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Senators View Bretton Woods

Taft Holds Plan "an Automatic Handout of American Money." Millikin of Colorado and Murdock of Utah Want Silver Provision.

The Senate Banking and Currency Committee on June 12 began hearings on the Bretton Woods bill, recently passed, with amendments, by the House of Representatives. Both at the hearings before the committee and in interviews with the "Chronicle" representative, opinions have been expressed regarding the measure through Senator Wagner, who is Chairman of the Senate Banking and Currency Committee and who sponsored the introduction in the Senate, would make no comment.

Eugene D. Millikin

In a statement to "The Chronicle" concerning the bill, Senator Eugene D. Millikin (R.) of Colorado, a member of the Senate Banking and Currency Committee, said:

"The Bretton Woods Fund assumes you can achieve relative stability of currencies in the

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The New York Stock Exchange—World's Greatest Auction Market

By WILLIAM T. CHILDS*

Member of Stein Bros. & Boyce, Baltimore

Mr. Childs, After Tracing the History of the New York Stock Exchange, Points Out the Value of Its Functions in Promoting Economic Progress. Calls Attention to Fact That the Exchange Is More Thoroughly Supervised and Regulated in the Interest of the Public Than Any Other Institution. Says Stock Exchange Does Not Encourage Gambling or Speculation, but That Speculation Is An Essential Element in Progress, Since Without the Willingness and Incentive to Take Risks, There Would Be No Progress. Says Unfair Practices Are Strictly Prohibited.

I remained at home one Saturday morning to sketch an address on the merits of the New York Stock Exchange. My telephone bell rang, as it always does when one tries to get away from the humdrum of details. After apologizing for the intrusion, my friend, a preacher, asked me to make an address at his church on Layman's Day, on the general subject of layman co-operation with the ministry. You see, preachers have a nice way of putting you on the spot. If you get up in the pulpit and say what you think a layman should do in church activity, you will be expected to be as good a practitioner as preacher. I told my preacher friend that I was sketching something on the merits of the

William T. Childs

*An address by Mr. Childs before the Lions Club of Baltimore, May 22, 1945.

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San Francisco Conference Completing Its Agenda

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle

Battles Between Big and Little Powers Continue. Big Five Win Strong Veto Weapon. Senate Action on Trade Agreements Upsetting Economic Council's Charter. Plans for Post-Conference Cooperation Progressing.

SAN FRANCISCO, June 13—Now that the smoke has cleared from the Battle of the Veto, "The Little 45" Powers are making a last stand for respectability on the line of the right to amend the Charter. The bitter veto pill which the delegates are about to swallow, and which they will soon be asking their governments to stomach, could be greatly sweetened if the corresponding veto right were removed from the subsequent amending process. The Big Powers are seeking to freeze their present preferred position by making amending difficult, through both the Veto and the timing of constituent Assemblies held for the purpose.

A. Wilfred May

Continuing the large and growing rift between the big and small powers, the Big Five will remain adamant in retaining their right of veto-amendment, the threatened alternative being withdrawal and break-up of the Conference. . . . **In great measure for the purpose of making the entire Charter and their own position, more palatable**

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Compulsory Peacetime Military Training

The Arguments for Compulsory Military Training, viz: (1) the Need for a Large Trained Soldiery and (2) the Health Benefit of Military Training Are Both Refuted. Physical and Mental Defects of Youth Are Largely Congenital and Camp Training Will Not Be More Remedial Than That Afforded by Family, Religious, Educational and Other Existing Institutions and Will Not Offset the Mischievous Effects of Enforced Camp Discipline and Obnoxious Regimentation. Military Necessity Appears Less Urgent Than Formerly, Since the Aggressor Nations Are to be Disarmed, So Peacetime Military Conscription Would Simply Mean Arming for Conflict With Our Allies. Best Protection Is Promotion of Science and Invention, and Not by Arousing the Suspicions of the Rest of the World.

