received, and other securities. (Federal Reserve Act, Sec. 16, 11e.) The Government is therefore secured as against the bank; the F. R. bank issues the notes to member banks upon security delivered by the member banks, which distributes them to the public.

Prior to 1934 the dollar was 25.8 grains troy of gold 0.9 fine (U. S. Code, Title 31, Sec. 314). The transfer of gold was stopped by proclamation of President Roosevelt, effective March 6, 1933, which was approved and confirmed by Act of Congress of March 9, 1933. The gold was gotten into the F. R. banks by proclamation of March 9 and Dec. 30, 1933, and by Treasury Order of Dec. 28, 1933.

The title to the gold was passed to and vested in the United States by the Gold Reserve Act approved by President Roosevelt Jan. 30, 1934. The banks received certificates for the gold expressed in dollars, not in ounces, payable according to law, but the Gold Reserve Act forbids the payment. The next day President Roosevelt depreciated the dollar 10 59/105 grains of gold 0.9 fine to 15 5/21 grains.

Under the Act of March 9, 1933, and the Order and Proclamations, it is a crime to possess gold, punishable by $10,000 fine, or imprisonment for 10 years, or both.

A Joint Resolution was approved by President Roosevelt June 5, 1933, which made void promises to pay dollars in gold coin of the then weight and fineness, the gold clause. This Joint Resolution was held void as to obligations of the United States in Perry v. U. S. 294 U. S. 330. Whereupon Congress adopted a Joint Resolution, approved by President Roosevelt Aug. 27, 1935, which withdrew the consent of the United States to be sued on the gold clause and for damages for the seizure of the gold!

The Chairman of the Board of Governors of the Federal Reserve System on Feb. 20, 1945, made a statement to the Senate Committee on Banking and Currency on S. 510 to reduce the security required of the F. R. banks on the issue of F. R. notes to them. He said, in part, as to the F. R. notes: ". . . gold redemption is now not permitted for domestic use, and gold can be exported only under license" (page 33); ". . . The currency is not convertible into gold" (41); "Surely an obligation of the United States is not improved in credit standing by endorsement of some member bank" (4); that a reserve is not necessary (21, 22, 29, 40, 41, 50); for example, at p. 29, ". . . you might very well issue them without anything back of this currency, anything back of the Federal Reserve note, as I have advocated for a long time. . . . We are practically the only country in the world that requires collateral."

The terms "backed by" and "has behind it" are unknown in law. Promissory notes and bonds are evidences of debt. They can be secured by mortgages on real or personal property and by pledge or pawn which is property in the possession of the creditor, or of a third person in his behalf. The gold and the gold certificates which are delivered as security on the issue of the notes to the F. R. banks are held by the Government, the debtor, not by the creditor. The Government promises to pay gold; it refuses to pay and refuses to be sued; the holder of the notes has no remedy, no recourse; he cannot collect; there is no property subject to his control.

The answer to the question is, No.

EDWARD HENRY NEARY.
Port Washington, N. Y.

Frank Lynch Is Now With Mellon Sec. Co.

Frank Lynch has become associated with the municpal bond department of Mellon Securities Corp., 2 Wall Street, New York City. Mr. Lynch was previously with Blair & Co., Inc. In the municipal department.

Masters With Kuemmerling

(Special to THE FINANCIAL CHRONICLE)

INDIANAPOLIS, IND.—William G. Masters has become associated with Don D. Kuemmerling, Union Trust Building, Cincinnati, Ohio. Mr. Masters was previously with Henry K. Dalzell and Thomson & McKinnon. In the past he was an officer of M. P. Crist & Co.

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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

At the seventy-ninth annual meeting of the National Board of Fire Underwriters, on May 24, the retiring president, John M. Thomas, made a most comprehensive and instructive address. In the course of it he emphatically and plainly refuted the Government's contention that the fire insurance business is a monopoly. Said Mr. Thomas, "we do not concede that our purposes and services are monopolistic."

John M. Thomas

This thesis he developed at some length, effectively and convincingly, and what he said was important. With this in mind, we present some of Mr. Thomas' observations, as follows:

"Any group of men or women in any State, who can meet the qualifications of their State's laws as to character, capital and reserves required, can launch a capital stock fire insurance company. They can enter the business on the same basis as the oldest and most widely experienced of any of the companies in the field. There is available the tabulated, analyzed experience of all the companies over the years, scientifically reduced to a classified rating service resting upon the mathematical accuracy of the law of great numbers over a large area, and supervised by the insurance officials of the States in which any company operates.

"This business is the direct antithesis of monopoly. Without that system of rating, open to all companies on equality of terms, only the very largest companies with the broadest experience on which to base their rates could operate in the public interest. With that system of rating, all can enter on equal terms who can qualify under the laws of their home state. It is equality of opportunity and equality before the law plus equality of access to adequate rates that will protect the public against overcharge and insolvency, and equality in contract terms under the standard policy laws. **Monopoly under such conditions is impossible."** (Boldface is ours.)

In view of Mr. Thomas' unqualified statements to the effect that there is no monopoly in the fire insurance business, with which this column fully concurs, it is of interest to present a few facts.

In the latest edition of "The Spectator" Insurance Year Book, there are listed 372 stock fire-marine insurance companies, 176 mutual fire insurance companies and 41 reciprocal and Lloyds underwriters. Total assets of the stock companies aggregated approximately $3,000,000,000; of the mutuals, $21,000,000, and of the reciprocals, $88,500,000. Total paid-up capital of the stock companies aggregated approximately $353,000,000. Thus, there at once appears to be plenty of competition in the field. First, is the competition between the stock companies and the mutuals, and second, the competition between the 372 individual stock companies.

However, there are certain large groups or "fleets," operating substantially under one management, within which competition may be relatively nominal. For instance, there is the Home "fleet" of 12 companies, the American Fore group of seven companies, the Aetna Fire group of six companies, and the Crum & Forster group of nine companies, to mention a few.

Another point worthy of attention is that there are very few stock fire insurance companies which can be considered as really large, that is to say, having total assets in excess of $100,000,000. According to Best's list of the "50 largest," there are only five such companies, as follows:

Insurance of No. Amer.	$160,999,000
Hartford Fire	160,096,000
Home Insurance	148,632,000
Continental Insurance	137,711,000
Fidelity-Phenix	111,281,000

Companies with total assets between $50,000,000 and $100,000,000 number six; those with total assets between $25,000,000 and $50,000,000 number 15, while 24 companies have total assets of between $10,000,000 and $25,000,000. There are more than 300 stock companies whose assets are under $10,000,000, as follows:

No. of Companies	Total Assets	
6	$9,000,000 to	$10,000,000
12	8,000,000 to	9,000,000
13	7,000,000 to	8,000,000
15	6,000,000 to	7,000,000
26	5,000,000 to	6,000,000
21	4,000,000 to	5,000,000
38	3,000,000 to	4,000,000
42	2,000,000 to	3,000,000
58	1,000,000 to	2,000,000
70	Under	1,000,000

Although these 372 fire insurance companies are stock companies, comparatively few of them are widely enough held to have any market following. For example, only 52 of them are shown in the list of insurance stocks which are daily quoted in the New York Times. If this be monopoly, make the most of it. (Apologies to Patrick Henry.)

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Cartels—A British View

(Continued from first page)

measure of public ownership or control. The process is not only desirable but inevitable. At the same time, a point frequently arises in the growth and development of modern large-scale industries when, by means of absorption, amalgation or simple agreement, commonly called "rationalization," internal competition is eliminated. The industry thereupon becomes, in fact, a national concern of a monopolistic character. The next step is obvious. If you can get rid of internal competition, why not get rid of all competition? Compacts are entered into with similar industries in other countries relating not only to prices, but also to markets (usually divided into specified sales areas), output, patents, and the exchange of information regarding technical processes. They leave the door wide open to grave abuses. Left to itself monopoly tends inevitably towards restrictive policies, and implies the possibility, if not the certainty, of taxing the consumers by maintaining an artificial level of prices, for the benefit of the monopolists.

Nevertheless, a good deal of nonsense is now being talked and written about cartels, and politicians in particular are apt to show rather less than their usual intellectual integrity when discussing the subject. Those of the right would have us believe that many industries which are, in fact if not in name, monopolies, are subject to free competition. Those of the left try to pursuade us that the solution of the problem is to be found in the establishment of the greatest and most powerful monopoly of all—that of the State. The truth of the matter is that the natural evolution of the competitive system which has come to be known as capitalism is towards a concentration of capital which results in monopoly. Over a fairly wide sector of the industrial field free competition is no longer compatible with efficiency. You can't make people compete with each other, if it is no longer in their economic interest to do so. Hence the break-down of the Jeffersonian philosophy, with its conception of individual liberty based on free competition and a genuine agricultural democracy; the triumph of Hamiltonian economics, based on the concentration and consolidation of urban financial and industrial power; and the dilemma which confronts the philosophical radical in a world in which free competition is largely out of date. The large-scale economic organizations of modern times are an inevitable outcome of modern technique, and tend increasingly to make competition wasteful.

The Advantages of Cartels

The problem is sufficiently serious to warrant objective consideration. First of all, what are the facts? The purposes of cartels are good as well as bad. Fundamentally they are an attempt to relate production to demand, in order to avoid cut-throat competition and ultimate bankruptcy. That is why they have been applied so frequently in the past to those industries, such as coal, heavy iron and steel, and the production of basic metals, which are subject to particularly sharp cyclical fluctuations. Take, for example, the European coal, iron and steel industries in the nineteen-twenties. There was an immediate post-war boom, during which productive capacity was built up beyond the requirements of the peak load. Slump came in 1921, followed by a period of deflation, i.e., a fall in the general level of prices, which in Great Britain was aggravated by her return to the gold standard at the pre-war parity of exchange in 1925. Demands for a reduction in wages were resisted by the miners, and resulted in the prolonged coal stoppage of 1926. The miners were beaten, and a period of cut-throat competition between Great Britain, Germany and Poland ensued. Within two years every ton of coal cut in Europe was being sold below the cost of production, despite the fact that the general standard of living of the miners everywhere was disgracefully low. The British clung desperately to the principle of free competition, and ruined their heavy industries in the process. Their export policy cost the coal industry alone upwards of £8,000,000. The Germans adopted a different technique. They carried out a thorough-going rationalization of their heavy industries by means of a scientific concentration of all firms within a single industry, for the execution of common functions by means of a central independent executive. What emerged was a series of great trusts or corporations, encouraged, recognized and supervised by the State, but enjoying extensive statutory rights of their own.

This process involved about 12,000 capital reorganizations or bankruptcies. It resulted, however, in the elimination of almost all redundant and uneconomic units; a concentration of production at a level of efficiency which produced an all-over annual increase of three million tons of pig-iron, ingots, and finished steel; and centralized sales organizations capable of conducting economic warfare with the minimum of loss and inconvenience to the home producer, or, alternatively, of negotiating favorable international agreements. The present writer visited the Ruhr magnates, including Thyssen, in the spring of 1928. They advocated an international cartel for the coal, iron and steel industries of Europe, which would stabilize production, wages, and prices, and equitably divide the available world markets. "The reason your coal industry is never out of trouble," they said, "is that it is comprised of hundreds of separate, competing and mutually destructive units. They won't even speak to each other—so how can they speak to us?" There can be no doubt that the Ruhr magnates were right. The policy of cut-throat international competition proved disastrous to all concerned. The conclusion is inescapable that the only hope of solving the economic problem presented by the heavy industries, and those which produce basic commodities, lies in international control over their output and the distribution of their products.

Cartels Applied to Agriculture

This immediately brings us to another, and allied field—the field of agriculture. Here again we face a problem of potential over-capacity, due primarily to the difficulty of relating supply to demand without variations in price of a character and violence which, in a slow-producing industry, cause intolerable hardship to the producer. Here again the answer is to be found in international control over the production and distribution of primary commodities, through the establishment of an International Commodity Board or Corporation with power to purchase raw materials on a large scale, to store them, to sell them, and to build up buffer stocks for the purpose of stabilizing world prices.

International agreements already exist in respect of wheat, oil, coffee, sugar. They will have to be improved in the light of war experience, and extended so as to cover at least meat, coal, steel, and basic metals. What are they, in essence, but government-controlled cartels? It is clear that we have already moved far beyond the nineteenth century conception of free international competition. Yet if the proposed international organization was made the instrument of deliberately planned expansion designed to initiate and direct a world economic policy based on human needs, a new vista would open up for mankind. We might even convert raw materials surpluses from the menace we have made them in the past into the blessing they ought to be. For, in the long run, overproduction is an anachronism in a world in which great masses of population are, by common consent, inadequately fed, housed, and clothed.

The British Attitude

The British approach to the cartel problem differs from that which is still generally prevalent in the United States mainly because of our different attitude towards international competitive trade. It has been well summarized by one of our leading industrialists, Lord McGowan, as follows: "There are few today who would recommend a return to unrestricted competition as the basis of our economy, either at home or in export markets. . . . The fact is that the very size of the big unit means that its prosperity is directly related to the prosperity of the nation. . . . The only solution is to regulate production and prices and to control competition in the interests of all parties." Also by one of our leading Conservative politicians, L. S. Amery, as follows: "Only a planned and controlled trade and industrial policy can sustain a planned social system in a highly competitive world. The economic stability

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and progress upon which depends all future progress in social reform cannot be left to the chances of unaided individual enterprise in a world of promiscuous international competition."

To us the alternatives are international economic collaboration, or international economic war. We prefer the former. We do not believe that the problem of international cartels can be solved, in the modern world, by the simple process of trust-busting. It is more complicated than that. Nor do we believe that it is either practicable or desirable to revert to the economic anarchy of the nineteenth century. We remember the history of oil, steel and railroads in the United States; and the methods by which men like Rockefeller, Carnegie and Vanderbilt achieved a concentration of production, with a consequent increase of efficiency and dimunition of waste. When he was giving evidence before a committee of the New York Assembly in 1879, W. H. Vanderbilt was asked how he accounted for the Standard Oil monoply. His answer was revealing: "They are very shrewd men. I don't believe that by any legislative enactment or anything else, through any of the States or all of the States, you can keep such men as them down; you can't do it; they will be on top all the time; you see if they are not." The process of industrial concentration in the heavy industries was, in fact, an inevitable development of free competitive capitalism. It would only be repeated under similar conditions. So why attempt to restore them? This is borne out by the comparative failure of the Sherman Anti-Trust Act. It did not prevent the United States from participating before the war in the chemical, plastic, aluminum, magnesium, and electric lamp cartels. And the story of the futile efforts of the Department of Justice to break the aluminum cartel, by a series of lawsuits brought over a period of years, borders on the farcical. The truth is that the magnates who rationalized industry succeeded not only in piling up vast personal fortunes, but also in solving the problem of production. The problem that remains for us to solve is the problem of distribution.

British Policy

In Great Britain we propose to attack this problem along three lines. First, by the policy of planned economic expansion, designed to achieve a high level of employment. Second, by a purposeful direction of trade, involving control over the import of food and raw materials, designed to secure that the demand for necessities is satisfied before the demand for luxuries is met. Third, by a system of social security organized by the State.

A large portion of the industrial field will be left under any Government, in private hands, and subjected so far as possible to the free play of competition. But private enterprise can only flourish on the basis of confidence; and the greatest enemy of confidence is uncertainty. It will therefore be necessary to fix a clear line of demarcation between those industries which, owing to their basic national importance or monopolistic character are to be subjected to control of one kind or another, and those which are not. The controls will take many different forms, ranging from the development of semi-autonomous Public Corporation, through statutory Industrial Boards, to certain general regulations. In very few cases will they take the form of complete Government ownership, which, through an overconcentration of organized political and economic power, constitute by their very nature a direct menace to the freedom of the individual citizen. The great advantage of "amphibian" forms of ownership and control is that they avoid the omnipotence of uncontrolled State domination, retain a certain degree of flexibility, and preserve the constitutional checks and balances which are essential in a democratic society.

Offsetting Cartel Dangers

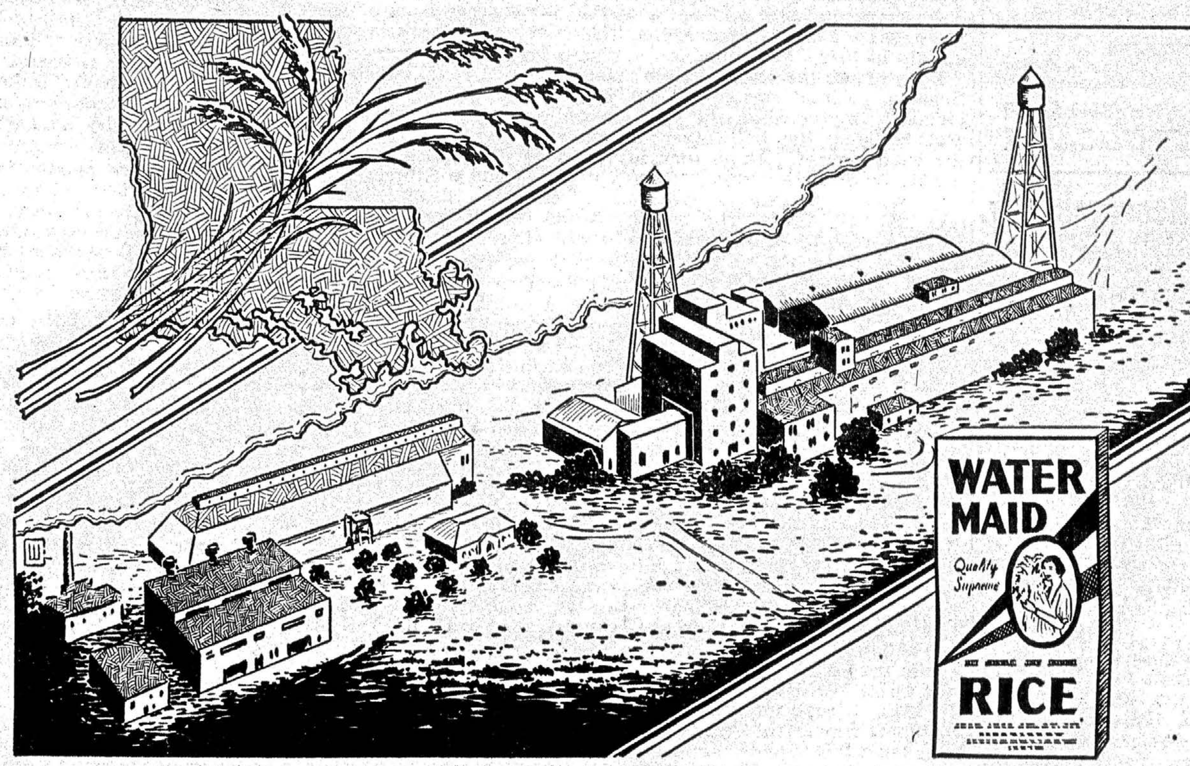
So far as monopolies and cartels are concerned, the main dangers to be guarded against are (1) the restriction of output, (2) the suppression of technical improvements, and (3) monopoly profits, resulting in a reduction of demand and excessive savings. The methods by which these can be averted are, first and foremost, the weapon of publicity. All trade associations should be required to deposit the details of their articles of association in an office, where they are open to public inspection. No firms or associations should be permitted to enter any cartel arrangement with any firm or association operating outside the country without the sanction of the Board of Trade or Department of Commerce, or Congress. Finally the accounts of all monopolistic concerns, including up-to-date information on unit costs, should be furnished to the appropriate Government Department, which would make an annual report to Parliament. The prospect of such controls has been generally accepted by British industry, for it is now widely recognized that monopoly and control go hand in hand—that public control over the monopolistic world removes the free choices of the few only, and that this in turn means no more than the removal of instruments of economic exploitation over the many. As R. H. Tawney has pointed out, the fundamental choice is not between private enterprise and socialism, but between monopolies which are private and irresponsible, and those which are public and responsible. Some revision of the patent laws would also seem to be called for, to prevent the permanent underwriting of private monopoly. Along these lines we believe that, in the words of Professor Hansen, monopolistic organizations and corporations can be made the servants of a well-functioning economic and political society, and not its masters.

The solution of this particular problem, as of so many others, lies neither in a completely free or a completely planned economy, but in a compromise between the two, involving intermediate organizations of varying types. This of course is unpalatable to politicians, who like their issues kept simple. Unfortunately, life is no longer simple; and never will be again. The root of the whole matter lies in the conscious pursuit of an expansionist economic policy by the principal industrial countries. Insofar as the major fluctuations of the trade cycle are eliminated, and a high degree of stability is achieved at full-employment incomes, the necessity for restrictive policies of any kind will be diminished.

Hoit, Rose & Troster Opens Atlanta Office

C. B. Blakeman to Be Mgr.

ATLANTA, GA.—Hoit, Rose & Troster, New York investment firm, has opened an office in the First National Bank Building under the management of Chester B. Blakeman. Mr. Blakeman was in the past a partner in Dobbs & Co. and was with Jackson Bros. & Boesel.



Making Rice an Important American Food

THE Louisiana State Rice Milling Company, Inc., America's largest rice millers, with headquarters in Abbeville, Louisiana, operates seven milling plants—five in Louisiana and two in Arkansas—with a daily capacity of more than two million pounds of milled rice.