Two lines of argument are being employed in support of peacetime compulsory military training. One posits dire need of a large trained soldiery always under arms or in reserve. The other is concerned chiefly with alleged benefits that youth would derive from a period of compulsory national training and service. It is this plea which for many "takes the curse off" an otherwise unacceptable program. The "Chronicle" finds itself in disagreement with both. It believes that neither will stand calm analysis. It is strongly of the opinion that the present law, with such modifications as may appear desirable, should be merely

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Opinions of House Committee Members Regarding Boren Bill Exempting Municipals From SEC Control

Expressions Made Available to "Chronicle" by Various Members of Committee on Interstate and Foreign Commerce Reveal Divergent Views Regarding Measure. Current Proposal Differs Markedly From Original Boren Bill in Limiting Scope Solely to Transactions in State and Municipal Bonds. Full Text of Revised Bill Presented.

WASHINGTON, D. C.—June 13.—Contention of the Securities and Exchange Commission that its regulatory powers extended to dealings in State and municipal bonds, a point that was particularly stressed when the Commission discussed the proposed promulgation of a "bid and asked disclosure" rule, prompted Repr. Lyle Boren of Oklahoma, to sponsor legislation which would establish beyond doubt the immunity of this phase of the investment industry from such control.

Lyle H. Boren

An amended bill designed to accomplish this objective was introduced in the House of Representatives by Mr. Boren on May 4 last, and is now before the Committee on Interstate and Foreign Commerce. This proposal differs markedly from the earlier measure sponsored by Mr. Boren in that its application is limited exclusively to dealings in municipal bonds, whereas its predecessor was interpreted by a majority of Committee members as drastically curbing the controls now exercised by the SEC over all types of securities.

In order to ascertain the views of members of the Committee with respect to the bill, text of which is given in this issue, the "Chronicle's" representative in Washington has requested a state-

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Friedman, Kermisch To Be Sutro Partners

Harold Friedman and Jacques Kermisch will become partners in Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Mr. Kermisch has been with the firm for some time. Mr. Friedman was in the past with Eisele & King.

The Fallacy of Taxes On Capital Gains

By EMIL SCHRAM*

President of the New York Stock Exchange

Mr. Schram Reviews the History of Capital Gains Taxation to Prove That It Provides Little Revenue, While Retarding Business Activity. Expresses Opposition to Change in Present Law and Points Out That Additional Taxes on Capital Gains Will Tend to Increase Rather Than Decrease Prices of Capital Goods. Urges That Remedies Against Inflation Be Applied to Causes and Not Symptoms, and That No Legislative Action Be Taken to Impede the Flow of Investment Capital. Holds Real Estate and Stock Values Have Not Advanced Unduly and That Farm Values Increased in a Lower Ratio Than Farm Income. Objects to Aliens Residing Here on Visas Being Exempted From Capital Gains Tax and Holds Uncontrolled Speculation May Be Engendered Thereby.

Foremost in the minds of all of us these days is the deep and abiding satisfaction which springs from our overwhelming victory in Europe and the further progress of our armed forces toward the final accomplishment of their grim task in the Pacific. We are also witnessing, hopefully if somewhat nervously, a determined effort on the part of the civilized nations to construct the foundations of peace, upon which must rest the security of mankind with the end of war. I think that a framework for world peace will be forged despite the difficulties.

Emil Schram

Back of the day-to-day headlines there is emerging one of those great changes in the temper of our people which is only discernible in retrospect. We all recall that in the decade prior to 1942, industrial enterprise in this country endeavored to progress in the face of two severe handicaps. The mounting tension abroad had resulted in a dislocation of normal international trade and had led to complete international chaos and the outbreak of war in all quarters of the world. At home we had witnessed a broad reform movement which, regardless of its political merits or demerits, was deeply disturbing, if not bewildering, to industrial and financial leadership. It is a fair appraisal to say that these forces had a great deal to do with the stifling of initiative and appeared to present almost insuperable obstacles to new ventures.