The Company was organized in 1911, combining some thirty-odd mills, many of which were small and poorly located, into fewer and larger producing units and making possible the development of a single merchandising organization on a national and international scope.

For 34 years, the policies of the Company have been guided or largely influenced by one man, Frank A. Godchaux, first as president and now as chairman of the board and executive committee, with his son, Frank A. Godchaux, Jr., as president. The central theme of his policy has been the improvement of the quality of rice grown in America's rice belts of Louisiana, Arkansas, Texas and California and the standardization of the top quality of each of the better varieties into branded consumer units. This policy has had two objectives: to increase America's rice consumption, and to develop America's rice industry by making rice growing more attractive to farmers.

The plan for identifying the quality of rice through branded consumer units has developed from a very small beginning in 1928 to the placing by this Company of more than fifty million labels, from 12 oz. to 10 lb. in size, on consumer shelves during the season 1944-45.

In line with the rice industry development program and in response to the need for more rice as "food for freedom", acreage in this country has increased from 783,327 in 1935-1936 to a proposed planting of well over 1,500,000 acres this season.

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Van Ells Research Mgr. for F. P. Ristine Co.

F. Henry Van Ells has become associated with F. P. Ristine & Company, members of the New York Stock Exchange, as Manager of the Research Department in the New York office, 15 Broad Street. Mr. Van Ells for the past two and a half years has been associated with Blair & Co., Inc., investment bankers, and prior to that was a member of the staff of the "Wall Street Journal" for 12 years, specializing in railroads. He is a graduate of Georgetown University and the Graduate School of Business Administration, Harvard University.

F. P. Ristine & Company, organized 33 years ago, have been members of the New York Stock Exchange for the past 30 years under the same firm name. In addition to New York, offices are maintained in Philadelphia and Elizabeth, Westfield and Ridgewood, New Jersey.

Giger St. Louis Mgr. for E. H. Rollins

ST. LOUIS, MO.—E. H. Rollins & Sons, Inc., announce the appointment of Harold H. Giger as Manager of their St. Louis office. The firm has also moved its offices to new quarters in Suite 605 of the Boatmen's Bank Building.

Mr. Giger is well known in St. Louis financial circles and was formerly President of his own firm, Giger & Co. Before joining E. H. Rollins & Sons, Inc., he was Manager of Selected Investments Company's St. Louis office.

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Railroad Securities

Atchison, Topeka & Santa Fe

As compared with the major transcontinental western carriers, Atchison has been the war's greatest beneficiary. Whereas gross revenues in the 30s averaged $150 million and net available for charges around $22 million, gross revenues have risen to well over $500 million in 1944 and net available for charges during the past three years has averaged $70 million with peak earnings of $85.5 million in 1942.

Even before the war Atchison's financial position was considered virtually impregnable, the General 4s being the bellwether of the bond market. At no time in the 30s, with the exception of one year, were fixed charges covered less than 1½ times. The strong financial position of this road was inherited from one of the most drastic reorganizations ever undergone by a Class I railroad. Today financial position of the road is even stronger since during the war period virtually all of the underlying divisional liens have been retired with funded debt $243.7 million as compared with $334.5 million at the close of 1940. Fixed charges in the same period have been reduced from $13.3 million to about $9 million currently.

Capitalization now consists of $151.9 million of General Mortgage 4s and $51.2 million of Adjustment Mortgage 4s, both non-callable, and $7.5 million Convertible Debenture 4s due 1955, callable at 110. Since financial position is very strong with net current assets $49 million as of Feb. 28, 1945, it seems reasonable to anticipate retirement of this issue some time this year.

Summarizing the financial improvement of this carrier in the past 8 years, working capital has increased $2.9 million and funded debt reduced $66.0 million or $68.9 million combined. This is equivalent to 22.2% of funded debt outstanding as of December 31, 1936.

During the same period gross capital expenditures of this system have amounted to $253.3 million, equivalent to $14,686 per equated track mile and $616.3 million for maintenance of track and equipment, equivalent to $35,731 per equated track mile.

No brief summary of Atchison would be complete without emphasizing the complete physical rehabilitation of roadway and equipment. Of the total gross capital improvements recorded probably two-thirds has been expended during the war period and amortized under Certificates of Necessity as emergency facilities for war purposes. In this connection it might be pointed out that Atchison was the first carrier to Dieselize a complete division, 61 of the 5400 h.p. freight engines being installed in the Winslow Division operating over the mountains between Arizona and California. Centralized traffic control has been installed in large segments of this road with more promised during the balance of the war period and the early post-war period. Sizable operating savings should result from the combination of these factors.

Post-war earning power of the Atchison as well as that of most Class I railroads depends largely on economic conditions during the post-war era and the gross revenues which the Class I railroads are destined to obtain. There are, however, two particular developments which are likely to result in gross revenues relatively greater than those of other Class I carriers. The first and most important is the sizable industrial growth of the Pacific Coast area which it serves. Whereas the Pacific Coast area was formerly primarily agricultural the war has transformed it into an important industrial area and a substantial portion of that industrialization is likely to carry over into peacetime. Almost as important for an agricultural carrier such as the Atchison are favorable agricultural prospects. Whereas prior to the war there was a surplus of agricultural produce, there will doubtless be a substantial demand for all of the agricultural produce which can be grown in this and other territory for a series of years following the war. In other words, this carrier will not labor under the handicap of an AAA with its economy of scarcity which policy was so damaging to carriers operating west of the Mississippi.

Assuming gross national income post-war of $125 billion Atchison should have gross revenues of between $275 and $300 million. Assuming an operating ratio of 70%—in 1941 when operating revenues were $225 million operating ratio was 69.72%—post-war earnings should attain levels of $15 per share or more on the present common stock. With finances strong the dividend might, in the event that our forecast be realized, be increased to $8 per share. Atchison is one of the outstanding conservative investment rail equities and offers an exceptionally high yield in the current market—6.3% at current level of 95.

OUR REPORTERS' REPORT

A recapitulation of new financing carried through during May and the first five months this year indicates that the underwriting industry bent its back in an effort to get new issues to market in advance of the Treasury's current War Loan Drive.

That bankers accomplished a real job is best shown by the fact that, despite depleted staffs, underwriters and their dealer organizations were able to market a total of thirty-three bond issues with a value of more than $300 millions, and almost a similar number of new stock issues with a value, at offering prices, of around $120 millions.

Meanwhile a formidable array of secondary offerings were brought to market and distribution completed. Operations set a thirteen-year record for the month even though the business handled was substantially less than in April.

For the five months to May 31, bankers brought to market more than 110 new bond issues having a value of upwards of 1.7 billions, making it the heaviest for any comparable period since 1936.

In addition to bond offerings the industry handled some ninety stock issues with a value at offering prices of upwards of $275,000,000. All in all the bankers had little to complain about beyond the fact that severely cropped working forces offered something of a handicap.

Corporate Front Quiet

Investment interests were not even given much to gossiping this week as all hands turned to on the War Loan. Except for sales of tax exempts by a few institutions, and those for the purpose of raising funds for the purchase of the new Treasuries, there was hardly a ripple in the new issue market.

As a matter of fact there are widespread indications that many active traders, who seldom get far away from their desks in the ordinary course of events, are pulling away early these days and getting around to see prospective clients for the Seventh War Loan.

Plans New Preferred

Panhandle Eastern Pipe Line Co.'s announcement of plans to retire its $14,387,220 of 5.6% preferred stock brought another prospective issue into sight for July marketing.

The company will ask shareholders to amend the certificate of incorporation, at a special meeting July 6, next to authorize a new preferred stock issue of 150,000 shares of $100 par.

It is calculated that sale of the new shares, after costs, would yield the company slightly more than the amount needed to retire the outstanding stock.

Delaware & Hudson

With stockholders voting today on the projected merger of Albany & Susquehanna R.R. now operated under lease, into Delaware & Hudson, it is expected that the latter soon will take up for consideration the job of refinancing its funded debt.

Aside from making for substantial interest savings, such an operation, it is expected, would be so arranged as to relieve the D & H of its obligation to dispose of its holdings of New York Central by May 1, next year, as provided for under terms of the bond extension plan worked out in 1943.

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Bartow Leeds Co. Is Formed in New York

Formation of Bartow Leeds Co. to deal in United States Government securities, and State and municipal bonds, is announced by Francis D. Bartow, Jr. and Donald D. Leeds. The new firm will clear through J. P. Morgan & Co. Incorporated.

Mr. Bartow has been associated with the Discount Corporation of New York since 1931. Four years later he was elected Assistant Secretary-Assistant Treasurer and in 1938 was elected Secretary, resigning last month to form the new partenrship. He is a graduate of Phillips Exeter Academy, Class of 1927, and Williams College, Class of 1931.

Mr. Leeds started his business career with the Importers and Traders National Bank in 1922 and two years later entered the employ of the Discount Corporation. He was elected Assistant Treasurer in 1939 and Assistant Vice-President in 1943. For the past three years he was the Discount Corporation's head bond trader.

Carroll Ward will be Manager of the Municipal Department. Mr. Ward was formerly a partner in F. P. Long & Co. and Hoit, Rose & Troster. Offices of Bartow Leeds Co. will be at 57 William Street, New York.

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Financing Small Business Joint Work of Government and Banks

(Continued from page 2502)

in making small business loans because the risk involved is spread amongst a group instead of concentrated in one bank.

I do not believe that any one group can cure the financial problems of small business. It needs the considered efforts of the Government and private organizations working in close harmony. With this thought in mind RFC is endeavoring to support the banks of the country in a program of sound long-term credit, particularly to small business on terms as favorable as those enjoyed by big business. The Directors of RFC realize that long-term credit must be extended to deserving small enterprises that possibly heretofore have been unable to obtain such credit, so for months past they have been endeavoring to find a basis upon which to assure industry, particularly small industry, of the availability of sufficient long-term credit to convert effectively to peacetime production and to assist in the post-war economy. However, RFC wanted this credit to be made available to business if possible through the usual credit sources.

During the period following the termination of the war, private initiative and free enterprise will be required to absorb the shock of returning to peacetime economy. Small business, I believe, will play a major part in this economy. RFC will do all in its power to preserve and to augment the thousands of small businesses throughout the country.

I doubt whether any one is in a position to state what amount of credit will be needed in the transition period by either small or large business. The Directors of RFC, from past experience, believe that there may be an unprecedented volume of applications for business loans during and subsequent to the period of reconversion and for early peacetime production.

It was on this premise that RFC's Blanket Participation Agreement was authorized. Under this program a bank may enter into an overall automatic agreement with RFC, to make loans not to exceed $250,000 to a borrower, up to a ten-year period, with RFC insuring up to 75% of the risk. This agreement permits banks to make loans thereunder, subject only to a few conditions (solvency, collateral, and salaries), according to their own judgment and without requiring initial approval by RFC (except as to salaries paid by the borrower which is a requirement of the RFC Act). In other words the entire responsibility, with respect to approving and servicing these business loans, rests with banks. With this agreement you can see that we show our complete confidence in banks, which is as it should be. This program ought to be attractive to all banks. The effect of the agreement is to permit banks to make loans in excess of their loan limit and to take more risk than they would ordinarily take.

This new RFC program should be the means of assuring business that long-term credit is available, through banks, for peacetime production. And it is hoped that it will also encourage private banking to assist in creating and developing new commercial and industrial enterprise after the war.

One of the principal results of this Blanket Participation Agreement, in our opinion, will be to encourage maximum employment.

In addition to the Blanket Participation Agreement just mentioned, RFC will continue its program of making secured loans directly to business enterprises where banks do not find it possible to supply the needed credit.

RFC has also announced that in order to be of practical assistance to industry in war production and at the same time assure manufacturers of contract termination and reconversion assistance, it was ready to supplement its present type of business loan by making loans sufficiently flexible to provide working capital not only for war contracts and subcontracts, but also for civilian orders and at the same time to include in such commitments contract termination interim financing. In addition RFC also announced that loans and guarantees under the Contract Settlement Act of 1944 would be made.

Because of the magnitude of RFC's operation, many believe that the Corporation deals primarily in large loans, that it helps only big business. The record of RFC clearly indicates the contrary to be the fact. It is the small businesses which have been most often assisted. What RFC is doing and is prepared to do for small businesses is not generally known. Over 20,000 loans of $100,000 or under have been authorized by it to small business. And the Directors of RFC realize that their responsibility for providing financial assistance to small business in the post-war period will possibly be greater than ever before. With its broad powers and flexible organization, RFC is in a position to adopt new programs to meet new conditions and problems with which industry and business may be faced.

It is not only during the period of loan consideration that the Corporation's staff renders valuable aid to an applicant. After loans are made every talent of the Corporation is available to both small and large borrowers and it is during the administrative period of a loan that an advisory service, if requested, is available that may often prevent recurrence of unfavorable experiences. Many borrowers have advised us that such services and cooperation during the life of the loan have been most valuable to them.

Briefly, RFC with or without bank participation is prepared to exercise its powers and use its facilities whenever and wherever needed to:

(1) Make loans against terminated contracts and subcontracts for the purpose of making funds available for other war production;
(2) Make loans for civilian production, and for reconversion and other purposes;
(3) Finance plant and equipment reconversion, to finance new equipment and plant purchases and to finance surplus property and surplus equipment purchases;
(4) Make business loans to returning veterans under its own veterans loan program, and to perform its present functions as well as others which the Veterans Administration may request under the Servicemen's Readjustment Business Loan Program; and
(5) Make commitments now for future loans so that industry may proceed with plans for rehabilitation and reconversion.

In summarizing, it is my opinion that together banks and RFC can solve the financial problems of small businesses which are capable of and entitled to solution during the reconversion and post-war periods.

Condemns Refusal of South American Countries to Pay External Obligations

Says in Many Countries, Especially Brazil, Business Is Booming

Editor, Commercial and Financial Chronicle:

The writer, sole proprietor of the firm of Sloan & Wilcox, recently returned from a two months tour of South America, traveling by air down the West Coast of Santiago, Chile, then to Buenos Aires and up the East Coast, visiting all countries except Paraguay and Venezuela.

The firm has been active in the distribution of South American bonds. The purpose of my trip was to obtain first hand information regarding business conditions in the various countries. In visiting the stock exchanges in the different countries, I noted that in many cases their internal bonds were paying full interest and selling at prices close to par, while the external bonds were paying but a minor portion of their interest and in some cases none at all. In the plans that have been proposed to holders of bonds of various South American countries, they have asked as much as a 50% reduction in the principal amount plus a heavy interest reduction. After seeing the business conditions in many of these countries, especially in Brazil where business is booming, it is rather difficult to convince one's self as to why these plans should be accepted.

The American bond holder who invested his money in good faith in South American securities should not be asked to take such a substantial reduction on his investments.

DONALD C. SLOAN

Portland, Oregon
May 26, 1945.

Richard W. Wagner With Coburn & Middlebrook

Richard W. Wagner has become associated with Coburn & Middlebrook, 1 Wall Street, New York City. Mr. Wagner was formerly with J. Arthur Warner & Co. and in the past was an officer of Wagner & Workmaster.

Subsidy Bill Passed, Returned to Senate

The subsidy program for meat, butter, flour petroleum and strategic metals, which would have expired June 30, is to be extended for an additional year under legislation which the House passed and returned to the Senate, according to an Associated Press dispatch from Washington, May 28.

The amounts authorized were: Meat, $595 million, an increase of $35 million over the figure approved by the Senate; butter, $100 million; flour, $190 million; petroleum and petroleum products, $290 million; copper, lead and zinc, $88 million; miscellaneous strategic materials, $100 million; materials and commodities produced outside the United States, $80 million; and rubber and rubber products produced outside the United States, $60 million.

The entire program is handled by the Reconstruction Finance Corp. and its subsidiaries.

The House struck from the bill a Senate requirement that premiums on copper, lead and zinc may not be cancelled during the life of the legislation.

It added a new section relieving slaughterers of liability for the refund of subsidies to which they were not entitled, provided the Director of Economic Stabilization determines that the recipient acted in good faith.

REQUEST FOR BIDS

THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY (hereinafter called the "Company") hereby offers to sell, and requests bids for the purchase of 59,400 shares in a single block of the common stock of THE WHEELING AND LAKE ERIE RAILWAY COMPANY, owned by the Company. A circular letter containing the terms and conditions of the Company's offer, as well as a form of proposal for use of prospective bidders, and a form of acceptance (all of which, when executed and delivered, will constitute the Company's Contract No. 1945-1) are on file and may be inspected by any interested party at the office of the undersigned, No. 405 Wabash Building, Pittsburgh, Pennsylvania.

Bids for the purchase of said stock must be submitted to the undersigned at his aforesaid office on or before twelve o'clock noon on June 13, 1945, and bids received after that time will not be considered. Bids will be opened by the undersigned at his aforesaid office at 2:00 o'clock P.M. on June 13, 1945.

Bids must be prepared and submitted on forms of proposals prepared by the undersigned, and must comply with the terms and conditions stated in the Company's circular letter aforesaid; copies of said proposal forms and circular letter can be obtained by any interested person on request from the undersigned. Any interested person desiring other information regarding this matter may obtain the same by applying to the undersigned.

The Company reserves the right to reject any and all bids.

Dated May 28, 1945.

CHARLES J. GRAHAM, President,
The Pittsburgh & West Virginia Railway Company
405 Wabash Building,
Pittsburgh, Penna.

NOTICE OF REDEMPTION

To the Holders and Registered Owners of

READING COMPANY

General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds, Series A, due January 1, 1997

General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds, Series B, due January 1, 1997

NOTICE IS HEREBY GIVEN, pursuant to the provisions of Article Four of the Mortgage and Deed of Trust dated January 2, 1924, of Reading Company to Central Union Trust Company of New York (now Central Hanover Bank and Trust Company), Trustee, and the provisions of the above mentioned Bonds secured by said Mortgage and Deed of Trust, that Reading Company has elected to redeem, and will pay and redeem on July 1, 1945, all of its General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds of Series A and Series B, and on said date there will become and be due and payable upon each of said Bonds so to be redeemed, at the office of Central Hanover Bank and Trust Company, 70 Broadway, New York 15, N. Y., one hundred five per cent. (105%) of the principal amount thereof, together with accrued interest to July 1, 1945, and said Bonds are required to be then presented at said office for payment and redemption.

Coupon Bonds must be accompanied by all coupons thereto appertaining, maturing on and after July 1, 1945. Bonds in fully registered form, or in coupon form registered as to principal, must be accompanied by properly executed instruments of assignment and transfer in blank. Proper ownership certificates covering July 1, 1945, interest coupons should accompany the Bonds when presented for payment.

Interest on all Bonds hereby called for redemption will cease to accrue from and after July 1, 1945, and any interest coupons maturing after said redemption date which appertain to said Bonds in coupon form shall be void.

READING COMPANY
By R. W. BROWN, *President.*

May 2, 1945.

PREPAYMENT PRIVILEGE

Holders and registered owners of the above mentioned Reading Company General and Refunding Mortgage Four and One-Half Per Cent. Gold Bonds of Series A and Series B, called for redemption on July 1, 1945, may at any time on and after May 2, 1945, obtain payment of the redemption price of said Bonds, together with interest accrued to July 1, 1945, upon surrender of their Bonds in the above manner.

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Federal Reserve Bank of St. Louis

UNITED STATES
GOVERNMENT SECURITIES

A Primary Market Serving

Corporations • Banks
Institutional and other Investors

BANKERS TRUST COMPANY
16 WALL STREET, NEW YORK

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The feature of the government bond market is the sharp demand for the taxable 2½s due 1967/72. . . . The belated recognition of the appreciation possibilities in this bond carried market prices of this issue to new all-time high levels. . . . Despite the advance that has already taken place in this obligation, it is still the highest yielding long-term taxable issue that can be bought by the commercial banks. . . .

Accordingly, recommendations are being made to these institutions that they continue to confine their commitments in the long-term taxable obligations to the 2¾s due 1967/72. . . .

It is still the opinion of astute followers of the government bond market that this issue will eventually reach levels of between 106½ and 107. . . .

RESTRICTEDS ON MARCH

A good demand was in evidence for the restricted issues with the 2¼s due 1956/59 again moving into new all-time high ground. . . . It was reported that the savings banks were still letting out the shorter maturities of the 2s with the proceeds being invested largely in the restricted 2¼s. . . .

The insurance companies were reported to be buyers of the restricted 2¼s and 2½s with the funds obtained from the sale of municipals and partially tax-exempt Government bonds. . . .

SWITCHING

Considerable switching and portfolio rearrangement is going on, with indications that there is selling of the 2s due 1949/51 and the 2s due 1950/52 because of their vulnerability to the new 5½ year 1½s. . . . The proceeds from the sale of these securities are being put to work in the 2s due 1951/53, the 2s due 1952/54 and the 2½s due 1967/72. . . .

Other exchanges reported were out of the 2½s due 1952/54, the 2¼s due 1952/55, and the 2½s due 1956/58, into the 2½s due 1967/72. . . .

The trend in Government security purchases is still toward the longer maturities with the larger income. . . .