In about 1942 it also became apparent that the combined military strength and productive capacity of the United Nations would ultimately bring order out of chaos and it was upon this premise that confidence in ultimate victory and the re-establishment of peaceful international relations was built. We saw in 1942 significant trends in both houses of Congress. That body began again to assert its independence and to resume its tra-

*An address by Mr. Schram before the Bond Club of Philadelphia, Philadelphia, Pa., June 6, 1945.

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The Economics of A Bull Market

By WILFORD J. EITEMAN*
Assistant Professor of Economics, Duke University

Economist Holds That the Two Purposes of Regulating Stock Market Activity, Viz: (1) Keeping Prices in Line With Economic Reality, and (2) Minimizing Price Fluctuations, Are Ineffective When Ample Credit Is Available for Dealings. Though Asserting That Regulatory Authorities Should Be Concerned With the Source of Stock Market Funds, He Contends, Nevertheless, That Restrictions on Margin Buying Will Not Prevent a Bull Market When Corporations Earnings Are Rising and When Investors and Speculators Do Not Entertain Doubts of the Soundness of an Existing Price Level.

I

Regulation of stock market activity is usually defended on one of two grounds. Regulation, say some, prevents security prices from getting out of line with economic reality. This position imposes upon regulators a duty of deciding what the proper level of prices is under existing circumstances, and it places responsibility for deviations from that "proper" level squarely and inescapably upon the regulators. On the basis of the expressions of alarm over the recent rapid advance of share prices, it is apparent that those charged with the administration of Regulation T hold to this concept. If regulatory authorities are to be considered responsible for preventing prices from becoming "too high," then logically they should accept responsibility when prices become "too low."

W. J. Eiteman

An alternative objective of stock market regulation aims at minimizing the repercussionary effect of stock market fluctuations upon legitimate business ac-

(Continued on page 2622)

*Professor Eiteman is an analyst of stock market activity and is joint author with Charles A. Dice of "The Stock Market," published by McGraw-Hill Book Co.

NASD Activities Discussed

Chairman Phillips of the Association Tells Members of New York District, Organization Should Enlarge Its Operations Beyond Field of Self-Regulation. Defends Questionnaires as Means of Obtaining Information Regarding Membership.

At a meeting in the Great Hall of the Chamber of Commerce in New York City on June 8, Ralph E. Phillips of Dean Witter & Co., Los Angeles, Chairman of the Board of Governors of the National Association of Securities Dealers traced the conditions which led to the creation of the organization under the Maloney Amendment to the Securities and Exchange Act of 1934. The body was created for the ostensible purpose of permitting "self-regulation" to dealers in over-the-counter securities. He upheld "the police function" of the Association as essential, but urged that the activities be broadened and that the aim should be to give securities dealers the dignity of a "high professional standing." He reviewed the activities of the Association in promoting standardized practices. He stated that the Board of Governors have under consideration a publicity program, but was handicapped in its efforts because of the lack of statistical data on the capital market. Members of the Association could help by getting in touch with Congressmen and in this way bring about changes in the SEC regulations which are hampering the capital markets.

Ralph E. Phillips

"The NASD had assumed a re-

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SEC Denies NASD Right to Enforce Price Maintenance Contracts

Holds Violation of Agreements Do Not Violate "Just and Equitable Principles of Trade." Fines Levied Against Seventy Members for Violating Syndicate Price Provisions on Public Service of Indiana Issue Set Aside. Question of Violation of Anti-Trust Law Left Unsettled.