WHAT THEY LIKE

In order that institutions which contemplate moving out of the shorter maturities or have new funds to invest, may get the benefits of the ideas of the large bank portfolio managers, a list of the issues that these experts consider attractive at this time, has been made available to the out-of-town banks. . . .

The securities favored in the intermediate maturities, are the 2s due 1951/53, and the 2s due 1952/54. . . . The only long-term issue advised is the 2½s of 1967/72. . . .

The sale of the 2½s of 1956/58 with the funds to be invested in the 2½s due 1967/72 is still being advised by most of the portfolio managers. . . . It is indicated that individuals are selling a few of their restricted 2½s to use the funds to buy the 2¼s and 2½s being offered in the drive. . . . The profit is available to holders of the old outstanding restricted issues and individuals are taking them down at these levels. . . .

CAUTIOUS

The absence of selling by insurance companies in the 2½s, who are reluctant to let out these bonds, because of the fear that if they do, they will get no more of them, has kept the market steady to better on these obligations. . . .

It is not expected that prices of the restricted bonds will be under much pressure unless there is selling by the largest holders of the bonds, the insurance companies. . . .

PARTIAL EXEMPTS

A further increase in the floating supply of the partially exempt issues is indicated. . . . It is reported that the insurance companies will continue to let out these bonds, with the proceeds being reinvested in the outstanding restricted issues or the drive obligations. . . . This will be the extent of the "normal portfolio adjustments" by these institutions during the Seventh War Loan. . . . Certain of the intermediate maturities of these bonds do not give as large a "tax free yield" as do the taxable issues. . . . This resulted in some selling of the middle term partially exempts to bring them in line with the taxable issues. . . . The last four maturities of the partially exempts are considered the most attractive obligations in this group. . . .

Based on that fact institutions that needed tax shelter came into the market the early part of the week, and pushed the prices on these four issues up three to four-thirty seconds. . . .

LARGER "FREE" YIELD

The 2¾s due 1960/65 is the bond considered the most attractive of the last four maturities of the partially exempts. . . . It was pointed out that the "tax free yield" on this obligation is still in excess of that available in the longest taxable, the 2½s due 1967/72. . . . Over a period of time the "tax free" yield of the partially exempt and the taxable issue tend to equalize. . . . This would mean higher prices for the 2¾s due 1960/65. Also the 2¾s due 1960/65 has a maturity advantage of seven years over the taxable 2½s due 1967/72, and this should entitle the partially exempt obligation to sell on a lower "tax free yield" than the longer taxable bond. . . .

WISHFUL THINKING?

There is considerable talk to the effect that the Treasury may lift the restrictions, in the next year or two, on the 2½s so that the commercial banks can buy them. . . . Some traders believe that this talk has resulted in buying of the restricted issues by those who are in a position to do so. . . . The Treasury, which has such complete control over the money markets and wants to finance the deficit at as low a cost as possible, would not derive any direct benefits from such change in procedure. . . .

Since the Government will most likely issue only low coupon short term securities to the commercial banks in financing the deficit in order to keep down bank earnings, there seems to be very little logic to this talk of a near future change in the restrictions of the 2½% bonds. . . .

F. Eberstadt Urges Overhauling of Securities Act As Aid to Post-War Business and Employment

(Continued from first page)

that we have yet achieved in this country, we will also need a volume of private investment beyond anything heretofore reached. Otherwise government will have to furnish the necessary funds at the cost of the taxpayers.

In addition to its stimulating contribution to post-war business and employment, an active private investment market can make a further very substantial contribution to our national economy through furnishing from private sources, a large amount of the funds necessary to purchase surplus government owed war plants and equipment, with resulting reduction of our governmental deficit to the considerable benefit of the taxpayers.

How high the total volume of post-war investment will be is a matter of opinion. The differences amongst authorities is considerable. A recent release of the Securities and Exchange Commission seems to indicate that, in their opinion, business will not need substantial additional funds. A more recent report of the 20th Century Fund indicates that requirements may run as high as 28 billion dollars per annum. In 1929 the total of corporate flotations amounted to over 10 billion dollars and the average for 10 years preceding amounted to over 5 billions per annum. The largest amount of corporate flotations since 1933, when the SEC was established, was $4,600,000,000 in 1936. Not all of this, of course, needed to be registered with the SEC. The average amount of flotations for the years 1934 to 1944, inclusive, was 2.2 billions. There is more than a mere coincidence between volume of investment and degree of employment.

Adopting the relationship between flotations in 1929 and the gross national product that year, if we are to have a gross national product of 160 billions in the post-war years, we can expect flotations of around 16 billions per annum. A large part of such flotations will require registration under the Securities Act of 1933. The largest amount of new issues registered with the SEC was slightly under 4 billions in the year 1936. If the issues to be registered with the SEC during the post-war years amount to 16 billions per annum, they will approximately equal the total amount of the registrations with the SEC during the 10 years from 1935 to 1944, inclusive. I question the ability of the present mechanism to carry this burden.

There will unquestionably be a strong demand for investment funds to reduce costs through refunding, to convert plants from war to peacetime uses, to increase efficiency through new plants, equipment, and installations; to start new businesses and to expand present ones—to say nothing of the demand for funds from abroad, the importance and probable magnitude of which has been referred to in your reports.

There is already considerable evidence of a strong and growing demand for such funds on the part of business, large and small. Its outstanding performance during the war, has restored the confidence of American business, which was badly shaken during the depression and the years that followed. Business men are now more eager than ever to go ahead, armed not only with greater technical knowledge but also with a fuller realization that enlighteed social and labor policies are good business. Industrialists generally realize that if we are to have sustained good business, they must pay good wages, must constantly reduce their costs and must sell a constantly improved product at decreasing prices to the consumer. This process requires the efficient use of large amounts of capital—an art in which Americans excel.

On the other hand, there is no doubt of the existence of tremendous funds in private hands eager for productive private investment. In the 25 years that I have been connected with this business, I have never seen anything like it, not even in 1929.

However, in spite of the tremendous amount of capital which is available and the great need and desire of business to obtain and use it, the union of these two will not come about in the desired measure if there remain serious obstacles to the transfer of this private capital to business enterprises.

Under the laws now on our statute books, the major portion of private investment is subject to the provisions of the Securities Act of 1933, as amended. This is one of the four principal statutes administered by the Securities and Exchange Commission, the other three being the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940. All of these Acts affect private investment. The oldest has been on the books for 12 years, the shortest for about 5 years. Thus considerable experience in their operation has been obtained by the SEC, by the investment banking fraternity and by business. The results of experience over these years are available to your Committee.

The importance of active private investment markets in relation to post-war business and employment, is such as, in my opinion, to justify a thorough examination by your Committee of these statutes and the practices, rules and regulations adopted by the SEC pursuant thereto with a view to keeping that portion which is sound and constructive and to eliminating that portion which is unnecessarily obstructive, cumbersome, dilatory, and expensive.

I would like to make it very clear that I am not suggesting the repeal of all or any of these Acts. In my opinion if the investment banking fraternity were faced with the alternative of the Acts as they are or repeal in toto, I believe that they would prefer the former. But those are not the only alternatives. The constructive course, it seems to me, is to review these Acts and their administration in the light of experience, looking not to their elimination but to their improvement.

Nor do I suggest that the penalties for malfeasance be lightened. On the contrary, I see no objection to maintaining or even increasing their severity where fraud or other malfeasance is clearly present.

I do, however, question the wisdom of handicapping our post-war recovery by retaining unnecessary burdens of time, work and expense upon the great majority of business people, large and small, who approach the private investment capital market with no sinister purpose but solely in response to their understandable ambition to start or to expand legitimate enterprises for the benefit of themselves, their families, their workers, and their customers.

You have invited attention to the importance of foreign loans. This is a long story but I hazard the guess that no substantial amount of private foreign loans is likely to pass through the fine mesh of the filter of present laws and regulations. Our own people may have to continue to follow the present complicated and intricate procedures in order to get private capital, but the foreign borrower will prefer the simpler procedures of the London market.

Our firm was one of the very first to accept this legislation in good grace and to act under it. During the 12 years since 1933, we have handled issues under these Acts running into many millions for a wide variety of companies, mostly of moderate size. Our relations with the members of the Commission and its staff have been excellent. At no time have we had cause to complain about their attitude nor, I am happy to be able to state, have they ever directed complaint of any sort at us. I say that in order to remove any suspicion that we have even the slightest grievance toward the Commission. Exactly the contrary is true. Far from bearing resentment, we are grateful for many helpful accommodations which they have extended to us. I am not criticizing the attitude of the umpire. I am suggesting that the rules of the game as they now exist and are administered offer a threat to obtaining the volume of business and employment which, next to military victory, seems to be the thing that our people most ardently desire.

I fear that it will not be possible to clear the tremendous volume of private investment which will be necessary to support the volume of employment which we want, through the statutes and administrative procedures which now exist. It is for that reason, that I have taken the liberty of suggesting to this Committee that you examine thoroughly not only the four Acts themselves, but the

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rules, regulations, procedures, and forms through which these Acts are being administered.

No one questions the importance of full disclosure of material facts and adequate protection to the investor. But I doubt that there is any general desire to carry this laudable objective to such a quixotic point that in attempting to protect the investor from any possible loss of money, we unintentionally hinder the raising of capital to the point of preventing thousands from finding productive employment.

I think that the results of such an investigation will disclose, at least so far as the Securities Act of 1933 is concerned, that the statutes are unduly restrictive, involved, and unclear, that procedures thereunder are unnecessarily expensive, dilatory, and redundant, and that without sacrificing in any respect—I might say even strengthening — the basic purpose of these Acts, their language and administration can be greatly simplified.

I do not now wish to take the time of the Committee by going into the multiude of detail and technical questions involved in such an examination, but I would like to point out that in our experience it has not been possible to register a new issue without expenses running into many thousands of dollars. In our own issues, costs to the companies have usually run between $20,000 and $50,000 per issue. These are not large but moderate sized issues. Simplification of the registration procedures would not, of course, eliminate all expenses but it could reduce them substantially. It has not proven possible to complete an issue of securities in less than 60 to 90 days. It requires the full time of a staff of lawyers, accountants, and usually some other experts. Frequently there are many trips to Philadelphia. That is no particular inconvenience for bankers located in New York City, but it must constitute a considerable burden to companies located in the Midwest, on the West Coast, or in the Southwest.

It has always seem to me painting the lily a bit that a company whose securities have been listed and traded on a national stock exchange for many years and about which the fullest information is readily available, should be required to duplicate all of this information in the form of an elaborate registration statement and prospectus if it desires to make a public offering of new securities.

A paricularly striking situation exists where such a company wants to increase the amount of an issue already outstanding, listed and traded in daily. Under these circumstances that portion of the issue which is listed can be bought and sold with no particular formalities, while dealings in the new issue, with identically the same rights and provisions, must be supported by a registration statement and prospectus. It is difficult to see why one class of purchaser needs so much more protection than the other.

I have wondered why it should be necessary for a company which has once registered, to duplicate practically the entire registration on a subsequent registration. The printing costs alone of these documents runs into many thousands of dollars.

As you know, in addition to the Federal SEC, many states have their own separate State SECs. In order to be eligible for interstate sale, most substantial issues must also be presented for scrutiny by the so-called Blue Sky Commissions of the states where the securities are to be sold.

This means more time, more expense, more work. Here again, I do not want to criticize the state authorities. We have found them competent and reasonable. That's not the point. The point is that here is just one more obstacle.

I have wondered why, instead of concurrent jurisdiction, the SEC and the Blue Sky authorities should not divide the field, the state Commissions retaining jurisdiction in issues, say up to $1,000,000 and accepting the Federal SEC in issues above that.

The Registration Statement and Prospectus in their present form are so complicated that certainly the average man cannot understand them, and even professionals in the business have considerable difficulty in extracting the salient information. They are, I think, read by few and understood by less.

To big business, all this red tape is chiefly a nuisance and expense. They have or can hire lawyers, accountants, and experts of all sorts. They don't enjoy it, but they can take it if they have to. Furthermore, they are frequently able to circumvent the burdens of registration by private placement. But to smaller and particularly to new companies, these burdens constitute a serious obstacle to obtaining capital. Similarly, the large Wall Street investment banker can get along after a fashion, but the small local underwriter simply can't make the grade. Local investment capital markets have practically disappeared. The consequences of this to small business may be quite serious. When a local investment house gets a financing deal, it is practically compelled to bring it to Wall Street, because the local dealer, generally speaking, has neither the technical knowledge nor the expert assistance required to accomplish the major feat of registration.

I have taken the liberty of delivering to you copies of what I think to be average Registration Statements and Prospectuses. I am not giving you the host of exhibits which usually accompany the filing of these documents. In support of my statements, I ask that you undertake the task of reading these documents, realizing that they are required in the case of every substantial issue, and then conclude on your own part whether or not they are a stimulant to private investment markets. In contrast, I also deliver to you a few copies of British prospectuses.

If, after such study, you are still not convinced, I would like to direct your attention to the mass of SEC regulations, bulletins, forms and releases, none of which is distinguished for brevity, clarity or simplicity and all of which to a greater or less degree affect private investment. In aggregate they constitute a formidable monument equalled, so far as I know, only by the rules, regulations and forms of our income tax.

As the statutes now exist, I believe that Congress has conferred upon the SEC tremendous power over American business. The power to influence the flow of private investment is the power not only to influence the level of business and employment but to affect the very nature of our economic system. For the most part I believe that the Commission has used this power moderately and constructively, but I feel that any laws of this magnitude which at the time of their enactment constituted a major departure in our business and economic policy, should be reviewed by Congress in the light of experience.

The suggestion that I make is not a new one. Efforts have been made over the past years to improve the situation. Bills have been introduced into Congress. Some effecting minor ameliorations have, in fact, been passed. The SEC and representatives of the investment banking fraternity have spent long days and weeks in conference in a not very successful effort to agree on the desirability of certain amendments of rather limited importance. I see no hope of progress along these lines. Never, so far as I know, since this legislation was passed, has the whole field been looked over carefully, scrutinizingly, and constructively by a Congressional Committee. It seems to me that this is a particularly significant time to undertake this task and that your Committee has an unusual opportunity to do a very constructive job.

I would not wish to give the impression that such a review would be either easy or simple. On the contrary it would be a difficult and involved investigation. But I think the results would fully justify the time and effort so spent.

Before closing I would like to repeat that I don't want to give the impression that an active private investment market is the only or even the most important stimulant to post-war business. The effect of the income tax laws, particularly in the case of small and new ventures, is very important. I simply want to point out that the Securities Acts themselves and equally the method of their administration, are facts of major importance to our post-war business and employment picture.

If, as a result of such examination, your Committee is able to recommend changes which, while not reducing protection to the investor, will result in stimulating the flow of private investment capital, I believe you will have performed a signal service alike to business and labor, for which both will be duly appreciative.

TVA Replies to Mr. Abrams

(Continued from page 2503)

investment of $357,000,000 in the fiscal year.

Mr. Abrams has charged against power revenues interest on all TVA appropriations, for any purpose whatever, and has subtracted from power net income the net expense of all other activities of TVA, including navigation, flood control, forestry and reforestation, experimental production of new and improved fertilizers, agricultural and industrial development activities, and research in such fields as forest products, minerals, and agricultural engineering.

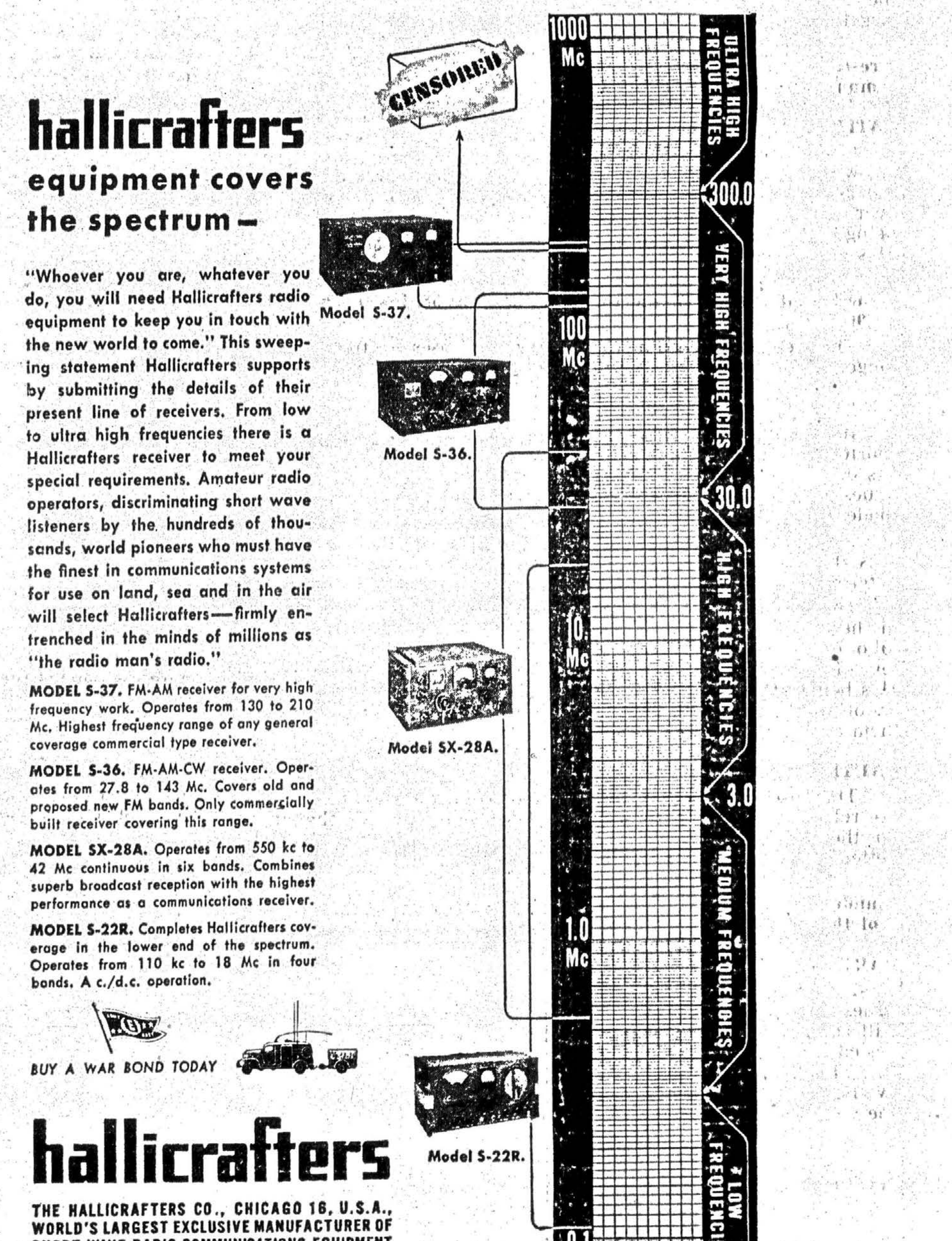
The impropriety of Mr. Abrams' stratagems is apparent. TVA activities other than power are governmental functions which are expected to pay for themselves in terms of public security and well-being, not in cash. Such activities are not charged directly and solely against the electric consumers of other areas where the government provides such services. There is no more justification for the power consumers of the Tennessee Valley region to be charged with such costs any more than for those of St. Paul, Minnesota, Cincinnati, Ohio, or Birmingham, Alabama, to be charged directly and solely with the costs of navigation improvements on the upper Mississippi, Ohio, and Warrior Rivers, or the costs of the activities of the U. S. Department of Agriculture in the adjacent areas.

Having by these devices produced a "loss," Mr. Abrams objects that TVA power operations pay no federal taxes. The fact is, of course, that the TVA power operations provide the Federal Government with a substantial surplus which, whether or not it is labeled "taxes," is available for federal use in the same manner as taxes. These surpluses have been reinvested under the direction of Congress in new facilities to produce electric power for war purposes and have reduced the amount of new appropriations needed in the equivalent amounts.

The fact is that the surplus, or net inome, from power operations in the fiscal year 1944 was sufficiently large to provide interest at 2% on the average net power investment (the interest cost of money to the Federal Government is less than 2%) and still leave a margin amounting to nearly 22% of gross revenues. In comparison, federal taxes of utility companies in 1944, according to the Edison Electric Institute, amounted to 15.8% of operating revenues, of which $210,000,000, or more than 7% of operating revenues, was accounted for by excess profits taxes. As you doubtless are aware, a number of state regulatory commissions, disturbed by rapidly mounting excess profits taxes, have commenced actions to recover at least some of the money represented by these taxes for the benefit of the consumers who, under existing rate schedules, are being made to pay a dollar in order that utilities may net as little as an additional nickel.

May 31st, 1945

Tennessee Valley Authority
W. L. STURDEVANT
Director of Information



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Canadian Securities

By BRUCE WILLIAMS

It has been evident for some time, as emphasized in this column, that political observers here have greatly exaggerated the importance of the C.C.F. movement in Canada. This movement which reached its peak following spectacular C.C.F. successes in Ontario and Saskatchewan has since steadily waned. Clear confirmation of this fact is now provided by the complete rout of C.C.F. candidates in this week's Ontario elections.

What will be the effect of this Progressive Conservative triumph and C.C.F. disaster on next week's Federal elections? The probable repercussions are likely to be the following:

1. **Faced with an apparent resurgence of Conservative strength the Quebec Liberals should close the ranks and tend to unite behind Mackenzie King.**
2. **C.C.F. waverers and dissident Liberals who previously cast protest votes in favor of the Socialistic party should return to the Liberal fold.**
3. **The undecided section of the electorate with a last impression of an apparent swing towards the right should gravitate towards the Conservative camp.**

The final analysis, therefore, still supports previous predictions that the C.C.F. strength will prove to have been considerably overrated, and the Liberals, with Quebec having little alternative but to give them the customary solid support, and some strength in all other sections of the country, should emerge as the majority party. Moreover, if the Progressive Conservatives supply the official opposition and the C.C.F. threat is definitely removed, Canada will be equipped with the political machinery best suited to enable its economy to function to the best advantage, and will have effectively demonstrated the fundamentally sound political mentality of the Canadian people.

Turning to the market for the past week, the external section once more displayed little animation. High grades were inactive and a little off their best levels. There was renewed interest in Montreal and Saskatchewans also met with some demand. Albertas were dull following profittaking and some uncertainty regarding the financing of the debt refunding plan.

Internals were active and buoyant with Canadian Pacific stock the center of attention. Although the price has doubled since the resumption of dividends this stock still has interesting possibilities. The Canadian Pacific Railway is more than a railroad. Its ramifications extend throughout the Canadian economic structure, and its 51% ownership of Consolidated Mining and Smelting alone has far-reaching possibilities.

There was also a considerable turnover in gold shares as a result of continued successful drilling operations. The tremendous development of Canadian gold mines which is due to take place in the post-war period should lead to recourse to this market on a large scale for financing operations. Thus it is likely that the Canadian gold mining section of the New York Stock Exchange will in time rival the "Kaffir" section of the London market.

Turning to the possible future course of the market, favorable political developments are likely to maintain the high grades, but at these peak levels and with the supply scarcity little increase in activity is to be expected. There still appears scope for profitable movement, however, in Saskatchewans and Montreals, and as soon as the political horizon is clear, Dominion of Canada internal bonds should prove decidedly attractive.

Post-War Opportunity In Canada Measured

Reconversion of Canadian industry will require the transfer of over half of the Canadian economic system to a civilian basis, says the monthly letter of The Canadian Bank of Commerce. Canadian productivity increased by about one-third in the five years of war in Europe and brought many changes, which, with the gradual decline in war production that is expected from now on, presents great opportunities for utilizing new productive facilities and new skills with a consequent upward surge in peacetime activity and employment. The present productive system, aided by the same united effort as made possible Canada's splendid war record, says the letter, could fully employ the actual working population of the country, 4½ million people, and could provide civilian goods and services of about $5 billions, or more than are now available.

Until Japan is erased, however, Canada will continue to produce for the war against Japan "on a high scale," while also helping to supply the forces of occupation in Germany on a greater scale and for a longer period than had previously been considered necessary, asserts the bank.

McKim Asst. to Farrell at City Nat'l Bank

KANSAS CITY, MO.—Jim McKim, who has been in the bond business in Kansas City since 1927, has joined F. D. Farrell, Vice-President of the City National Bank and Trust Company of Kansas City, Missouri, and head of its Bond Department, as his assistant. Mr. McKim will be in charge of the buying work of the bank's bond department. Mr. McKim is a native Missourian and has been a resident of Kansas City for 20 years.

Flag Day Proclamation

In proclaiming June 14 as Flag Day, President Truman asked that it be observed with "a fresh sense of our strength as a nation", the Associated Press reported from Washington May 28, and added that the President continued by asserting that "solemnly, we accept the responsibilities placed upon us by our power.

"We honor the men and women in the armed services and in the factories and homes who, with God's help, have given us our victories. We face the battle ahead with solemn gratitude for the triumphs of the past.

"Our flag has accompanied our fighting men on a hundred battlefields. It flies beyond the seas over the friendly lands our arms have freed, and over the hostile countries our arms have conquered. Our flag will be planted in the heart of the empire of our last remaining enemy."

McCarty in Lubbock

LUBBOCK, TEX.—M. W. McCarty is engaging in a securities business acting as dealer-broker from offices in the Leader Building.

Bank of Montreal Notes Tax Changes After V-E

In its Business Summary of May 23 the Bank of Montreal, while making mention of the fact that "the final and complete victory of the Allies in the European war theatre has enabled the Dominion Government to effect an immediate, if only partial, easement of restrictions upon the production of commodities for civilian use" noted however that "so long as the war against Japan continues, there can be no complete reconversion of Canadian industry," but that nevertheless "wide spread and progressive changes are now possible."

Stating that "certain taxes imposed for purely war-time needs have been lowered or discontinued," the bank went on to say:

"The special tax of 25% on household gas and electric appliances has been removed; the special excise levy on passenger automobiles has been reduced from a graduated scale ranging from 25% to 80% to a flat 10%; the excise tax on radios, phonographs and cameras has been reduced from 25% to 10%; the sales tax on building materials (discontinued before the war and reimposed in 1941) has been removed; and the war exchange tax, imposed for temporary purposes in 1940, has been rescinded in so far as it applied to producers' machinery and equipment and to building materials.

"General tax changes must await action by the new Parliament to be elected next month, but the Finance Minister is acting now, within his powers, for the expressed purpose of encouraging and facilitating the rapid resumption of production for the home and export markets and the expansion of employment in house-building and non-war industry. An increase in the supply of building materials and the expansion and modernization of industry are contemplated and 'the Government will bend every effort to achieving to the full the housing programme which has been announced." The bank in part further said:

"In line with this policy, control agencies have been instructed to remove or relax restrictions as soon as conditions warrant, while maintaining those controls that are necessary where acute scarcity threatens the continuing war programme or essential civilian supply. Under conditions of inadequate supply, controls are to be so exercised as to facilitate the use of manpower, materials and productive facilities for such approved purposes as the rehabilitation of liberated countries, the reestablishment and expansion of non-war exports, the reconversion and expansion of industry, the reequipment of agriculture and other primary industries, the housing programme and an increase in the output of consumer goods."

Canadian Crop Report

The crop season is two to three weeks late in nearly all sections of Canada owing to recent cold weather, according to the current crop report of Bank of Montreal. During the last month rains have been excessive from eastern Ontario to the Atlantic, while to the west moisture conditions now vary from an over-abundance in the Red River area to deficient subsoil reserves in portions of Saskatchewan and Alberta.

Wheat seeding is nearing completion in the Prairie Provinces and the sowing of coarse grains is well under way in Alberta and Saskatchewan. In Manitoba, operations have not been as rapid, but they are now progressing under more favorable weather conditions.

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Quarter Century

Thomas I. Parkinson on June 1 marked his 25th anniversary with The Equitable Life Assurance

T. I. Parkinson

Society of the United States, which he has headed as President since 1927.

The event was celebrated by a dinner in his honor at the Waldorf-Astoria, attended by some 300 employees and officers who themselves have been with The Equitable a quarter century or longer.

Envoy to Peru

President Truman has nominated for the post of Ambassador to Peru William D. Pawley, of Miami, Fla., to succeed John Campbell whose retirement after thirty years in foreign service has been approved by the President.

Pawley, an aviation pioneer in China, Cuba and India, organized the Flying Tigers, the American Volunteer Group in China. He is a former president of the Intercontinent Corporation, which organized the first commercial aviation company in Cuba, which later was sold to Pan American.

He went to China in 1933 to reorganize the China National Aviation Corporation, which was the first air line to operate in China. He organized the company that built the first airplane factory in China in 1934 and negotiated a contract in 1939 for India to build its first aircraft company, which was taken over in 1943 by the 16th Air Force as a maintenance base.

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Washington Pondering Speculation Controls

(Continued from page 2503)

porters in the Administration.

The newspaper stories have been correct as to the general nature of the measures under consideration, although less accurate in the specific margin percentages they have been mentioning. The Board of Economic Stabilization, which advises the OES, is very sympathetic to the idea that something needs to be done, and some recommendation from it is sure to be forthcoming quite soon. Stabilization Director William H. Davis, who is temporarily out of town, reports directly to the White House. Government lawyers are at present working to put the program into legal form.

It is noteworthy, and not generally appreciated, that the Board of Economic Stabilization is unanimous in the opinion that some action is necessary to deal with the problem of rising capital values. The Board includes, in addition to Mr. Davis, Secretary of the Treasury Morgenthau, Secretary of Agriculture Anderson, Secretary of Commerce Wallace, Secretary of Labor Schwellenbach, the heads of the Budget Bureau, OPA, War Labor Board, War Manpower Commission, the SEC, War Food Administration, Federal Loan Agency, National Housing Administration, and the following: William Green of the A. F. of L., Philip Murray of the CIO, Edward A. O'Neal of the American Farm Bureau Federation, James G. Patton of the National Farmers Union, and George Mead of the Mead Corp.

Apart from the advice of the above Board, the OES has for consideration recommendations of the SEC, the Federal Reserve Board, the Budget Bureau, etc.

While it seems certain that Mr. Davis will soon have some recommendations ready for President Truman to consider, what the President will do is not so clear. One hears various views expressed in Washington.

One Official's Views

One informed official with whom the writer discussed the problem, while not wishing to make a prediction, none the less expressed the view that probably nothing will be done to curb capital gains "at this late date." The time to do this was early in the war, whereas now there is a general disposition to hesitate about putting on more Government controls, he stated. Moreover, considerable price rises have already occurred, and "to clamp down now would be, to some extent, a case of closing the stable door after the horse had been stolen." This is not to say that there are not good arguments for doing something even now, he added. Some people feel that, when wages and other prices are being controlled officially, gains from speculation in stocks and real estate should not be permitted to go on as at present. Another aspect of the problem is that capital values may become so inflated that their later return to more justifiable levels might be a very troublesome matter.

Views differ as to how inflated stock prices now are. In any case, it seems always possible that speculative fever might take hold and drive the stock market to boom proportions. Officials note there has been some evidence of speculation. The amount of dollar borrowings of brokers, "customers' debit balances," has been growing. According to the Federal Reserve Bulletin, these debit balances were only $493,000,000 in June, 1942, an estimated $780,000,000 in April, 1944, and $1,034,000,000 in March, 1945. The figures are not regarded as alarming in themselves, but they are viewed as disturbing in that they seem to portray a developing picture.

While margin trading in stocks is admittedly not what it once was, it is held there is a lot more of it going on than some brokers say. In this respect it is pointed out that during the past 12 months there have been times when, in terms of number of shares traded, as much as 50% of the business on the NYSE was margin trading. In terms of dollars, the proportion was somewhat less.

Floor Trading, Again, a Matter SEC Is Watching

Chairman Eccles of the Federal Reserve Board for some time has felt that there should be a special wartime tax of, say 90% of capital gains. He regards the present capital gains tax as very loose, especially as it applies to people in the higher income brackets. His proposal, however, has not been viewed favorably in the Treasury, which would have the job of selling the idea to a reluctant Congress. This has given rise to alternative suggestions to the effect that the definition of "short term" in the capital gains tax should be extended to 24 or 36 months. If that were done, all capital gains within such a period would be counted along with the taxpayer's other income, and taxed accordingly.

The foregoing suggestion, which would require action by Congress, is one of a trio of suggestions which are being discussed in Washington. A second is the promulgation of an executive order or, alternatively, Congressional legislation, prescribing down payments on farm land and residential real estate purchases. The third suggestion is that existing margin requirements for stock purchases be increased by the Federal Reserve Board.

Arguments Heard Against Increasing Capital Gains Tax

Points being urged in opposition to increasing the tax on capital gains are principally three: (1) that such an increase would discourage sellers and so force prices up; (2) that such an increase would discourage venture capital; (3) that the suggestion deals with the effects, not the causes of the high prices of stocks and land. These objections in turn elicit rejoinders.

Farm Real Estate Values

Experience with farm real estate values in the United States during this war has followed fairly closely the pattern of the last World War. Most of the increase has taken place since March, 1941. Increases have varied from State to State. In eight States prices for such real estate last November were 60% above the 1935-39 level. The number of voluntary transfers of farms reached an all-time high of 53 per 1,000 in 1943. Despite a decline since then, the figure still stands above the 1919 peak. It is theorized that the slowing down of transfers of farms is due to virtual liquidation of the holdings of institutions. It might also reflect a reluctance of buyers to bid for farms, or a reluctance of present holders to sell.

About half of all farm sales are for cash, and of mortgage sales, about three-fourths involve mortgages of 50% or more of the sales value. In California, a study discloses, about 20% of all transfers were resales within two years of purchase and about 45% were transfers to non-farmers, during the last quarter of 1944.

Factors which will make for a continuance of the rising trend in farm land values in this country are the continuance of Government guarantees of 90% of parity prices for certain agricultural products, and expected demands for farms on the part of returning veterans and workers in war industries. Therefore, it is being pointed out, with no controls, land values can continue rising and by 1948 may well exceed the pre-war level by 80%, with mortgage indebtedness simultaneously expanding.

After 1948, however, according to the same observers, agricultural prices may decline considerably, even though employment and national income remain high, with the result that farm land values may shrink to 120% of the 1935-39 level. This forecast is supported by the facts that production has been greatly expanded during the war, that world competition will have to be met, etc. But, if there should be a marked decline in national income, the pressure on farm land values will be much greater and they may decline below the 1935-39 level, it is reasoned.

In answer to the argument that present land values are not too high if a high level of agricultural prices and income is maintained after the war, "two basic factors" are said to be overlooked: (1) returns to industrial labor will increase, and returns to capital will decrease after the war. So, in agriculture, returns to labor and management should also increase, with returns to land decreasing or remaining constant, if the standard of living of farm families is to keep pace with that of the rest of the nation; (2) recent technological developments require that the size of farms in some areas be increased, a trend which would be interfered with by continued high land values.

In short, it is being argued that land values already are too high for the post-war period and that any further advances in farm lands will only make post-war price and production adjustments more serious.

Post-War Private Flying and Employment

(Continued from page 2505)

military service who have learned some aspect of aviation, who have acquired new skills in aviation, and who will want to use them," he stated.

"We can, however, by fostering private flying and other aviation fields develop the industry so that many thousands of new jobs will be available, to supplement the number of new jobs and opportunities that commercial aviation can offer returning servicemen.

"Countless career opportunities are offered in private flying, a field which has the broadest possible ramifications, the majority of which have been practically ignored up to the present. Private flying depends on the development of airports, on the solution of many other problems. But if all of us in aviation do less theorizing and take more action, we can assist in the full blown development of a great field — one which will provide jobs for thousands of air-trained boys now in service," Mr. Monro stated.

In appraising the true job possibilities his industry will offer, Mr. Monro stated that "the nimble-minded folk in aviation who are ready to take a mental flight into the wild blue yonder at the drop of a suggestion have predicted, among many other things, that commercial aviation will open a vast new field of opportunity for returning servicemen. By affirming and re-affirming this open door policy of employment, I don't doubt but that men in uniform by the thousands will look to the airlines for their peacetime jobs. Our business is going to expand, many times over our pre-war peaks. But commercial aviation does have its limitations, as does every industry. So it is important that we have a clear understanding of exactly what commercial aviation can offer the returning G.I.'s. Let's be frank. Let's be honest, and let's not for a moment disillusion anyone — especially those fighting men to whom we all have an obligation that is sacred."

The PCA head said that of the 100,000 jobs in airline work by 1948 which will be filled, the airlines must consider their present employees will want to retain their jobs. Their hard work and loyalty in the war effort cannot be ignored. In addition there are thousands of former airline employees in the various military transport services who will want to return to their chosen profession. "To re-employ them is not only our moral but our legal obligation," Mr. Monro said.

He stated that the intensive development of private flying will produce an increase in manufacturing, a vast increase in aviation schools and centers of all kinds together with an incalculable number of corallory services and activities. "Not only does this mean a wide variety of employment opportunities, but the overall education of the public to use scheduled air transportation which will have an effect dwarfing our industry's present and planned promotional activities," he said.

Mr. Monro challenged the "narrow viewpoint of people in his own industry that private owners, private flyers would minimize commercial air travel." He said, on the contrary, an increase in private flying will give impetus and force to a widening circle of aircraft usage of all kinds.

In commenting upon the attitude of the railroad industry in opposition to pending national airport legislation, Mr. Monro said that this opposition, while supposedly against an airport bill, is actually propaganda "for the dream of the railroads—integration." Even President Truman has characterized these attempts at "integration" as "cartel monopolies."

"The propaganda used by the railroads affects all aviation, and thereby our national defense of the future," he said. "Integration of all forms of public carriers would hinder the progress of transportation from the development the public not only expects but demands. It would bring about stultification, stagnation and kindred ills to the field of transportation. Further, by denying aviation the future that can be attained, this action by the railroads would be a blow to post-war employment."

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Mutual Funds

The Nation's Liquid Funds

Keystone Corp. presents a chart in the current issue of **Keynotes** which should give every investor food for thought. The chart shows the volume of this nation's liquid funds in each year from 1895 up to the present. At the beginning of the first World War, liquid funds amounted to $20.0 billion. They rose more or less steadily from that point until 1929 when they reached a temporary peak of $55.2 billion. At the beginning of the present war, this nation's liquid funds amounted to $60.9 billion.

Today they have reached the astounding peak of $150.3 billion and are now three times as large as they were in the 1930s. This represents a potential purchasing power of dimensions never before witnessed in this country.

"There is every indication," states **Keynotes**, "that these liquid funds will continue to increase so long as the war lasts—and so, too, will the deferred needs for peacetime goods.

"Where both the demand exists and the money to satisfy this demand, all the evidence points to a high level of business activity for years after the war."

National Securities Series

Assets of **National Securities Series** for the fiscal year ended April 30, 1945, amounted to $23,638,455, and compare with assets of $9,802,026 for the fiscal year ended April 30, 1944.

H. J. Simonson, Jr., president of **National Securities & Research Corporation**, sponsors of the series, stated: "It is the considered judgment of the economics and investment department of our corporation that, following the period of reconversion from war to peacetime activities, there will be several years of high business activity. This, coupled with lower corporate income taxes, should result in a high level of earnings and dividends for a majority of American corporations with publicly-held securities.

"In turn, this favorable situation should be reflected in higher security prices, particularly since earnings are usually valued at a higher ratio in peacetime than under abnormal wartime conditions."

The Salesman's Point of View

Last week **Distributors Group** published an unusual piece of sales literature—a folder entitled "What Mutual Funds Mean to You as an Investment Salesman." It tells in simple language why Mutual Funds are "good" for the man who sells securities as well as for the man who buys them. Here is the way **Distributors Group** analyzes it:

"There is a world of difference between 'selling securities' and 'managing your customers' accounts.' Every experienced securities man—and customer—prefers the latter approach. It means a disinterested weighing of values, selection based on merit alone.

"To do this you must have available to you a wide range of the best securities—ability to select from this list without bias—ability to shift in and out as relative values change. This is just what the specialized mutual funds provide. This is Selective Group Investing."

32 for 2

Lord, Abbett's current Investment Bulletin on **American Business Shares** shows that during the year ended May, 1945 this fund outperformed the Dow-Jones Industrials by eight percentage points, or the equivalent of 32¢ per share. Since the management fee for this period amounted to less than 2¢ per share, the result was that holders of American Business Shares were 32¢ better off for a 2¢ management fee than had they held the stocks in the Dow-Jones Industrial average.

Another Investment Bulletin from **Lord, Abbett** on **Union Common Stock Fund** presents an interesting chart comparing the working capital of U. S. corporations with the market value of all stocks listed on the New York Stock Exchange. In the five years from the end of 1939, working capital of American corporations has increased on average by 80%, while the market value of all stocks listed on the New York Stock Exchange has gained only 20%.

"The increased likelihood of higher dividends in a period when the net returns offered by other classes of securities are the lowest ever recorded should continue to be a powerful factor favoring higher common stock prices."

Case for the "Prudent Man" Rule

Both **Vance, Sanders** and **Selected Investment Co.** in their current publications comment on Illinois' adoption of the so-called "prudent man" rule with respect to trustee investments.

Brevits points out that in adopting this rule which authorizes trustees to invest in every kind of property, Illinois is following the lead of some 12 other states. Under the "prudent man" rule, trustees are to be guided by what "prudent" men would do under the same circumstances, "not in regard to speculation," but in the permanent disposition of funds in consideration of probable income as well as safety of capital.

Mutual Fund Literature

Lord, Abbett—Current issues of **Abstracts. . . . Hugh W. Long and Co.**—Revised prospectus on **Fundamental Investors** dated May 21, 1945. . . . **Distributors Group**—Current issues of **Investment News** and **Railroad Equipment News. . . . Selected Investments Co.**—Current issues of "These Things Seemed Important."

Dividends

Massachusetts Investors Second Fund—A dividend of 11¢ a share payable June 20, 1945 to stockholders of record May 31.

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50 Congress Street, Boston 9, Mass.