The Securities and Exchange Commission on June 12 rendered its long awaited decision in the strongly contested case against the disciplinary measures taken by the National Association of Securities Dealers against 70 members, who, as participants in the Public Service of Indiana Bonds Syndicate of 1939 and 1940, violated the price-maintenance provision clause of the contract. The NASD has contended that under the Maloney Amendment to the SEC Acts, the association was given the right to discipline members, who had violated "just and equitable principles of trade" and as price-maintenance during the continuation of a syndicate agreement was the common practice, it was within its powers to levy the fines for departure from the practice. By a majority opinion of three to one the Commission held that whatever may be the general meaning of the term "just and equitable principles of trade, it is clear that as used in the NASD rules, the term cannot be interpreted or applied so as to add 'impediments to * * * a free and open market,' or to 'fix minimum profits,' or to impose 'any schedule of prices' or 'any schedule * * * of commissions, allowances, discounts, or other charges'."

The Commission added further, "We cannot accept the NASD's argument that the rule does not

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When Will Japan Surrender?

Roger W. Babson's Forecast On Germany Was Correct

BABSON PARK, Mass.—May I start by calling attention to the definite statements made in my Annual Forecast of Dec. 28, 1944, in which I said:

"The greater part of Germany's army will collapse before the planting season opens in the spring of 1945.

"Japan will not hold out so long as most people think. Japan will collapse within six or twelve months after Germany collapses.

"If Stalin's health continues, he will be the world's most powerful man in 1945 and may dictate the peace terms, especially for the Pacific."

Roger W. Babson

Looking at the Record

I am especially proud of the above forecast in view of the conditions under which it was written. Readers will remember that last Summer the public was very hopeful and looked for the collapse of Germany at any time; but I said that there would be no collapse in 1944. Then the Germans started their famous bulge in the middle of December and Washington was very much disturbed. In fact, a study of newspaper clippings will show that I was almost the only columnist who was optimistic at the close of last year. But I knew the German temperament.

I have been in Japan since Ger-

(Continued on page 2627)

Gov't Must Not Dominate World Trade and Investment: Morgenthau

Treasury Secretary, in Statement to Senate Banking Committee, Urged Bretton Woods as a Barrier to Unfair Trade and Currency Practices. Says U. S. Will Suffer Most From Currency Warfare.

Secretary of the Treasury Henry Morgenthau Jr. on June 12 told the Senate Committee on Banking and Currency, having under consideration Bretton Woods Agreements, that the program set up by the delegates of 44 nations was essentially the plan prepared by his department as early as 1941. He urged the adoption of the plan as a means of promoting international trade and freeing it from government dominations and restrictions throughout the world.

Sec. Morgenthau

"When I appeared before the House Committee on Banking and Currency to discuss this legislation," Mr. Morgenthau stated, "I told the committee that in my opinion 'the Bretton Woods Agreements are good for every American citizen' and that 'the program we are advocating is definitely good business for the United States.'

"In that statement," he continued, "I discussed the importance of Bretton Woods to world trade. Before the war we were the largest exporting nation in the world. We needed exports to maintain jobs, to absorb part of the output of American factories

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Treasury Extends Cuba Gold Agreement

WASHINGTON, June 13—Secretary Morgenthau and Charge d'Affaires of Cuba Dr. Jose T. Baron today extended for four years beyond June 30 the agreement under which the United States Government undertakes to sell gold to the Government of the Republic of Cuba. The agreement provides that payment may be made within 120 days after delivery of the gold, provided that the unpaid-for amount of gold shall not at any time exceed $5,000,000.

The agreement extended today will enable the Cuban Treasury to carry out operations designed to stabilize the peso-dollar exchange rate.

The agreement has been in operation since July, 1942, and has proved to be very effective, Mr. Morgenthau states.

Mercer Hicks Resumes Investment Business

Mercer Hicks has resumed the business in general unlisted securities which he previously conducted in New York City as President of Mercer Hicks & Co., Inc., with offices at 120 Broadway. Mr. Hicks has recently been serving as a captain in the armed forces. In the past he was President of Mercer Hicks & Co., Inc., and was a partner in Hicks & Byrd.

BOSTON

DETROIT

GRAND RAPIDS

LOS ANGELES

PHILADELPHIA

SALT LAKE CITY

UTICA, N.Y.