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REPUBLIC INVESTORS FUND Inc.
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A Mutual Investment Fund
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NORTH AMERICAN SECURITIES CO.
2500 Russ Building · San Francisco 4

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)

KANSAS CITY, MO.—**John L. Patrick** has become connected with **B. C. Christopher and Company**, Board of Trade Building.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—**Percy B. Willits** and **Albert W. Hillmond** have become affiliated with **Herrick, Waddell & Co., Inc.**, 1012 Baltimore Avenue.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—**Allen O. Glore** is connected with **Slayton & Co., Inc.**, 111 North Fourth Street, St. Louis, Mo.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Richard G. Kramer** is with **E. F. Hutton & Co.**, 623 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Frank J. Koch** has been added to the staff of **Oscar F. Kraft & Co.**, 530 West Sixth Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Harry D. Herring** is now with **Maxwell, Marshall & Co.**, 647 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**James E. Hill** has become associated with **Walston, Hoffman & Goodwin**, Bank of America Building. Mr. Hill was previously with Blyth & Co., Inc. and Pacific Company of California.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Herbert A. May**, formerly with E. F. Hutton & Company, is now with **Dean Witter & Co.**, 634 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, KY.—**William T. Meyer** is now affiliated with **O'Neal-Alden & Co., Inc.**, 429 West Market Street. Mr. Meyer was previously with Merrill Lynch, Pierce, Fenner & Beane, and Granberry & Co.

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, WIS.—**Mathias J. Bartelme** is now connected with **Gardner F. Dalton & Co.**, 735 North Water Street.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, ME.—**Henry C. Berry** has been added to the staff of **Coburn & Middlebrook**, 465 Congress Street.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, ME.—**John T. Hale** is connected with **Paul & Co., Inc.**, 50 Congress Street, Boston, Mass. Mr. Hale was previously with F. L. Putnam & Co., Inc., and Eastman, Dillon & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, ME.—**Raymond F. Hooper** has joined the staff of **Bond & Goodwin, Inc.**, 120 Exchange Street. Mr. Hooper was previously with Coburn & Middlebrook, and Townsend, Dabney & Tyson.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, ORE.—**Herbert N. Wallace** is affiliated with **William J. Collins & Co.**, Porter Building. Mr. Wallace was formerly with Blyth & Co., Inc.

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—**Robert G. Yancey** is now with **Oscar Burnett & Co.**, Commercial Building.

(Special to THE FINANCIAL CHRONICLE)

SALEM, ORE.—**W. T. Lemman** is with **Conrad, Bruce & Co.**, Oregon Building.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**Fred R. Johnson** and **Norman B. Thomson** have become associated with **Davies & Mejia**, Russ Building. Mr. Johnson was formerly with Conrad, Bruce & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**Charles Quine**, previously with Walston, Hoffman & Goodwin, is now wisth **Kaiser & Co.**, Russ Building.

(Special to THE FINANCIAL CHRONICLE)

SOUTH BEND, IND.—**Nathaniel R. Bessel** has been added to the staff of **Harrison & Austin, Inc.**, National Bank Building.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, FLA.—**Frank R. Liggett Jr.** is with **Cohu & Torrey**, Florida National Bank Building.

Green Opens in Sacramento

SACRAMENTO, CALIF.—James B. Green has opened offices in the California State Life Building to act as a dealer-broker in securities. Mr. Green was formerly with George H. Grant & Co.

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The Anglo-Chilean Exchange Agreement

(Continued from page 2508)

United Kingdom registered at the Bank of England or to Special Accounts of exchange banks or, in special cases, of institutions and firms operating in Chile which may, subject to the prior agreement of the Banco Central de Chile and the Bank of England be opened with their United Kingdom correspondents after registration at the Bank of England.

Sums may be freely transferred from one Chilean Special Account to another but shall not be transferred to a non-resident account other than a Chilean Sterling Area Account. A non-resident Account means the account of any person resident outside the sterling area.

Payments to Chile in respect to the sale of nitrate and iodine to the sterling area shall be subject to a special agreement. Any transfers of Sterling by the Nitrate Corporation of Chile Limited to convert such money into pesos or to pay the Government of Chile any part of its share in the Corporation's profits shall pass through the channel of a Special Account.

4. Sterling balances standing, at the date of the coming into force of this Agreement, to the credit of persons, firms or corporations resident in Chile may be transferred to a Chilean Special Account.

5. Sterling amounts in the Special Accounts shall be used for the payment of the commercial and financial services in sterling of Chile in the Sterling area such as:

(a) Payments through the usual service bankers in respect of public debt.

(b) Other sterling requirements of the Chilean Government.

(c) Interest and dividends on other British investments.

(d) Shipping freights and insurance.

(e) Sterling area exports to Chile.

(f) Other payments by Chile to the sterling area.

6. The Chilean authorities shall take all possible steps, in cooperation with the British Exchange Control in London, to ensure that all payments and remittances to the sterling area shall be made from funds deposited in the Special Accounts.

7. Balances standing to the credit of the Special Account of the Banco Central de Chile at the Bank of England may, at the option of the Banco Central de Chile, be transferred in multiples of £100,000 to a Special Account "A." Amounts so transferred shall yield interest.

8. In the event of any change in the official price of gold in London the balances standing to the credit of the Chilean Special Accounts shall be established as at the close of business on the day preceding such change. The total of the Chilean Special Account balances so established, deducting therefrom any sales of sterling made in Chile but not yet liquidated in London, shall be adjusted to accord with the new official price of gold in London by credit or debit at the Bank of England of the Special Account of the Banco Central de Chile, as intermediary for the Chilean Special Accounts.

9. On expiry of this Agreement:

(a) The provisions of Clause 8 shall continue to apply to the balances held on Chilean Special Accounts; and

(b) balances remaining on Chilean Special Accounts shall be utilized for the purposes laid down in Clause 5.

10. Notwithstanding the foregoing provisions of this Agreement, the Bank of England may authorize the opening or maintenance of accounts with banks in the United Kingdom to be denominated "Chilean Sterling Area Accounts" in the names of persons resident in Chile but having close connections with any territory in the sterling area, to which credits representing income arising in the sterling area and transfers from Chilean Special Accounts would be permitted. Sums standing to the credit of these accounts may be used only for:

(a) payments to persons resident in the sterling area other than payments in respect of goods exported from the sterling area to Chile or remittances for financial services, and

(b) Payments to a Chilean Special Account.

Such balances may not be paid to any other non-resident's account.

Transfers between one Chilean Sterling Area Account and another may not be made.

11. This Agreement shall come into force on the date fixed by agreement between the Banco Central de Chile and the Bank of England. It shall run for one year from the time it comes into force and shall be automatically renewed for equal periods unless either party, three months before any maturity, informs the other of its desire to end it.

12. All difficulties which may arise in the application of the terms of this Payments Agreement shall be resolved by agreement between the Bank of England and the Banco Central de Chile as well as all details relative to its application.

13. In this agreement the expression "the sterling area" shall have the meaning assigned to it by the regulations in force in the United Kingdom in regard to exchange control, that is to say, the United Kingdom of Great Britain and Northern Ireland (including for this purpose the Isle of Man) together with the following territories, excluding Canada, Newfoundland and Hongkong:

(a) any Dominion,

(b) any other part of His Majesty's dominions outside the British Islands;

(c) any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by His Majesty's Government in the United Kingdom or in any Dominion;

(d) any British Protectorate or protected state; and

(e) Egypt, the Anglo-Egyptian Sudan and Iraq.

Should His Majesty's Government in the United Kingdom amend the definition of the sterling area in force for the purposes of the said regulations, such amendment shall apply to the definition of the sterling area for the purposes of this Agreement as from the date the notification to that effect from the Bank of England to the Banco Central de Chile reaches the latter.

Oct. 30, 1940.

Shaskan Co. Adds Wallach and Shepard

Shaskan & Co., 40 Exchange Place, New York City, members New York Stock Exchange, announce that Herman K. Wallach and B. J. Shepard, both formerly with Gruntal & Co., have become associated with them.

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Municipal News & Notes

With the huge John Hancock Mutual Life Insurance Co. offering now past, the chances are that the municpal market will be accorded a desired respite from further undertakings of that nature. This at least appears to be the earnest hope and expectation of dealers, many of whom presently find themselves with more than a comfortable inventory of bonds, bulk of which has been acquired as a result of the rather heavy volume of portfolio awards consumated during the past month or so.

Fortunately, these deals were not accompanied by any proportionate volume of financing by municipal governments themselves, as the market was obliged to yield considerable ground, pricewise, in consequence of the heavy outpour of secondaries alone. In any event, the result of some of these recent operations demonstrated that the market, particularly in the case of some names, has had a surfeit of offerings of previously outstanding loans.

This view finds support, for example, in the action of the John Hancock Mutual Life in rejecting the offers submitted for the approximately $20,000,000 New York City securities which were part of the total offering of $52,379,000. Evidently the prices tendered were in recognition of the recent easing of quotations for city bonds, a trend that naturally was accelerated on disclosure of a potential further substantial addition to the previously large floating supply.

Be that as it may, the trade hopefully anticipates a moratorium on such deals until such time, at least, that a material inroad has been made in the current accumulation of stocks on hand.

Oakland, Calif., Asks Bids On $15,754,000 Issue

The City of Oakland, Calif., has announced its intention to consider sealed bids June 21 on an offering of $15,754,000 bonds, authority for which was granted by the voters at an election held early in May.

Bidders will be required to name a rate of interest of not more than 5% and the bonds will mature serially from 1946 to 1984 incl. Proceeds of the financing, the largest single new municipal issue now in prospect, will be used for various municipal improvements and projects. Although the necessary manpower and materials are not likely to be available until some future date, city officials decided to effect the borrowing now in order to profit by the exceptionally favorable market conditions prevailing for such offerings.

Oakland, it is pointed, has always exercised extreme prudence in the matter of debt incurrence and the current bonded debt aggregate of $6,299,735 is reported to be the lowest among the large cities of 11 Western States. This fact alone augurs well for the success of the forthcoming financing on excellent terms, with the possibility of a coupon rate or less than 1½%, despite the rather lengthy maturity schedule.

Pending employment of the bond issue proceeds for the purposes of issue, the city is expected to invest the money in Government securities, thereby offsetting the required carrying charges on the debt.

Los Angeles Not Immediate Market Candidate

The $12,500,000 airport and $10,000,000 sewer bond issues approved at recent elections constitute the unissued authorized bonds of the City of Los Angeles, Calif. according to a report from Dan O. Hoye, City Controller. The bonds, it is said, will not be offered for sale until such time as work can be started on the respective projects. The city's Department of Water and Power, which appeared in the market on April 17 with an issue of $9,650,000 refundings, has no plans at present for any further refunding or sale of new issues.

Louisiana State and Local Debt Figures Compiled

Ambrose M. Smith, head of A. M. Smith Investment Co., New Orleans, has provided us with a copy of his analysis of the bonded debt of the State of Louisiana, its agencies and subdivisions as of Jan. 1, 1945. According to this source, direct and general obligations of the State were outstanding in the total amount of $146,781,000 on the foregoing date. This figure, Mr. Smith reports, represents a net increase of $7,139,540 over the comparable aggregate on Jan. 1, 1935, of $139,641,460. The compilation shows the amount outstanding and the type of each issue of State bonds and indicates the specific revenues applicable to the redemption of the various loans.

Insofar as local finances are concerned, the compilation shows for each parish in the State the 1940 U. S. Census population, 1944 assessment, total bonded debt (road, school, drainage, etc.,) at Jan. 1, 1945, percent of debt to valuation, average tax rate, percent of gross tax collections in 1943 and per capita debt.

Figures compiled by Mr. Smith showing trend of debt of the State and its local political subdivisions in the ten years 1935-1945 indicate a decrease of $10,876,766 for the period, the overall aggregate having declined from $342,728,415 to $331,851,649.

Provo, Utah, Sells $1,000,000 Issue Privately

Press advices disclose the recent private sale of $1,000,000 Provo, Utah, water revenue bonds to a group composed of Edward L. Burton Corp., Lincoln Ure & Co., both of Salt Lake City, and John Nuveen & Co., Chicago.

Under the provisions of the contract, the bonds will mature serially in 25 years and bear interest at a rate of 2¼% for the first two years and at 1½% thereafter. Delivery of the bonds must be made within 60 days after date of the agreement.

Mayor Harding said that proceeds of the issue will be used to enlarge the municpal water system, including construction of a new 10,000,000-gallon storage reservoir. It will constitute an important post-war project, providing employment for hundreds or returning servicemen, the Mayor declared.

Pennsylvania Rescinds 4-Mill Tax on Municipals

Governor Edward Martin signed on May 28 a bill exempting Pennsylvania municipal bond issues from the State's four-mill personal property tax, and previously gave his approval to a companion measure absolving such issues from any county personal property tax.

The Governor's action, long agitated for by the City of Philadelphia, is expected to result in a saving to the city of $730,000 a year. The city, of its own volition, had assumed payment of the tax on its loans in order to enhance their attractiveness in the market.

Ohio Municipal Market Shows Little Change

Bids for high grade Ohio municipalities held about unchanged during the week ended May 31, while bids for lower grades were somewhat lower, it was reported by J. A. White & Co., Cincinnati. The firm's index for 10 high grade Ohios held unchanged at 1.03%, while the index for the lower grades declined to a yield of 1.40%, from 1.39% the previous week. The combined index showed a decrease to a yield of 1.22% from 1.21% in the previous week.

The May 31 sale of $50,000 Zanesville, Ohio bonds, due May 1, 1947-1956, at virtually 101 for 1s would seem to show little or no reduction in bids for high grade Ohios, the firm said.

New Jersey Municipal Debt Data Compiled

Dealers and investors in New Jersey municipal bonds should find of much practical value the 13th annual edition of Ira Haupt & Co.'s, statistical hand book for New Jersey Municipal bonds. Included therein is all of the basic data necessary to a quick evaluation of the financial condition of the State's counties and municipalities. The information shows Moody's credit rating for each unit as well as its tax collection experience since 1941.

The latter statistics lists total tax levies for each government during the years 1941, 1942, 1943 and 1944, and shows the percentages of taxes outstanding at end of year of levy and as of Dec. 31, 1944.

Other tables disclose the 1944 net taxable valuation of each community, gross debt, floating debt and net debt as of Dec. 31 last, etc. Of particular interest is a section which indicates the percentage ratio of assessed to actual valuations in the case of many of the State's political subdivisions. In connection with this data, the figures shown are said to be based on information in the files of Ira Haupt & Co.

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DIVIDEND NOTICES

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THE Board of Directors has this day declared the following dividends:

FIRST PREFERRED STOCK
$4.75 SERIES

The regular quarterly dividend for the current quarter of $1.18¾ per share, payable July 1, 1945 to holders of record at the close of business June 18, 1945.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable July 1, 1945 to holders of record at the close of business June 18, 1945.

COMMON STOCK

A dividend of 50 cents per share, payable June 30, 1945 to holders of record at the close of business June 18, 1945.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

June 1, 1945.

DU PONT **E. I. DU PONT DE NEMOURS & COMPANY**

WILMINGTON, DELAWARE: *May 21, 1945*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable July 25, 1945, to stockholders of record at the close of business on July 10, 1945; also $1.25 a share, as the second interim dividend for 1945, on the outstanding Common Stock, payable June 14, 1945, to stockholders of record at the close of business on May 28, 1945.

W. F. RASKOB, *Secretary*

Exide BATTERIES

THE ELECTRIC STORAGE BATTERY COMPANY

179th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable June 30, 1945, to stockholders of record at the close of business on June 11, 1945. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia 32, June 1, 1945

RADIO CORPORATION OF AMERICA

RCA **Dividend on First Preferred Stock**

The Directors have declared, for the period April 1, 1945 to June 30, 1945, a dividend of 87½ cents per share on the outstanding $3.50 Cumulative First Preferred Stock, payable July 2, 1945 to holders of record at the close of business June 11, 1945.

GEORGE S. DE SOUSA
Vice-President and Treasurer

New York, N. Y., June 1, 1945

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, May 28, 1945.

The Board of Directors has this day declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 93, on the Preferred Capital Stock of this Company, payable August 1, 1945, out of undivided net profits for the year ending June 30, 1945, to holders of said Preferred Capital Stock registered on the books of the Company at the close of business June 29, 1945.

Dividend checks will be mailed to holders of Preferred Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

GUARANTY TRUST COMPANY OF NEW YORK

New York, June 6, 1945.

The Board of Directors has declared a quarterly dividend of Three Dollars ($3.) per share on the Capital Stock of this Company for the quarter ending June 30, 1945, payable on July 2, 1945, to stockholders of record at the close of business June 13, 1945.

MATTHEW T. MURRAY, JR., Secretary.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 157
Common Dividend No. 142

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1945, and a dividend of 20¢ per share on the Common Stock have been declared. Both dividends are payable July 2, 1945, to holders of record June 7, 1945. The stock transfer books will remain open.

J. P. TREADWELL, JR.
May 23, 1945 Secretary

CANCO **AMERICAN CAN COMPANY**

PREFERRED STOCK

On May 29, 1945, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable July 2, 1945, to Stockholders of record at the close of business June 14, 1945. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

THE TEXAS COMPANY

TEXACO 171st Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on July 2, 1945, to stockholders of record as shown by the books of the company at the close of business on June 8, 1945. The stock transfer books will remain open.

L. H. LINDEMAN
May 25, 1945 *Treasurer*

MARGAY OIL CORPORATION
DIVIDEND NO. 61

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable July 10, 1945, to stockholders of record at the close of business June 20, 1945.

F. D. OLDENBURG, Treasurer.

Tulsa, Oklahoma, June 1, 1945.

DIVIDEND NOTICE
WESTERN TABLET & STATIONERY CORPORATION

Notice is hereby given that a dividend at the rate of $.50 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on June 30, 1945, to the holders of record of such shares at the close of business on June 15, 1945.

E. H. BACH, Treasurer.

Plans for Germany's Occupation Forming

Announcement has been made that an inter-Allied control council for Germany will meet shortly, and this is taken to indicate that the four Powers have agreed on zones of occupation of Germany, the Associated Press reported from Paris, May 31, adding that it is anticipated that headquarters for the council will probably be set up in Berlin.

The announcement said that the Russian representative on the commission would be Marshal Gregory K. Zhukov, victor of Berlin. The American representative, the broadcast said, would be Gen. Eisenhower; the British, Field Marshal Montgomery, and the French, Gen. Jean de Lattre de Tassigny.

Such a meeting would be historic in many ways. It would mark the first meeting of Gen. Eisenhower with his Russian counterpart. It also would be the first time the military leaders of the four powers had met personally to confer on mutual problems. Previously negotiations had been carried out by joint chiefs of staff in Washington.

A Plan for Aiding Small Business

(Continued from page 2503)

they tend to develop the type of individual that backs his own judgments and has the spirit of enterprise and venture. In a democracy small business, small farming, and independent professional life are important offsets to big enterprise. It may be, in the last analysis, that democracy depends upon the maintenance of an adequate amount of individualism.

This type of enterprise has tremendous vitality. Many small businesses that disappeared during this war will revive, and more will be founded as demobilization proceeds. This process is already underway; since May, 1944, the number of business births has exceeded the number of discontinuances. After dropping from 3,398,000 in September, 1941, to 2,840,000 in December, 1943, the total number of business firms was 2,938,400 last September, and undoubtedly exceeds 3,000,000 today. This phenomenon would be gratifying if the environment could assure that the new business births would not be offset by a rise in business deaths.

In particular, small business is important to employment. In 1939 eight million wage earners and two million proprietors were employed in enterprises having less than 50 workers each, which was about equal to the total employment in all concerns having 1,000 workers or more. From 1939 to the end of 1943, employment in the less-than-50-worker concerns declined by 1.7%, whereas employment in the more than 1,000-worker enterprises increased by 95%. This wartime distortion, however, will tend to rectify itself if conditions are favorable. But conditions are not favorable in certain basic respects, and we can hardly hope for either the desired restoration of individualism in enterprise, or full employment in the Nation, unless conditions are made favorable for the small enterprise.

Technological Basis of the Problem

What, then, is the small business problem? The basis of the problem, it seems to me, is not financial, but technological. Over the years, machines have become far more productive and hence far more costly. The mass producing type of machinery has been greatly developed and applied. As a result of these trends, the minimum capital requirement for successful operation in nearly all fields of enterprise has greatly increased.

This higher capital requirement has had the effect of making it more difficult to start a business. The higher capital requirements have meant higher overhead costs and fixed charges. The higher costs have required a larger volume of business and broader markets. This, in turn, has increased sales costs and required larger amounts of working capital. Investment funds have preferred the enterprises with the broadest market base in order to reduce the risk.

Three Approaches to the Problem of Small Business

I should like to discuss briefly the problem of small business from three general aspects; first, from the standpoint of technological and managerial assistance; second, from the standpoint of adjusting the tax structure; and third, from the standpoint of supplying credit and capital.

I. The Technological Approach

The first item in such a program would be to provide a means for placing small business in closer touch with modern technology and, in general, with the best management information and technics of every type. The big organizations have their own laboratories, some 2,200 in number, and large companies and associations covering the major portions of their industries are constantly in touch with the National Bureau of Standards. The larger businesses also have their own economic and marketing experts and staffs. Not only is the small business unable to support such services, but its management often does not know where to write for the most reliable type of information.

A central place should be established within the Government, to which the small business may send in a query on any problem connected with management, such as technological or production problems, sources of materials, use of by-products, methods of personnel administration, accounting standards, market opportunities, etc. The central bureau would, in effect, do for business and industry what the Department of Agriculture does for agriculture.

II. The Taxation Problem

The second, and perhaps the most important, approach to the small business problem is in the tax field. The tax structure should be revised so that, in effect, it will put a premium on funds invested in new ventures and a penalty on funds that are put into existing ventures for speculative capital gains.

What would greatly encourage small business after the war is ended would be, first, to reduce the excess profits tax from the present 95% maximum to, possibly, 65%, and to make the corporation tax, say, 25%, instead of 40% as it is now with the surtax. Secondly, to exempt from the 25% corporate tax all profits paid out in dividends which would be taxed in the hands of the recipients. This would avoid the double taxation that is so great a deterrent to the investor in productive enterprise. It would also have the desirable effect of inducing corporations to pay out rather than to retain profits. Third, to give an exemption of $25,000 to all corporations under the excess profits tax. This would be of little moment in the case of a large corporation, but it would be a tremendous benefit to the smaller and medium-sized concerns.

(1) Excess Profits Tax

I am in accord with the recent proposals of the Joint Committee for Internal Revenue Taxation and the Treasury Department for raising the specific exemption under the excess profits tax from $10,000 to $25,000. This will reduce the number of excess profits tax paying corporations greatly and will do much to render investment in the smaller business unit more attractive. Similarly, small corporations will profit from the accelerated carry-back and amortization provisions included in the Committee's proposal.

For the duration of the war this will be a satisfactory arrangement, but what shall be done thereafter? There is a tendency in current tax discussions to consider the excess profits tax as a tax to be discarded immediately, once the last shot is fired. I disagree. Some reduction in business taxes will be possible and helpful, but we should not give all the benefit to the corporations with excess profits. Elimination of the excess profits tax, while retaining corporation income tax rates at their present level, would give the greatest tax relief to those who need it least. This would be a tax differential unfavorable to the weakest corporations.

It should not be forgotten that excess profits in the next few years will be as direct a result of the war as are the excess profits of today. I can see no justification for failing to tax those war profits then, as now. Beyond that, however, complete elimination of the excess profits tax will make it impossible to provide the tax benefits that I have mentioned for the smaller enterprises.

(2) Corporation Income Tax

Among various adjustments that need to be made in the corporation income tax, the treatment of dividends and of losses are of particular importance to the small corporations.

Under present and prewar practice, equity capital is taxed under the corporation income tax, and again, under the personal income tax, when distributed in the form of dividends. Income from fixed debt forms, on the other hand, is not taxed at the corporate level, interest payments to bondholders being taxed but once, under the personal income tax. The resulting discrimination against income from equity capital is serious, particularly for the small enterprise which needs new capital. Numerous schemes have been proposed to give tax relief to equity capital. I should prefer to give the relief at the corporate level, and exclude from taxable income such part of corporate profits (or a fraction thereof) as is distributed in the form of dividends. This tax credit would take care of the problem of double taxation and, in addition, would exert a healthy pressure for the distribution of dividends. Also, it would be a good deal simpler than some of the other methods which have been suggested. To protect small corporations in need of funds for capital expansion, it might be well to provide that some minimum amount of retained income, say $50,000, receive the same favorable tax treatment as that given to distributed profits.

Adequate provision for carry-over of losses is also vitally important to the small corporation which is not in a position to spread its risks over a wide variety of products and markets and is, therefore, more likely to have a fluctuating income. If a five or six-year period for the carry-forward of losses is allowed, combined perhaps with a two-year carry-back period, this disadvantage of the small firm will be reduced.

The great mass of truly small business units, however, are unincorporated. Their tax problem, therefore, is under the personal, rather than the corporation, income tax. From a social point of view, these are the very units which it is most important to encourage. But at the same time the technical problems of providing encouragement under the personal income tax are the most complex and difficult of solution.

III. The Financial Problem

Undoubtedly, there is a lack of an adequate mechanism today for providing equity capital for the smaller ventures. The exemption from SEC requirements for financing up to $300,000 should be of help to the smaller concerns in obtaining equity capital. However, even with this exemption, costs of new financing will still be high on small flotations.

The Investment Bankers Association has presented a plan which is directed toward filling a gap in our investment institutions. The local investment company, directed by local business leaders and locally administered, is the best replacement for the individual investor, and unquestionably better than any central or large-scale investing institution, private or governmental. Local business leaders know their localities and the enterprises in them, and community patriotism is a force that should be brought to bear.

The plan is also sound in clearly recognizing that additional funds will also be needed, by such local investment companies, if the

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job is to be properly done. But there are other features of the IBA plan that are less convincing. The required additional funds under this plan would be borrowed direct by sale of debentures to the Federal Reserve Banks, whereas it seems to me that the private investment market, or such pools of private capital as the credit pools recently formed by commercial banks throughout the United States, would be a more appropriate source.

The funds that the IBA plan proposes to use would not be available if the Wagner-Spence Bill is enacted, as I hope it will be. Federal Reserve funds are not appropriate for this purpose because there should be no mandatory requirement for their creation which might conflict with over-all credit and monetary policy. Hence, if the plan is not to be supported by private funds, a Government appropriation will be necessary.

There are some other features of the IBA plan which I think should be modified, but I shall not undertake to discuss them here.

Turning to the credit problem as it affects small business, I feel that it should be clearly conceived of as one of stimulating the flow of private credit to small business, as opposed to direct governmental lending. The great majority of all banks are themselves small businesses, and Government should encourage them, not compete with them in the lending field.

Many small businesses which are not in need of long-term credit, have satisfactory short-term credit relations with their banks, and for them no credit problem exists. The problem is how to bring the commercial bank loan further over into the area of the marginal credit risk, particularly for long-term credit.

The technique of the so-called V-loan, which has provided billions of dollars of credit for war production, is a logical answer to the problem. The idea was by no means new. It was an outgrowth of the credit plan adopted by Congress in 1934 in adding section 13b to the Federal Reserve Act. That legislation authorized Federal Reserve Banks, under narrow restrictions, to make direct loans to business and industry, participating, however, with local banks wherever possible in these loans and commitments.

The Wagner-Spence Bill, which is pending before the Banking and Currency Committees, would carry over into the reconversion period and, specifically, until the end of 1949, unless further extended by Congress, this guarantee principle of governmental aid which has worked out so successfully in FHA financing and in the so-called V and T loaning operations for war production and for transitional reconversion purposes.

Instead of setting up governmental lending agencies financed out of taxes or deficits to supplement or, as so often happens in fact, to compete with banks or other private lending institutions, it would be far better, if we are to preserve a free enterprise system, to aid the banks and similar institutions to function more effectively in meeting the varied and changing needs of business, industry, agriculture and individuals in the communities they serve. Where oppressive and restrictive regulations beyond those required for public protection cripple private lending institutions, they need to be liberalized and amended in the light of modern needs and conditions.

Some progress has been made in that direction, notably in the revision of bank examination policy in 1938. The revised procedure, under which appraisals of bank assets are based on intrinsic worth rather than on fluctuating current market values, has been adopted in principle by the three Federal bank supervisory authorities and by those of practically all of the states. If it has not been carried out adequately in practice, it is largely because old habits die hard.

Similarly, the Banking Act of 1935 liberalized the authority of the Federal Reserve Banks to lend to member institutions. Nevertheless, additional provision should be made for encouraging the flow of local bank credit by a mechanism such as is provided in the Wagner-Spence Bill. This measure would repeal the restrictive provisions of 13b. The loans would be made by private banks. To the extent that the banks made them without reliance upon the guarantee, so much the better. For borderline or marginal risk loans, a guarantee in part, that is, up to 90%, would be available. As in the V and T loans, the fee which the lending banks would pay for the guarantee would increase with the percentage of the loan guaranteed. Hence the inducement would exist for the banks to assume as much of the risk as they felt they safely could. No appropriation would be required from Congress, since the fund originally provided under section 13b, amounting to approximately $139,000,000 derived from the gold increment, would be made available. This would permit upwards of one-half billion dollars to be loaned through this mechanism. While it is my opinion that many of the estimates of the amount of credit that would be needed by small business after the war are exaggerated, to the extent that the need does exist, this mechanism would go far to meet it.

The loans, of course, would be made by local banks to local people whom they know and with whose character, capacity and reliability they would be familiar. Loans by governmental institutions, unfamiliar with local conditions, are a very different matter. It is obvious that there can be no justification for giving easy Government credit to competitors of existing and established small businesses who have relied upon private credit and who could not compete against what in effect would be governmentally subsidized newcomers in the field.

The Wagner-Spence Bill, if enacted, would serve an all important need in the reconversion period by bridging the gap between termination (T) loans and those needed especially by smaller business enterprises to acquire plant, machinery, inventory, etc., that otherwise would be taken over and disposed of by the appropriate surplus disposal agencies. As you know, the V-loan program enabled the Reserve Banks to act as guarantors for the Army, Navy and Maritime Commission in war production loans made by private banks to war contractors and subcontractors. Similarly, the T program was developed to finance contract cancellation pending settlement by the Government. When settlement is made, the money has to be applied to the T loans, and the Army, Navy and Maritime Commission have no further authority whereby loans that will then be needed to finance purchase of surplus property could be guaranteed. The Wagner-Spence Bill would supply this deficiency and would facilitate and simplify disposal of surplus property. War contractors and subcontractors desiring to acquire government-owned plant, machinery, inventory, etc., would be enabled to finance such purchases through the same channels using the same guarantee mechanism with which they are familiar, and the Government's interest would be safeguarded as it has been in the V and T loans. Contractors in possession of surplus property would be able to negotiate for purchase at the time of contract settlement, thus avoiding delay, expense and other complications that would arise if the property had to be removed and disposed of elsewhere. It would be most unfortunate to let this mechanism lapse. It can be most effective in facilitating reconversion, in disposal of surplus property, and in meeting credit needs, particularly of small business, after the war.

Summary

The small business program should be three-fold—making available technological and managerial information that small business can readily use; readjustment of the tax system so as to favor particularly the smaller enterprises; and continuance of the V-loan mechanism to enable the banking system to extend credit.

Nothing that I have said is intended to reflect a mere sentimental interest in small business. It is an economic fact that the backbone of this Nation has been the small enterpriser and that our entire economic system and its survival depend upon fostering individual, not collective, enterprise.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2506)

almost non-existant. In the middle of last April, however, the group got a sudden shot in the arm and moved up to about 30. A two-point advance is nothing to get excited about, but considering the utilities lack of action, even this move was important. From mid-April until last week the utilities again did nothing. Yet they kept the gains. Last Tuesday (May 29) the utilities moved up about .30. Thursday they reacted .39. It is the reaction rather than the rally which became important. It established a swing or a pendulum which up to then was absent in the group. On June 1 (Friday) the pendulum action of the utilities was confirmed when the average advanced .45, or .06 above the 31.39 top made on May 29. This breaking out of the long rut became visible in the action of a half dozen utility stocks.

The reason I stress utility action is its effect on the rest of the market. Last April when the group moved out of its narrow range, the other averages, rails and industrials, subsequently moved up about five and ten points respectively. Naturally the conditions then are no longer present today. But the action is so similar that a parallel is indicated.

Yet though the parallel is there it is not indicative of immediate fruition. There

(Continued on page 2528)

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The Securities Salesman's Corner

By JOHN DUTTON

Information Is Valuable — Use It To Your Best Advantage!

There is an old but true saying that the price you put upon your own abilities will result in the valuation the world will place upon your worth. Carry this a bit farther and you will find that it is likewise a certainty that the valuable information that comes to you from day to day, regarding the various securities which you are following, the economic changes that are going on in the world of business, and the extensive flow of financial and political news that comes to you from sources all over the world—CAN BE JUST AS EFFECTIVE IN BUILDING AND KEEPING A CLIENTELE OF SATISFIED CLIENTS, **as you wish to make it.**

It all depends upon **how** you disseminate this information to your customers. If you scatter this information abroad — hand it out indiscriminately — make it easy to get — you cheapen the worth of one of the most valuable services you can render to your clients. Think of the extensive news gathering services that are available to our industry. Consider the cost of these services. Realize for a moment the value of this priceless information that your firm is securing (at considerable expense—and for what purpose? To make it possible for you as a salesman TO RENDER A SERVICE TO YOUR CLIENTS WHICH THEY CANNOT SECURE THEMSELVES. This service is in a class by itself — hardly another line of business gives out so much FREE INFORMATION as the securities industry.

This all adds up to one conclusion and that is, "something which we get for nothing is rarely appreciated." Well, we can't charge a fee for it — it's part of our business. BUT WE CAN HANDLE INFORMATION IN SUCH A WAY AS TO BUILD UP OUR PRESTIGE IN THE EYES OF OUR CUSTOMERS. We can do this BY MAKING "NEWS" IMPORTANT.

Let's take a leaf from the doctor's book—or the way a successful lawyer handles his stock in trade (information). After all, what do they sell? INFORMATION! You get a sprain in the muscles of your back. You go to a doctor. He hears your story. What does he do then? Does he give you the answer right off the bat? The chances are he knows what's the matter with you as soon as he sits you in his chair. But he looks you over, asks you to bend and twist, and possibly he even gets out the stethoscope and the blood-pressure gadget and puts you through the motions of an examination. Then he looks at you rather gravely, tells you not to worry, hauls out the adhesive tape, straps you up, gives you some pills (that he tells you will ease the pain) and after all this build-up he tells you you've got something with a fancy name called contusion. When you pay him — you feel like you've got your money's worth. As for lawyers — if all the rig-a-ma-role that has been written into the law books (just to make it tough for the customers and easy for the lawyers) were put into one volume, that book would be as thick as the Empire State Building is tall — and just as unintelligible as it was thick. But lawyers and doctors make their living out of "selling information. They've got it down to a science.

The next time a customer asks you a question THAT YOU CAN ANSWER JUST BY GOING TO YOUR STATISTICAL DEPARTMENT, OR BY THE SIMPLE PROCESS OF LOOKING INTO THE MANUALS IN YOUR OFFICE, REMEMBER THAT WHAT IS A SIMPLE MATTER FOR YOU ISN'T SO EASY FOR HIM. He isn't in the securities business — the chances are 100 to 1 that he wouldn't know where to go to get the answer unless he came to you, or to someone else in the business. This is the time to let him know that the service he receives from doing business with you is VALUABLE. Don't jump to the telephone and rattle off your answer in a casual, matter of fact way. Remember, that infers to him that this is something of no consequence which you do for the public may times a day. Tell him you are going to check it up. Build up the importance of correct information and put a plug in there for your firm and your "fact finding" facilities. Let him know that in regarding every inquiry of this nature it is important to your firm that the latest and most correct advices on the subject are carefully checked before such information is disclosed. If possible, wait a day or two. Then make your telephone call — or write a **good** letter. WHEN PEOPLE BELIEVE THAT THEY CAN GET SOMETHING FROM YOU THAT IS IMPORTANT TO THEIR WELFARE — YOU ARE THEIR SALESMAN AND THEY WILL PLACE THEIR CONFIDENCE IN YOU AND YOUR FIRM. Call it bunk — call it window dressing — call it any name that you may wish — ITS SELLING!

Selling is based upon a fundamental appreciation of the weaknesses as well as the strengths in "human nature." Securities don't sell themselves — that's why we need security salesmen — doctors — lawyers — and even politicians — they all have something to sell. Those who are successful not only render a worthwhile service — they also know how TO MAKE OTHERS LIKE IT!

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Tomorrow's Markets Walter Whyte Says—

(Continued from page 2527)

are other signals of more immediate importance that seem to claim precedence. The industrials which, last week and the week before, beginning to show evidences showed a base at 164, are now of a barrier in the region of 170-172. So far they are well away from those levels but one or two days of strong action by the leaders and they will be right in the midst of that range. I might point out, however, that the latter obstacle seems to be of minor importance. The utility signal, on the other hand, seems to be of intermediate if not of major importance.

A short run indication can however carry the industrials down about 5 points. It may be only three points if the 170-172 is not reached first. But any reaction, no matter how minor, is a reason for abstention. So despite the long term positive indication I prefer to follow the short term signal.

Where stocks held are concerned the advice to maintain positions is repeated. You have Jones & Laughlin at 29, now about 34. Keep stop at 30. U. S. Rubber at 56, currently about 59, stop remains at 57. U. S. Steel bought at 56, is now about 69, stop is still 65.

No additional stocks will be recommended until the long range influences become dominant, the short run indications disappear or the setback occurs.

* * *

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.]

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Conference Works on Economic Set-up Despite Political Differences

(Continued from first page)

ership is surely being frustrated by the still unresolved disagreements over Argentina, Poland, and the Levant. . . .

* * *

The sudden impact of the Syria-Lebanon affair on the Conference seemed to make its elaborate deliberations highly academic. . . . As a member of the new World Organization, would Great Britain have acted any differently; would she have waited to consult League machinery in lieu of direct dealings with France? . . . **And everyone here recognizes the fact that the World Organization would be estopped from effective action by France's vetoing of almost any of its actions it did not like. . . .**

* * *

This highlighting of the vital veto issue through the Near East events, coupled with the intransigent Soviet attitude toward the formula in the new Charter is quite understandably making Mr. John Public a sophisticated cynic. . . . For until the past few days he did not realize that a Big-Five Power can prevent concerted League action against its aggression. . . . On street corner and in hotel lobby, in bar and in barber shop, the argument vehemently rages as to where the veto prerogative really should be exercised; about alleged basic unreconciable differences between the American and Russian souls, and guesses about what Uncle Joe has up his sleeve next. . . . And the controversy has been further dramatized by the flight of Harry Hopkins to Moscow and supposedly bypassing of Gromyko here. . . .

* * *

But the determination of the veto-point is not the crucial factor. . . . The really significant conclusion is the following: Granting the premise that for the League's "practical operation" the veto privilege is necessary, this justification for the necessity of a veto can only signify hopelessness for the long-run career of the League. . . . **For if it is necessary not only to permit, but actually to legalize aggression and other international lawlessness, what chance is indicated for international cooperative and unselfish policies? . . .**

* * *

The Kremlin's drastic stand in the veto controversy is regretted by many of her good friends here, as injuring both her own interests and international cooperation. . . . Because of the stimulant to cynicism, unwitting encouragement to the Nye and Wheeler isolationist school is even feared. . . .

As the Conference moves on to its climax, the process of consciously concentrating power in the Big Five daily becomes more marked. . . . Following are some examples:

(1) Generally limiting the powers of the General Assembly, whose membership includes all nations, in favor of the Security Council which is controlled by the Big Five. . . .

(2) Giving the Security Council, supposedly an agency for the use of force, control over selection of the Secretary General; and indicating the possibility of thus deviously using the Council as an instrument of Big Five power to an absurd degree. . . .

(3) The general formulae for voting, with the veto privilege, extremely far-reaching even within the areas unanimously agreed to. . . .

(4) The Charter will be declared effective after ratification by each of the Big Five, but by only a majority of the other nations. . . .

(5) As a big power, Russia wants to have a full say on the Trustee Commission, although she has never had a trusteed territory. . . .

* * *

Plans for providing machinery to function during the extended period between the end of this Conference and the ratification of the Charter, are progressing rapidly. . . . Major delegations each have at least one member working on the problems; and a working paper has been drafted, which the United States delegation discussed at length yesterday. . . . Setting up the machinery for this interim period before the World Organization can legally function, is part of the agenda for this Conference, but will have no place in the Charter. . . . This machinery will be done before the Conference is ended. . . .

There are two problems:

(1) To avoid jumping the gun in encroaching on the new Organization's prerogative before it has been legally ratified by the American Congress and other Legislatures. . . .

(2) To absorb the facilities, and the many and complicated international arrangements, under the existing League of Nations. . . .

* * *

Located in London, the organization will probably be called the Interim Commission or the Preparatory Commission—with the latter the more descriptive. . . . In any event, it will function as a "working party" to set up housekeeping. . . . **It will make all the detailed arrangements and draft elaborate agenda for the first meeting of the new Organization's General Assembly. . . . To avoid gun-jumping, the operations will be kept informal. . . .**

* * *

Following the lines of the Food and Agriculture Agency after Hot Springs, this agency will probably be set up as follows:

(1) The top Preparatory Commission proper would have a member from each nation, who might meet only twice, once at its intiation and again at its dissolution, when the Charter is ratified. . . .

(2) An Executive Committee of 14 members, chosen by the above described top Commission to whom it will report. . . . This Committee will be on a regular-meeting basis, and supervise operations full-time. . . .

(3) A Secretariat, much smaller than the subsequent full Secretariat of the new League. . . .

(4) Technical committees and staffs: Particularly active could be the staff leading to the ultimate Economic and Social Council. . . .

* * *

Preparing the agenda for the new League will be far more complicated and detailed than at first blush would seem likely. . . . Rules of procedures and staff regulations, including living details and grades of pay, must be drafted. . . . The Commission will find it necessary to draft a budget, which means anticipating the activities of the new League that will subsequently occur after its founding. . . . It must lay out the framework of its activities, and the financing provisions. . . . In the latter regard it seems almost certain to follow the League technique. . . . Expenses were shared on the ability to pay principal, arrived at by consultation rather than by any statistical formula. . . .