NSTA Notes

CLEVELAND SECURITY TRADERS ASSOCIATION

The Cleveland Security Traders Association will hold their annual summer meeting at the Manakiki Country Club on Friday, Aug. 24, 1945.

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 Country Club.

August 24, 1945—Cleveland Security Traders Association annual summer meeting at Manakiki Country Club.

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

Nu-Enamel Votes Extra Dividend

Nu-Enamel Corporation has declared an extra dividend of 20 cents on common stock, payable July 10 to stockholders of record June 25.

Rosenbaum Adds Davidson

Wm. M. Rosenbaum & Co., 285 Madison Avenue, New York City, members New York Stock Exchange, announce that Maxwell Davidson, Jr., is now associated with them as a registered representative.

In the Public Interest

By HENRY HAZEN

U. S. Supreme Court Defines Section 24A of Public Utility Holding Company Act. Holds Minority Stockholder Is "Person Aggrieved" Under the Statute. SEC Order Approving Refinancing of Loan Made to Subsidiary by Electric Bond and Share Company, Is Opposed. Stockholder Taken to Supreme Court by Commission.

The Supreme Court of the United States granted certiorari in a petition entitled "Securities and Exchange Commission, petitioner again Samuel Okin."

The issue involved concerned the application of Section 24-a of the Public Utility Holding Company Act, and more particularly the scope of the phrase, "person or party aggrieved" as contained in that statute.

The refinancing of a $35,000,000 loan which the Electric Bond & Share Company made to a subsidiary, became the subject of a proceeding before the Securities & Exchange Commission.

Okin, a minority stockholder of the common shares of Electric Bond & Share, participated in this proceeding, and opposed a proposition which both companies submitted for a method of refinancing this loan.

The Commission made an order approving the proposal and Okin thereupon petitioned the lower court to review this order.

On a motion to dismiss Okin's petition, the Commission contended that he was not a person or party aggrieved within the meaning of Section 24-a of the Public Utility Holding Company Act.

This motion having been denied the matter then went to the United States Supreme Court.

As a stockholder, Okin had attacked the transaction made by his company with its subsidiary, on the ground that it was both illegal and fraudulent.

In affirming the decision of the court below, the United States Supreme Court held that he was a person aggrieved under the statute, and inasmuch as he charged illegality and fraud that any application for redress to the Board of Directors would have been futile. It further said "under the Commission's own view therefore the Circuit Court of Appeals was right in denying a dismissal of the proceedings for lack of standing on the part of Okin to initiate it."

The court further pointed out that as originally drawn the Public Utility Holding Company Act provided that a person who was *a party* had the right to obtain a review of an order of the Commission; however, this provision was subsequently altered so as to provide that such relief could be obtained "by a person or party aggrieved."

Since this decision has come down, considerable stress has been placed upon its importance.

The Securities and Exchange Commission makes it a practice in entering its orders, to stress the public interest.

We have from time to time called attention to the fact that the statute under which it was created required the Commission to protect the public interest, and that stressing it in particular orders is surplusage and something of a defense mechanism.

At any rate, it is difficult to understand how the public interest was served by compelling a stockholder to go all the way to the United States Supreme Court with the incident large expense and time involved, in view of the plain provision of the statute.

We can readily visualize many cases where members of the public who are adversely affected by an order of the Commission would find such an expense prohibitive.

Here is still another instance of the SEC fighting with a member of the very public which the statute creating it directed the Commission to serve.

Instances such as this bring into prominent relief a need which we have consistently advocated, the need of circumscribing the powers of the Commission.

Hannegan Repeats Change of Dem. Party's Attitude to Business

Says There'll Be No More "Strong Medicine" as After 1932, and That Government Will Limit Interference With Business. Predicts President Truman Will Look for Advice From Business Men and for Participation in Government to Extent Consistent With National Interest Such as Was Case Under President Roosevelt's War Administration. Looks for Revision of Taxes and a Fiscal Policy Based on the Maintenance of Mass Purchasing Power and the Reward of Risk With Profits.

Robert E. Hannegan, Chairman of the National Democratic Committee and lately appointed Postmaster General, in a Jefferson Day Dinner address at Raleigh, N. C. on June 2, again referred to a changed attitude of the Democratic Party with reference to regulation and regimentation of business. Following along the lines of his address before the Advertising Club of Washington on May 15 (published in the "Chronicle" of May 17th) Mr. Hannegan told his audience that business men "will have no difficulty in making yourselves heard in Washington. In the Democratic administration's resolve to maintain Americans in steady jobs after this war," he said, "I can safely predict that American business men will be looked to for advice and for participation in government to the full extent that such advice and assistance are considered in the national in-

Robert E. Hannegan

(Continued on page 2618)

Staley Elected Dir.

Election of Thomas F. Staley, member of the firm of Reynolds & Co., of New York, investment bankers and members of the New York Stock Exchange, as a director of Stokely - Van Camp, Inc., Indianapolis, growers and canners of vegetables and fruits, was announced by W. B. Stokely, Jr., President. Mr. Staley has just been released from the U. S. Army where he served as a Lieutenant Colonel in the Air Forces for three years. Mr. Stokely said that Mr. Staley as a director would take an active part in the management of the business, which is one of the largest of its kind in the world.

Lt. Col. T. F. Staley

Public Utility Securities

Consolidated Edison

For some time Consolidated Edison has been selling somewhat out of line with other leading utility issues of similar high grade calibre. As shown in the accompanying table, Edison's yield is higher and its price-earnings ratio lower than the similar ratios for nine other companies. A few weeks ago the yield comparison would have been more striking, but the price margin between Edison and other leaders was narrowed when the Company made a remarkable March statement of share earnings:

	1945	1944
Consolidated report	$2.00	$1.50
Parent Co. report	2.02	1.40

This gain resulted from an increase of 63% in Parent Co. earnings (balance after charges) for the first quarter, and an increase in consolidated net of 40%. The latter gain resulted from an increase about $5,250,000 in gross, a reduction of over $1,000,000 in expenses and a slight reduction in fixed charges (taxes, however, absorbed over $3,000,000 of these gains). It would appear from these results that the company may have lost money on the huge amount of current sold to the aluminum plant in Maspeth (Queens) last year—at least the net profits must have been very small.

Consolidated Edison some time ago filed a plan with the Public Service Commission to merge with its subsidiaries (it owns all but a negligible amount of the common stocks). This would have permitted a modest saving in overhead, and would facilitate a general refunding program for system bonds and Parent Co. preferred stock. Chairman Maltbie of the Commission recently handed down a 44-page report of the Commission's findings, in which he questioned part of the program and asked the company to submit details of plant account adjustments and rate reductions before approving the balance of the plan.

The Commission held that the merger with Brooklyn Edison Co. and New York & Queens Electric Light & Power Co. is feasible, providing certain conditions are met; but they felt that the public interest would not be served by taking in the suburban companies, Yonkers Electric Light & Power Co. and Westchester Lighting Co. They also saw no advantage in merging with New York Steam Corp.

The Commission asked Consolidated Edison to clear up completely an item of $53,000,000 in the property account, said to represent the excess of purchase price over original cost. The company had agreed to eliminate a considerable part of this amount but the commission held out for complete elimination. The entire adjustment could easily be absorbed in earned surplus, which at the end of 1944 amounted to $158,824,113 for the Consolidated system and $109,836,868 for the Parent Co. alone. However, it is the usual practice to amortize such write-offs. They represent money actually invested by the security-holders, and for that reason the stockholders are entitled to full consideration of their rights. Unfortunately, a number of regulatory commissions, Federal and State, have adopted the policy of exacting concessions of this character from utilities in return for permission to carry out constructive programs of mergers, refunding, etc. The management has the problem of deciding whether it is to the best interest of stockholders to accede to these demands in order to carry out beneficial programs, or whether to fight the issue through the courts. Presumably in the present case, since considerable concessions have already been made, the

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Why An NASD?