The financing of the Preparatory Commission in the interim period will be done in one of the two following ways:

(1) By the countries chipping in concurrently, as after Hot Springs with the Food and Agriculture Commission. . . . The U. S. contribution was made with a Congressional appropriation. . . .

(2) The host country can lay out the monies, and collect afterward. . . .

* * *

One of the important and difficult tasks for this Commission will be drafting and necessarily only drafting terms of agreement for subsequently bringing into the new League the affiliated organizations, such as the International Labor Office, the Bretton Woods Fund and Bank, the Food and Agriculture Agency, etc. . . . Such draft agreements must be worked out, and later presented by the new League's Economic and Social Council to the Assembly for its approval. . . . Only the intergovernmental agencies, as those specified above, will require agreements; the non-governmental bodies, like the Chamber of Commerce and specialized agencies, will be brought in informally and frequently as **ad hoc** participants. . . .

* * *

There are several knotty legal questions involved in the taking over from the existing League of Nations:

(1) Who owns the buildings and the archives—the League of Nations or the nations severally? . . . This must be discussed by the Interim Commission. . . . British favor the new League taking them over, through payment. . . .

(2) What action is to be taken regarding the many treaties which were made specifically under the aegis of the League of Nations? . . . Articles 22-25 of the League of Nations Covenant provide for its cooperation in varying manners through conventions and treaties on matters of Labor; treatment of native freedom of communications; traffic in drugs, women and children, and administration of mandate territories. . . . **All of these treaties will have to be reviewed, which will involve a most difficult and lengthy task. . . .** All the arbitration provisions naming the League will have to be transferred to substituted organs of the new United Nations Organization. . . .

(3) Who actually owns the present mandates; who has actual title, as in the case of Palestine? . . . They belong either to the possessing country, to the League, or to the former allied and associated powers. . . .

* * *

The factor of the present United Nations excluding some of the old League members, enters in two ways:

(A) In the case of the outside organizations to be affiliated, (such as Bretton Woods), Sweden, Switzerland and Ireland, may cause trouble. . . . For, although they are autonomous bodies, the bitterly anti-League USSR may object to their getting their foot inside the door. . . .

(B) Some non-United Nations countries are treaty participants. . . . Yesterday, the appropriate Committee here acted to bring the existing permanent Central Opium Board and the Drug Supervisory Board into the new United Nations Organization, as one of the official intergovernmental organizations, as will be the case with the International Labor Office. . . . **They will be brought in independently of other social and health bodies, and because of the special nature of their problems—including the restrictions on drugs—will not be subservient to any other agency. . . .** Later there will also be brought into the Organization, with strictly United Nations membership, a new so-called Advisory Commission to replace the existing Advisory Commission of the old League. . . . The interim body will have to devise the means for accomplishing all this. . . . The Drug Boards operate under six separate conventions in affiliation with, but not as integral parts of the League of Nations, and comprising several non-United Nations countries. . . .

The Preparatory Commission will be influential in determining the kind of personnel of the Permanent Organization. . . . The Canadians are pressing a proposal, aiming at the creation of a permanent International Civil Service, taken out of national politics, and not to be interefered with by political considerations. . . .

The manner of the United States participation may be influenced by Mr. Stettinius' future, particularly should he transfer his functions to officialdom in the new Organization. . . .

* * *

The Committee on Economic and Social Cooperation, under the very able and tactful leadership of Sir A. Ramaswami Mudaliar of India, will finish its labors this week, and report publicly to the full Commission Monday next . . . An itemized seriatim analysis of the changes made in the projected Economic and Social Council from the Dumbarton Oaks provisions, and a summary of the net results follow:

(1) Chapter 1 of Dumbarton Oaks, containing the statement of purposes of the Organization, is expanded to include mention of human rights and education, and has also added the Australian-promulgated pledge promising joint and several fulfillment of obligations. . . .

All the changes following hereunder apply to Chapter IX of Dumbarton Oaks. . . .

(2) Section A-2 now provides that the official bodies to be brought into the Council shall be "intergovernmental" and have "wide international responsibilities." . . . **This will effectively bar agencies of limited scope, including those with only bilateral or trilateral international relationship.** . . . To the same section has also been added an important clause, of Canadian authorship, providing not only for the reception of reports from the Council's own staff, but giving it the definite right to organize completely new agencies when necessary strictly on its own initiative. . . . In the same section the Council is given the power to make arrangements with non-governmental agencies, like the International Cooperative Association, the Workers Trade Union Association, the National Association of Manufacturers (the U. S. Government assenting), for informal consultation. . . .

* * *

As anticipated, the International Labor Office—following promises to change its Constitution—has been given the "rapporteur

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treatment" (that is, the Committee's rapporteur will report "favorable recommendation") regarding its inclusion—with the Soviet delegate abstaining. . . .

(3) Section B, relating to composition and voting, is unchanged with respect to providing for the number of Council members at 18, despite proposals varying from 24 up to representatives from each of the 50 States. . . . Choice of the members in accordance with each State's economic importance was also proposed, but particularly because of the greatly broadened activities now prescribed, and because of the imponderability of future factors, it has decided not to specify qualifications of the members. . . . Eligibility of the members for reelection at any time is also provided. . . .

(4) Section C of the Charter, which specifies the powers and functions of the Council, will include a provision stating that the Council "shall" invite any member of the Organization to participate in discussion, without vote, in any matter of interest to it. . . . The Council is to decide factually whether a subject is of interest and properly calls for an invitation. . . . This is not a legal obligation with recourse, but a moral one. . . . It represents a compromise with previous suggestions which would have thrown the Council wide open to all who want to sit in. . . . **The withholding of the voting privilege from such sitters-in, in contrast with the visitors to the Security Council, is occasioned by the former's lack of executive powers possessed by the enforcement body. . . .**

In order to ensure speedy action in the conduct of its business, and to guard against infrequency of meetings, it is now being provided that meetings must be called on the request of a majority of the members. . . . This is judged preferable to prescribing time intervals. . . .

(E) To Section C-1-B, providing for recommendations to be made by the Council, is added the field of human rights, to conform with the amended Charter in other sections. . . .

(5) By additions to Dumbarton Oaks C-1-C, the Council is enabled to initiate and make reports to the General Assembly, to the member nations, and to the specialized agencies. . . . To the nations these reports must be encyclical; that is, whether approvingly or disapprovingly, it cannot—because of the sovereignty factor—report to any particular country or countries. . . .

(6) The Council will supervise the affiliated agencies in two ways: with respect to the nature of their work, and with respect to possible duplication of work. . . . **The Council can issue advice to, and can consult with, the specialized agencies as the Bretton Woods Fund and Bank, but must stop short of issuing policy directives. . . .** If it wishes to stop duplication by order, it must do so through the Assembly; directly it can use only persuasion. . . .

* * *

The Assembly can recommend to the affiliated agencies coordination of policy; while the Council can only recommend coordination of activties. . . . Even the Assembly cannot reverse, or otherwise direct, policy; for example, it will not be able to reverse loaning policies or particular decisions of the International Bank. . . . It is felt that this will present no practical problem, as the World Organization and the agencies are not separate corporate entities, but interwoven affiliates with largely identical constituent members. . . .

(7) The Conference has put some "teeth" into the Council's recommendatory activities by providing a follow-up to require reports from the member countries as to how they have observed its previous directives. . . . This check-up right will act as a bar against lip-service promises—and will remove the Council's recommendations from the plane of mere pious prayings. . . .

(8) Also added to Dumbarton Oaks is the power given to the Council to call conferences and prepare conventions. And it is empowered to provide information to the Security Council directly, instead of through the Assembly on call. . . . **This puts the relationship with the organization's enforcement body in much stronger terms, and can stop economic-born troubles with less delay. . . .**

(9) The Economic and Social Council will be specifically directed to establish a Commission for Human Rights. . . .

(10) The previous specification for experts exclusively in the organization of the Council has been eliminated. . . . Particularly because of the Council's subsequently widened activities, **the experts proviso might have kept off highly desirable individuals—as business and labor leaders—who might not have been able to qualify. . . .**

* * *

It is earnestly believed by members of the committee responsible for the above-specified changes that they have greatly strengthened the Economic and Social Council over the Dumbarton Oaks version in the following respects:

(I) The Council is strengthened in its relationship with the affiliated specialized agencies, viz:

(a) Through the initiative given to it to create new agencies;

(b) Through spelling out the ways in which it will coordinate their activities;

(c) Through the provision for giving the Council power to get not only regular reports, but special reports on request, and

(d) Through the provision for two-day reciprocal representation with the agencies. . . .

(II) The Council is greatly strengthened through additions to its own functions, viz:

(a) Getting reports from the member countries in answer to its recommendations, and reporting its conclusions thereon to the General Assembly;

(b) The power to make studies and reports on its own initiative. **Although there necessarily are no formal accompanying "teeth," a favorable press coupled with the organization's prestige may help greatly;**

(c) The new provision authorizing the Economic and Social Council to perform services at the request of specific countries and agencies;

(d) The new close link with the Security Council;

(e) The power to call international conferences;

(f) Authorization to prepare draft conventions, as on patents. . . . This has been found very useful in the past by other organizations like the International Labor Office. . . .

(III) The Council will be strengthened through the changes in its structure which assure that interested countries and agencies will be actively consulted. . . .

(IV) The great concurrent concentration of power in the Big Five raises the importance of the Economic Council. . . . It is the one realm where the "Little 45" Powers can exercise influence — particularly during the imminent pre-ratification transition period wherein both the Moscow Declaration and Dumbarton Oaks provisions vest all political powers in the Big Four or Five. . . .

House Debates Bretton Woods Bill

(Continued from page 2505)

unclear and doubtful that it requires clarification: or that the language is sufficiently clear to make it evident that the Fund is authorized to make long as well as short-term loans, and therefore requires amendment to prohibit the former.

"But none of these terms except 'current transactions,'" Mr. Smith continued, "is defined either in the Amendment or Agreement. Current transactions are defined in Article XIX (1) of the Agreement, but no light is thrown on the Wolcott Amendment from that source. The term 'temporary assistance' in connection with 'cyclical' and 'fluctuations in the balance of payments' could certainly be interpreted as embracing long-term loans."

"How long is a cycle?" Congressman Smith asked. "Minor cycles are defined by James Arthur Estey, Professor of Economics, Purdue University, in his work, *Business Cycles*, as averaging close to 40 months, and major cycles as averaging eight years. I have consulted numerous authorities on this subject, including the highest in the employ of the Federal Government, and without exception they said the term 'cyclical' could not possibly be considered as coming within the scope of short-term lending.

"How possibly could a loan to a country going through, say, a five-year depression, serve its purpose unless it could keep it for that period plus sufficient additional time to make it possible to pay it off?"

Representative Smith also quoted the item in the May 31 "Chronicle": "Is there a joker in the Fund interpretation?" In his conclusion, Mr. Smith added: "Entirely aside from his amendment a word should be said on the matter of our being free to withdraw from the Fund. Before we enter this scheme we should be prepared to remain a part of it until it runs its course and by its own power destroys itself. If the Federal Bureaucracy can create by propaganda a sufficient amount of sentiment to force Congress to adopt this scheme now, what chance would there be in the future for the Congress to have anything to say about withdrawing from it? Only when Congress regains its independence as a legislative body will there be any hope of it being in a position to exercise sufficient power to determine whether the United States shall or shall not withdraw from it."

Wolcott An Ardent Advocate

Representative Jesse Wolcott of Michigan, ranking Republican member of the House Banking Committee, has now stepped out as one of the most ardent pleaders for the Fund and Bank. Naturally, he directed part of his lengthy speech to the criticisms Representative Smith had aimed at the Wolcott Amendment. Mr. Wolcott said, in part:

"It has been said that any country participating in the Fund has an automatic right to come to the Fund and get exchange up to the amount of the member's quota without any restriction at all, without telling the Fund what it wants the exchange for, and for any purpose for which the member sees fit to use it. I think, if that were true, if there were no brakes against that procedure, many of us would still be skeptical of the advisability of going into this Fund. The committee took action in addition to the language of the Agreements themselves to give reasonable assurance against those practices. In an amendment to the bill, it defined the American interpretation of the limits within which the Fund should operate. I hope you will bear with me while I review some of those.

"On page 8 of the Articles of Agreement we find this language: 'Before it gets exchange the member must represent that it shall be used for one of the purposes for which the Fund is set up. If it uses the exchange for any other purpose, it is subject to expulsion from the Fund.'

"The whole controversy on whether or not the Fund should be set up was on whether the managers on the part of the Fund would be in a position where they could operate within the limits of currency stabilization. The committee, to meet the objections that the Fund might be used for long-term transactions, to stabilize economies, to give relief, and for rehabilitation, reconstruction, and development made very clear the

(Continued on page 2530)

The plan for a Special Economic Staff Committee for managing economic sanctions, devised by American technicians, has been permanently shelved. . . . Sanctions will be determined by the Security Council, with the ad hoc help of experts in the Economic and Social Council and in the Secretariat — chosen at the discretion of the Security Council's members. . . . **The official family here feels very strongly that the revision accomplishes the very maximum accomplishable within the framework of the impossibility of creating a World State. . . .** Some of the technicians here make analogies with our own historical process. . . . In the Federalist papers it was pointed out as a basic flaw that the Confederation could not reach the citizens through taxation, etc. . . . Similarly the Economic and Social Council cannot control either the States or the individuals. . . . But through a process of evolution our present Union now does reach the individual. . . .

* * *

Access to raw materials has been vigorously brought to the fore during the past week. . . .

Although the proposals made by France have been summarily disposed of, the discussion left interesting evidences of the lack off realization of the limitations of the Charter's frame of reference, of the need for catering to domestic demands, and of using loftily-stated aims for practical purposes. . . .

* * *

It will be remembered that the raw materials slogan is always a wartime incident; that normally the problem lies in the finding of export markets; that the egress of goods may be as difficult as access; and that finance certainly is a crucial factor in the acquisition of goods. . . . The French proposed the setting up of a Commission to ensure that there would be equal access to raw materials and capital goods (mentioning the means of production, according to the translation of their own delegates). . . .

The proposal has been endorsed by some producing-consuming countries. . . . It has been backed by Belgium, New Zealand and some South Americans—notably Uruguay. . . . The French say that lack of goods is a basic cause of war, and that raw materials and the means of production are just as important as full employment, which has received the Organization's blessings. . . . They want to permit both producing and consuming countries to have access to international commerce, and to allow devastated countries or developing countries to have access to the means of production. . . . **They want the existing Combined Raw Materials Boards expanded and recommend that these Boards should not remain Anglo-American but should become internationalized under the Economic and Social Council. . . .** They want the Council to prevent cartels from controlling international trade in both raw materials and capital goods, and advocate "buffer pool" agencies of consumers and producers to fix maximum and minimum prices. . . . **When queried as to a definition of "equal access" and as to the incidence of prices and payment, the French reply that the Council must find a way to effect the financing—they are quite frankly advocating a redistribution of wealth to the have-not nations on a world-wide scale. . . .**

* * *

It is thought here that the real French motives are to elbow their way on to the existing Combined Raw Materials Boards through the World Organization, to please public opinion at home, and to have another means of keeping a chip on their shoulders. . . . **It must be remembered that the plea for equal access is wholly inconsistent with France's own past policies entailing intra-Colonial preferential arrangements. . . .** The supporting South American countries are afraid that goods and credits from the U. S. will be diverted to Europe instead of in their direction. . . .

* * *

The opponents of the proposals have pointed out that the aims of particular Commissions to be created, and particular subjects to be studied, should not be in the Charter; that the Conference is only creating machinery in the Charter, and that matters like this shall be disposed of later for the benefit of the working Organization, and that it would be entirely impracticable and ineffective because of the 18 months or longer before the new Organization actually begins to function. . . .

The Committee gave the proposal the new "rapporteur treatments." . . . It ordered that when the rapporteur reports to the full Commission in open session next week, he will mention that the Economic and Social Council should consider at an early date the problems relating to raw materials and capital goods. . . .

It can be said on high authority that, despite current rumors to the contrary, there will be no regional commissions throughout the world to deal with social and economic problems. . . .

* * *

Strange seems the relative amount of the public's interest in the Conference that is centered on the termination date. . . . In fact Commander Stassen, for one, is quite out of sympathy with the public wise-cracks about the time factor, and with the journalists' gripes thereon. . . . **Although he himself is most anxious to hurry back to his Pacific naval duties, he points out that time is unimportant compared to the importance of turning out an effective Charter. . . .**

It appears as if the termination will either come unexpectedly soon, or be drawn out for a very long time. . . . The first alternative may come about through a sudden resolution of the log-jam consisting of only a few remaining items. . . . On the other hand, the end may be long delayed through deadlocks, through the necessity for a final coordination of the Charter—document, language difficulties—and finally, because Gromyko may have to submit the final document to Moscow in toto, as was done with Dumbarton Oaks, despite the fact of practically all of it having already been submitted piecemeal.

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House Debates Bretton Woods Bill

(Continued from page 2529)

interpretation which the American Government puts on this language. In addition to that interpretation there has been issued, so that every one may have a copy interpretations put upon the Fund language by the United States Treasury, in a little brochure called the Bretton Woods Proposals: Questions and Answers.

"I stress the fact that the Fund is to be used for temporary assistance as contrasted with long-term loans. This assistance will give a breathing spell which may be all that is required to bring the international payments into balance.

"There will be introduced in the Congress very shortly, either by me or by someone else," Representative Wolcott concluded, "a bill to set up the Export-Import Bank of Washington as an independent agency of the Government, with an increase in its capital stock from $700,000,000 to $2,200,000,000, or an increase of $1,500,000,000, the activities of which will be coordinated by this National Advisory Council. Let us take this thought home and think about it: If we participate in this Fund; if we participate in the International Bank; if we increase the capital of the Export-Import Bank of Washington to $2,200,000,000, there will be no justification for the Treasury directly loaning to any foreign country one single dollar."

Patman Again Charges "International Bankers"

In his second day's speech on the bill, Representative Patman reverted to the theme that a ring of international bankers is responsible for the opposition to the Fund. Alluding to the fact that the late Leon Fraser's name had been mentioned by Congressmen opposing the bill, Mr. Patman stated that Mr. Fraser had spearheaded the criticism. He added that he did not want to say anything against Mr. Fraser personally, since "he has departed this life," but pointed out that Mr. Fraser headed what is perhaps the largest bank of its kind in the world, a bank which, according to Mr. Patman, has only 1,200 customers and accepts no account of less than a million dollars. That bank, Mr. Patman told the House, symbolizes the opposition to the Bretton Woods measure.

SEC Is Quoted by Crawford

Representative Fred L. Crawford (R.) of Michigan, who opposed the bill, quoted the Securities and Exchange Commission as his source of information that the chief purpose of the Bretton Woods Agreements is to channelize American savings into foreign investments. He said that the job is only partly done when the Bank is set up. There has then still to be the purchase of foreign bonds by American investors, and a great selling job will have to be done to inveigle the American people into sending their savings into foreign lands, Mr. Crawford said. Calling by name various Representatives seated before him, Mr. Crawford asked: "How many dollars do you want to invest abroad, Mr. Spence, Mr. Doughton, etc?" Representative Doughton merely held up his hand, as if to ward off something unwelcome.

It is alleged that officials of the SEC believe that this country is unable to find profitable employment domestically for its savings, and is therefore supporting the campaign which the Administration has been waging on a wide front to encourage foreign investment after the war on a vast scale.

Representative Sumner States Fund Will Create Dollars

Representative Jessie Sumner (R.) of Illinois, author of an unsuccessful attempt to amend the bill by striking out the Fund, which was defeated by 120 to 18, in a speech today informed the House that the United States $6,000,000,000 subscription would be "only the initiation fee." In her speech she said: "In 1940 the banks in the United States had a capital and surplus total of approximately seven and one-half billion dollars, yet there were forty billions of created dollars circulating in the United States, while in 1944, after the total capital and surplus had increased only about four-tenths of one billion, the total created money circulating in the United States was over one hundred billions.

"It does seem that the Fund would have power, thanks to the Bretton Woods Agreement and the bill, to create an amount, the limits of which I would not be able to estimate, but certainly it could extend to much more than six billion dollars, depending on how the international bureaucrats controlling the Fund exercise their power.

"The bill before you authorizes the Secretary of the Treasury to issue Government obligations to the extent of two billion seven hundred and fifty million dollars, which the Fund takes. The Fund can either use them as circulating money or bank deposits, so why wouldn't it use them as bank reserves, since this would enable the Fund to create more money as a bank does?

"The Fund Agreement gives the Fund the right to borrow dollars within or without the United States with the approval of the American representative. I see no disposition on the part of the Administration to disapprove it.

"The Fund Agreement would give the Fund sufficient power to pledge foreign currency, or foreign gold, or securities, or foreign private bonds. It says: 'or other acceptable assets.' The commercial banks on the basis of this security would lend money, or as some would call it, 'create new and additional dollars,' to claim American-made goods.