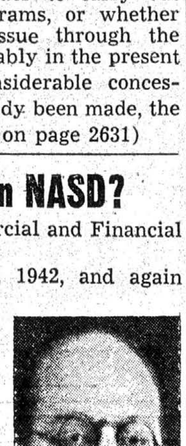
Editor, Commercial and Financial Chronicle:

On June 25, 1942, and again on Nov. 18, 1943, you published letters I wrote on the general subject of the NASD.

In view of the decision of the SEC just handed down in the Public Service of Indiana case, I want to repeat the question I asked in the letters referred to above: "WHY DO WE HAVE AN NASD?"

B. S. LICHTENSTEIN.

June 13, 1945.



Benj. S. Lichtenstein

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Strength in low priced stocks points to a near termination of advance. Congress isn't doing market any good, though no immediate decline indicated.

* * *

When I sat down to write this week's column I looked forward to advising a more aggressive buying policy. The price action, however, hasn't been particularly encouraging. As a matter of fact the action of two weeks ago on which last week's column was based was better than this one. It isn't the presence of negative factors so much as the absence of positive ones which makes the reinstatement of sold out positions unwise.

* * *

The rails are about the only group which seem to live up to their previous week's promise. Last Friday they established another new high by crossing the 60 figure. During the same day, the industrials were fairly strong but the strength was limited to special issues. In any event few industrials were able to hold their gains at the close. Result was that the industrial picture left much to be desired. Saturday's market was just another one of those things. It gave little indication of anything. Monday's action was almost a duplication of Saturday. Tuesday saw a leader resurgence, but its importance was nil.

* * *

The major reasons why there is little of significance to be found, or rather its significance seems to be bearish, can be discovered in what is happening in Washington. Ordinarily what happens in Congress, or is expected to happen, is reflected in the price action far enough in advance for traders to profit.

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L. F. Rothschild to Open Chicago Office

CHICAGO, ILL.—L. F. Rothschild & Co., members of the New York Stock Exchange and other exchanges, will open an office in Chicago at 231 So. La Salle Street about July 1. Arch Richards, formerly with Shields & Co. for many years, will be in charge, and R. F. Parcells, previously with Halsey, Stuart & Co., Inc., will be associated with the new branch.

Economic Problems of Peace

By THOMAS E. DEWEY*
Governor of New York

Governor Dewey Stresses the Importance of World Economic Stability as Essential to Lasting Peace and Says San Francisco Conference Will Not Accomplish This Aim, if Trade Barriers Exchange Controls and Other Authoritarian Devices Continue. He Approves the Reciprocal Trade Pacts and the Amended Bretton Woods Bill. Favors Cancellation of World War I Inter-Allied Debts and an Early Settlement of Lend-Lease Obligations That Will Not Burden Any Nation. Points Out Britain's Difficult Position and Calls for Stabilization of the Pound Sterling Rate. Says U. S. Must Take Leadership in Preventing Economic Warfare.

It is a great pleasure to be here tonight and to extend to all of you, on behalf of the State of New York, warm appreciation and encouragement for the great work you are doing.


Thomas E. Dewey

As far as I know they have not given out any medals in this war to those who have worked so hard on the seven successive war loan drives. But I do not think any of you need medals to sustain your enthusiasm and energy. None of you has any hope or desire for reward. You are engaged in floating this Seventh War Loan because you know how tremendously important that job is.

New York State has been called upon to play a major part in this as in previous war loan drives. Nearly $4,000,000,000, more than one-fourth of the total national goal, has been assigned to the quota of our State. That is a staggering sum. Yet I know you will achieve it.

The importance of the work you

*An address by Gov. Dewey at a Seventh War Loan Organization dinner, Roosevelt Hotel, New York City, June 7, 1945.