"The Fund Agreement requires a member government to sell its currency for gold to the Fund if requested. Thus the Fund has power to dump any amount of newly minded gold into the United States.

"Thus it seems that our six billion dollar contribution is only the beginning—only the initiation fee."

What the Public Expects Of Television

(Continued from page 2503)

A man in Illinois expects to watch the exact happenings of the battle for Tokyo.

A lady in Fort Wayne, Ind., expects to see the performance of "Oklahoma" over her television receiving set.

Another man in New York feels that the punishment of German war criminals should be televised.

Many people expect to see their favorite radio programs televised.

Many people expect to see the latest movies over their television sets.

The public's conception of what they expect from television is endless. They want it and hope to get it.

Public's Desire for Television Reflected in All Market Studies

Every market study made in the last few years has indicated that the public is intrigued with and very desirous of having television as they imagine it will be. The following extracts from studies are indicative of this:

The Stewart Brown study in which 3,029 people were asked this question, "What are the features you want most in your post-war radio?" Forty-three per cent of the respondents said they wanted television.

In a McCall magazine study among 11,150 of their readers, 16.5% of the women said that television is a post-war "must." Another 67% of these readers said, "I like and may get."

Thomas Joyce, when with the Radio Corporation of America, made a study in 11 cities and found that in the post-war period 61.3% of the people would be willing to pay $200 for a television receiving set—34.3% would be willing to pay $250—20% would be willing to pay $300—and 10.3% would be willing to pay $400.

Manufacturers of Radios Very Optimistic About Post-War Television

Because the imagination of the public has been fired by the possibilities of television and because in all market studies such a large proportion of the public express themselves as being desirous of having television after the war, the manufacturers of radios and television have become very optimistic about post-war television. Typical of the optimism of television manufacturers are the following examples:

Currently many magazines are carrying full-colored page advertisements on what television will do and bring to the public after the war. Newspapers and other media are also carrying important advertising campaigns featuring the promise of television.

Based on their studies Mr. Thomas Joyce, when with RCA, predicted that within five years after the war annual sale of television receivers would be 2,500,000 sets and that this would go to 3,500,000 sets per year within ten years after the war.

Mr. Arthur P. Roth, Executive Vice-President of the Franklin Square National Bank, states that 22% of their depositors are saving specifically for a $400 television set immediately after the war. Mr. Roth believes that 1,600,000 people throughout the country could be expected to accumulate $650,000,000 in savings earmarked for television.

Mr. R. C. Hooper, regional advertising manager of the RCA Victor Division and President of the National Television Council, predicts that:

1. Television will provide about 4,600,000 jobs per year.
2. Two and one-half to three and one-half television sets will be produced yearly.
3. Thirty million television sets will be in use by 1955.

Mr. E. Vogel of Farnsworth Products predicts that there will be 250,000 television sets sold the first year after the war and that this will increase to the rate of 2,000,000 sets per year after the fifth year after the war, with 5,550,000 sets in use within five years after the war.

Mr. Palmer Craig, Chief Engineer of Philco believes that 4,000,000 television sets in use after the first ten years post-war is "extremely conservative."

Mr. James H. Carmine, Vice-President of Philco Corporation says, "Probably never before has a product of a great new industry been so completely planned and highly developed before it was offered to the public as has television."

Caldwell - Clements, publishers of "Electronic Industries," questioned 54 leading radio manufacturers requesting they indicate whether or not they intend to manufacture television sets after the war. Of these, 41 said definitely that they planned to produce one or more models of television receivers. This would indicate that these manufacturers expect an excellent market for television after the war. Also it would seem to promise a very competitive market.

Rosy Prospects for Television Have Some Drawbacks

There is no doubt that the imagination of the public has been greatly stimulated by the coming of television and that manufacturers and promoters of television are both energetic and optimistic.

It must be remembered, however, that television was a relatively untried and unknown thing before this war. There were less than 5,000 television sets sold before the war and it is now estimated that only about 3,000 sets are in use. The mass consuming public in the United States could, therefore, have had very little contact with television as it actually is. In spite of this, their imagination has been stimulated and by the millions they say they want it without knowing exactly what they are going to get.

The public assumes that television will be available to them along the lines that they have let their imagination run. But there are still dozens of technical and psychological problems that are unanswered, any one of which affects materially the post-war possibilities for the rapid growth of television.

Among the technical problems still unsolved or undeveloped are the following:

1. Networks for television have not yet been developed. Television networks cannot, like Standard Broadcasting, use telephone wires. Networks for television are dependent on the development of coaxial cable networks or relay station networks. The A. T. & T. does have a plan for laying a certain amount of coaxial cable and also for experimenting with relay stations. Their plans are primarily for long distance telephone service, but could handle television.
2. The cost of handling television networks over coaxial cable will be materially higher than that of standard broadcast over telephone wire.
3. No advertiser, and it will be the advertiser that has to pay the cost of television, knows with any degree of accuracy either the size of the post-war market he can reach by television or the cost of so doing.
4. It is not yet known how many hours a day people would be interested in watching television. There is already a certain amount of evidence to indicate that some people's eyes tire after watching it for 15 minutes—others after watching for one-half hour.
5. The degree to which housewives would drop their housework to watch television during the daytime has not as yet been determined.
6. No clinical tests have been made to determine whether the father of the house would be willing to have lights turned out in the living room when he wants to read because his children want to watch a television broadcast of no interest to him.
7. The cost of producing television shows that will be acceptable to the public as compared to the cost of producing standard broadcast shows that are acceptable to the public have not yet been worked out. The broadcasting industry, however, knows that they will be very expensive.

These and other "If's" "And's" and "But's" about post-war television have not been answered and any prediction in regard to the postwar market for television is dependent upon getting some genuine answer to them.

Our client, Sylvania Electric, is very much interested in post-war television. Sylvania is a very important factor in the manufacture of radio tubes and also in the manufacture of cathode ray types which would be used in television. They would very much like to see television come rapidly and in large quantities. It would be beneficial to their profit and loss statement. But Sylvania also wants to be practical about it. It wants to know as nearly as possible what to expect of the post-war market for television. They have asked us to cooperate with them in making a series of market studies to get answers to help formulate a fair estimate of what the post-war market for television will be. We have made and are now making many studies in their interest in regard to the post-war market of television.

In one of our studies we asked respondents the following question: "After the war, television may be available in certain parts of the country. Television receiving sets will cost more than standard broadcasting sets. Would you be interested in buying a radio set that had television if cost were $75, $125, $200, $300, more?"

The answers to this question from 3,029 respondents allowed us to make a first tentative projection of the findings into the total post-war market for television in the various price ranges with the following results:

Amounts the Public is Willing to Pay for Television

Groups—	$75.00 more No.	%	$125.00 more No.	%	$200.00 more No.	%	$300.00 more No.	%
A Group	1,193,400	66.3	696,600	38.7	414,000	23.0	212,400	11.8
B Group	2,406,240	55.7	1,123,200	26.0	388,800	9.0	203,040	4.7
C Group	7,641,540	53.4	3,234,060	22.6	1,144,800	8.0	529,470	3.7
D Group	3,598,320	37.6	1,052,700	11.0	210,540	2.2	19,140	.2
Total	14,839,500	49.5	6,106,600	20.4	2,158,140	7.2	964,050	3.2

This would indicate that about 15 million people are willing to pay $75 more over the cost of a standard radio set in order to have television after the war—that six million would be willing to pay $125 more, that over two million $200 more and nearly one million $300 more. It must be remembered, however, that these figures are based on what the public thinks they will get in television after the war.

These figures must be tempered by such considerations as the following:

1. We do know that in a study of this sort many people express wishful thinking and do not live up to their expressed desires.
2. The money people have today with which they might buy television might not be a plentiful when they can get television.
3. When it comes to actually buying television many people might decide they would rather have a new refrigerator or home or car or one of the many other things that will compete for his dollar.
4. These people have not yet seen a demonstration of the types of programs that they will get over television. They may be very disappointed.
5. The public does not yet know what it will get in size of picture and program for its dollar in television after the war.

It is our job now to try to inform our samplings of the public more exactly as to what they will get in television after the war and see if their desire to buy is still as intense as it has been in previous studies.

We have not post-war television sets to try out on prospective customers. We cannot lead them into a store and show them television sets in different sizes at different prices and demonstrate those sets to them to see if they want to buy. The best we can do is to ex-

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plain to those people who say they want a post-war television set what that set is likely to be, and see if they still want it.

For instance, in current studies we are explaining to them the following points about post-war television to see if it changes their judgment about buying it.

1. We are explaining that a post-war television set to operate successfully must have an outside antenna at an additional cost of $30 to $50.
2. We are explaining the fact that many lower priced television sets require almost complete darkness in the room, to see if this changes their point of view about television. We will also explain that the father of the family cannot read in the same room with such a television set going, and it is unlikely that the housewife would meet good television reception in a semi-daylit room.
3. We are explaining as nearly as it is possible to explain the degree to which image interference may spoil television programs.
4. We are explaining that the post-war television set, unlike a standard radio may get out of tune fairly frequently and have to be retuned. And retuning a television set with many different knobs is far more difficult than a standard broadcasting set. Women may not like the mechanics of television tuning.
5. We are explaining to them the size and quality of the set that they might get for their dollar after the war, to see if they are willing to pay that price for that type of set.

For instance:

(a) For $175 they will get a set which will have a picture screen of only 3½ by 5 inches. At best two or three people at a distance of about two or three feet away could watch a television show on this size screen and any television show such as an opera or football game becomes very miniature at this size.

(b) For $250 the size of the picture screen would be about 5½ by 7¾ inches. This is none too large for complex scenes and may also be quite tiring on the eyes to watch for any extended period.

(c) To get a picture screen that is 16 by 20 inches in size the prospective customer would have to pay about $400 or more. This size screen could give good reproductions of shows and events provided that there are the shows or events to watch.

We are now trying to get answers to these problems to determine the degree to which some of these possible situations influence the answers of respondents in regard to the purchase of a post-war television set. We are very interested in getting realistic answers from the public in order better to evaluate the size of the post-war market for television and to determine the kind of television which will meet with their acceptance.

Nor are the questions that we are now asking all that should be asked. They are but one step toward a more accurate understanding of the public's attitude toward television. Meanwhile, we must realize that there are many technical "if's, and's and but's" that still have to be answered.

Sylvania does know that television is a marvelous thing and that eventually in one form or another it should and will be in every home in the country. But caution should be exercised in overestimating the rapidity with which it will come. It might be good promotion to claim that within five years television sets will be selling at the rate of three million sets per year and that there may be ten million television sets in use within that time, but is it sound business? Sylvania, with the aid of market research is trying to keep its feet on the ground so that its contribution to the television industry may be sound and lasting.

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, JUNE 13

RACQUET CLUB OF WASHINGTON, D. C. has filed a registration statement for $492,300 extension first mortgage 3% bonds dated Jan. 1, 1945, to mature Jan. 1, 1965, to replace a like amount of bonds which matured Jan. 1, 1945. The University Club of the City of Washington (guarantor) joined in the application.

Address—1135 Sixteenth Street, Northwest, Washington, D. C.

Business—Club.

Purpose—To provide for extension of matured bonds. The Racquet Club has been inactive for a number of years and its members have become members of the University Club of the City of Washington which occupies the club quarters of the Racquet Club under lease agreement. Upon consummation of the registration, title to the property would be conveyed to the University Club, which would guarantee the payment of interest and principal on the extended bonds. The petition stated it has become apparent the Racquet Club will "never be possessed of sufficient funds to effect liquidation" of the matured first mortgage bonds secured upon the premises. It is also pointed out it is possible for a combination of the holders of 25% of the outstanding first mortgage bonds to "proceed to foreclosure and thereby embarrass both of the clubs."

Underwriters—None named.

Registration Statement No. 2-5751. Form S-1. (5-25-45).

SATURDAY, JUNE 16

UTAH OIL REFINING CO. has filed a registration statement for 198,828 shares of common stock, par value $5.

Address—Utah Oil Building, Salt Lake City, Utah.

Business—Purchase of crude oil, refining, etc.

Offering—The company is offering to its stockholders the right to subscribe to one new share at $9 per share for each six shares owned on the record date. Standard Oil Co. of Indiana, the holder of 75.2% of Utah's outstanding common stock, will subscribe to 149,523⅚ shares of the new stock.

Proceeds—The proceeds from the sale of the stock estimated at $1,783,452 together with proceeds from a $3,200,000 bank loan will be used to construct a 10-inch crude oil pipe line from Rangely oil field, Rio Banco County, Col., to Wamsutter Station, Wyoming. The pipe line is estimated to cost $4,500,000. Any excess of proceeds from sale of stock will be used for general corporate purposes.

Underwriters—None named.

Registration Statement No. 2-5752. Form A-2. (5-28-45).

SUNDAY, JUNE 17

FAIRMONT CREAMERY CO. has filed a registration statement for 60,000 shares of preferred stock, 4% ($100 par) and 62,773 shares of common stock (no par).

Address—1202 Jones Street, Omaha, Neb.

Business—Dairy industry.

Offering—The company is offering 40,000 shares of the new preferred on a share for share basis to the holders of a like amount of outstanding convertible preferred stock and is offering 42,773 shares of new common to holders of common at the rate of one share for each ten shares held. The subscription price will be filed by amendment. The remaining 20,000 shares of new preferred and any unexchanged shares purchased by the underwriters will be offered to the public at a price to be filed by amendment. The remaining 20,000 shares of common are to be issued by the company solely for the acquisition of additional property.

Proceeds—The net proceeds from the sale of preferred stock not issued in exchange will be used to redeem old preferred stock on or about Oct. 1, 1945, at $103 per share plus accrued dividends and any balance from sale of preferred and common stocks will be added to working capital.

Underwriters—To be supplied by amendment.

Registration Statement No. 2-5753. Form S-1. (5-29-45).

TUESDAY, JUNE 19

RED BANK OIL CO. has filed a registration statement for 990,793 shares of comman stock (par $1).

Address—1905 Republic Bank Building, Dallas, Texas.

Business—Oil and gas business.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Proceeds—The estimated proceeeds which the company is to receive upon the sale of the 100,000 shares of common stock is $180,000 which be added to the working capital of the company.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

Registration Statement No. 2-5754. Form S-1. (5-31-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN ENGINEERING CO. on Feb 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share

Underwriters—Van Alstyne, Noel & Co heads the underwriting group, with the names of others to be supplied by amendment.

ARKANSAS-MISSOURI POWER CORP on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

ATLANTIC CO. on March 23 filed a registration statement for $10,600,000 5% sinking fund debentures, due April 1, 1980 and 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 5% 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 5% 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.

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.

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.

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.

GASPE OIL VENTURES, LTD., on May 8 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.

Details—See issue of May 17.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts 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.

Underwriter—Tellier & Co.

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.

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.

MAJESTIC RADIO & TELEVISION CORP. on April 24 filed a registration statement for 61,965 shares of common stock, one cent par value. The shares are being sold by certain stockholders.

Details—See issue of May 3.

Offering—Price to the public will be $5.50 per share.

Underwriters—Kobbe, Gearhart & Co., Inc., is named principal underwriter.

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. Boise, Idaho, is underwriter for the preferred stock.

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.

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.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

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.

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.

RICHMOND RADIATOR CO. on May 11 filed a registration statement for 333,333 shares of common stock (par $1).

Details—See issue of May 17.

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.

Underwriters—None named.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOUTHWESTERN 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.

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 held before the SEC on April 25.

End of War Controls Not Blocking Jap Defeat

Plans for full production and full employment in the postwar period would be given "great impetus" if all wartime controls not essential to the speedy defeat of Japan were promptly ended, according to a report of the Executive Committee of the Chamber of Commerce of the State of New York, made public on June 4. The report which will be presented by Peter Grimm, Chairman of the Committee, at the monthly meeting of the Chamber today (June 4) urges Congress and the Administration not to authorize the extension of any such unnecessary controls.

"Controls tend to retard conversion and the achievement of full production by discouraging the risking of capital in new and expanded enterprise," the report says. It adds "the Chamber believes that the prompt ending of all such unnecessary controls will give great impetus to the plans which industry, labor and Government are making to attain the goal of full production and full employment in the postwar period."

Communications With Holland and Luxemburg

Resumption was announced on May 22 of communications between the public in the United States and in Holland and Luxemburg. Regulations permit that messages be sent only in English, French, Portugese and Spanish; the use of code not allowed. Business and financial messages to be limited to exchange of information or ascertainment of facts.

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"Bretton Woods" Before the House

WASHINGTON, D. C.—House of Representatives debate on the BW enabling bill commenced June 5. Herewith are some excerpts from the notebook of a gallery observer:

Interested and seemingly happy observers in the front row of the Members' Family Gallery: the program's American author, Dr. Harry D. White, who through it has already earned himself an assistant secretaryship of the Treasury, accompanied by his faithful assistant throughout the long gestation of BW, Dr. E. M. ("Brainy Bernie") Bernstein, Ansel Luxford, and others. In the Gentlemen's Gallery another Treasury contingent and in the Diplomatic Gallery opposite, the State Department's lone representative, who has faithfully attended nearly all the House hearings.

The debating time on the bill is divided between the two sides, but in each case is allotted to the various members by a Representative in favor of the bill, Repr. Sabath acting for the Democrats, and Repr. Jesse Wolcott for the Republicans.

The members speaking address the House through microphones set up on either side of the aisle. There are also two microphones among the seats, arranged so that they may be swung one way or the other. During Repr. Buffett's speech in opposition to BW, Repr. Wolcott and Repr. Jessie Sumner of Ill., standing side by side, engage in a hot interchange, the microphone being swung rapidly back and forth between them, to the amusement of the House.

Repr. Buffet of Nebraska likens the BW program to a mousetrap, waving before the House a real mousetrap "baited" with a handful of greenbacks, to which he keeps referring during his speech. The mousetrap reminds one of a horse with a mouthful of hay. But the greenbacks "ain't hay." His speech ended, Mr. Buffett carefully carries his greenbacks away with him.

Seated with his former Republican colleagues is ex-Representative Charles S. Dewey of Ill., who last year introduced a plan of his own for international currency stabilizatiton, reconstruction and development. The Dewey plan involved very much less money than BW, and the lending of American dollars would have been under American control. Because the plan was firmly rejected by Administration witnesses, the House Committee on Foreign Affairs took no action on it. Only recently Repr. Wolcott inserted in the Congressional Record a letter from Mr. Dewey stating that he would vote for the present BW bill, HR 3314, were he now still a member of Congress.

The Reading Clerk reads to the House a letter from President Truman and one from the President of the American Bankers Association, both endorsing the pending bill.

Chairman Spence of the House Banking and Currency Committee tells the House he cannot understand why anybody should oppose BW; adds that he does not know of "any organized body" which is against the program today.

Committee Clerk Wallas Dingus circulates on the floor of the House, making himself useful to Mr. Spence and other nearby members preparing to answer the bill's opponents.

A large bundle of printed hearings is opened by a House page and for the first time Part 2 of the BW hearings becomes available to Congressmen in printed form. Repr. Wolcott opens his discussion of the bill stating it to be his assumption that every member of Congress has read the hearings and report of the Committee. However, some members have been heard to complain that they could not prepare for the debate because they had difficulty even in borrowing from the Committee galley proofs of the hearings.

Few members of the House will have an opportunity to do much reading in the 1334 closely printed pages of the hearings before the bill is passed, and few outside Congress are likely to read them, if the Committee continues to keep the hearings under lock and key, as it has done for some time with Part 1.

Theory for the Committee's peculiar action in holding on to the printed hearings is that any opponents of BW thus continue to be deprived of the opportunity to read what opposition witnesses said, until the House has acted.

Last "witness" in the printed hearings is Repr. DeLacy of Washington, although he never appeared personally before the Committee. Mr. DeLacy has been advocating BW in newspaper articles published in his home district.

Query overheard in the elevator: "Now that the influential New York Times editorial page has suddenly become converted to BW, will all its faithful readers turn a similar summersault?"

—H.M.B.

Broker-Dealer Recommendations

(Continued from page 2507)

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

Lipe Rollway Corporation—Circular—**Herrick, Waddell & Co., Inc.,** 55 Liberty Street, New York 5, N. Y.

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

P. R. Mallory & Co., Inc.—Detailed discussion of products and outlook — **New York Hanseatic Corporation,** 120 Broadway, New York 5, N. Y.

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

Michigan Chemical Corporation —Report on interesting growth possibilities and post-war outlook —**Kneeland & Co.,** 141 West Jackson Boulevard, Chicago 4, Ill.

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

New York Curb Exchange Common Stocks With Long Dividend Records—Tabulated list—**Herbert E. Stern & Co.,** 30 Pine Street, New York 5, N. Y.

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

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

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

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.

Seatrain Lines, Inc.—Memorandum for brokers and dealers only —**J. W. Gould & Co.,** 120 Broadway, New York 5, N. Y.

Thermatomic Carbon Co.—Circular on interesting possibilities—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **American Bantam Car** and a new analysis of **Panama Coca-Cola.**

Van Dorn Iron Works—Report —**Hughes & Treat,** 40 Wall Street, New York 5, N. Y.

Winters & Crampton Corporation—Memo on current situation —**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

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