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Railroad Securities

Illinois Central

Prior to the depression of the 1930s Illinois Central had a record almost second to none among the Class I carriers. In fact, this road paid dividends uninterruptedly between 1900 and 1931, at rates varying from $5 to $7 per share throughout most of the period and $3.75 per share in 1931. The dividend was omitted in 1932 and thus far to date has not as yet been resumed. Developments, however, suggest the possibility of inauguration of dividends some time in the latter part of 1946 or early 1947.

Four fundamental weaknesses accounted for the decline in earning power of the Illinois Central during the 1930s: (1) the gradual decline of its coal traffic, Pocahontas coal making definite inroads in the Chicago area, (2) decline of export business to South America, with Mobile increasing its share of the declining business and practically displacing New Orleans as the number one gulf port (3) the competition of the Mississippi River barge companies which resulted in a sharp reduction in rates to the point where the ton mile rate of Illinois Central was the lowest of practically all the Class I carriers whose traffic is diversified and (4) depression in the agricultural regions served by Illinois Central as a result of AAA policies. An economy of scarcity could not help but affect adversely those agricultural areas which formerly had been a substantial source of traffic to this road.

During the latter part of the 30s and the war period, practically all of these fundamental weaknesses have been overcome. New coal mines have been discovered in southern Illinois and particularly in western Kentucky, where, in conjunction with the Louisville & Nashville, substantial tonnages have been originated. Such has been the importance of this traffic that it can truly be said that Illinois Central has virtually regained its former position of dominance of the coal traffic into the Chicago area, especially as they have a 25-30¢ freight differential in their favor as compared to the Pocahontas carriers.

Secondly, New Orleans has regained its position as the number one gulf port. Additionally, measures have been taken to insure the financing and the proper allocation of an even flow of manufactured goods on the part of a group of important mid-west manufacturers to make possible the development on a permanent basis of South American business post-war. Should these plans materialize as anticipated, the traffic through the New Orleans gateway should increase substantially as compared even with that of the 1920s.

Thirdly, there seems every reason to anticipate that for a period of years at least the AAA policy with its economy of scarcity will be substituted by an economy of full production with resultant traffic benefits to this important agricultural carrier. Fourthly, prior to the war traffic density on the Chicago-Omaha Division was relatively light. However, war, with its emphasis on traffic going westward through the Chicago gateway practically overloaded the Overland system (Chicago & North Western—Union Pacific—Central Pacific) with the result that a certain amount of auxiliary traffic was routed over the Omaha Division. As a consequence shippers are now conscious that the Illinois Central is no longer exclusively a north-south carrier but an important east-west carrier as well. Those close to the management believe that a substantial percentage of this traffic will be retained at the expense of the better known Overland route.

Lastly, competitive conditions with regard to the Mississippi barge companies may improve somewhat. We are none too sanguine relative to this and we believe that this competition, unfair in that it is subsidized by the government, may continue to result in substantial pressure upon rates. However, these other factors seem to offset the adverse factor of this unfair competition to a substantial degree.

The Illinois Central has been a war beneficiary in that earnings available for charges which averaged some 17 million throughout the 30s have risen to $35 million during the war period (1942 peak, $40.8 million). Working capital has paralleled this rise in earning power. In 1936 net current assets totaled $16.13 million whereas at February 28, 1945 they amounted to $37.49 million, notwithstanding the fact that in the same period of time funded debt of $88 million was retired. That physical condition of the road is in excellent shape is indicated by gross capital expenditures of $84.5 million in the eight year period 1937-1944 equivalent to $9,644 per equated track mile and total maintenance of $404.7 million equivalent to $46,191 per equated track mile. The record of debt reduction for this system has been one of the best of all Class I carriers.

Illinois Central is on the verge of a major refunding program. Fixed charges which have been reduced from a peak of $17.3 million as of 1934 to $12.8 million at the end of 1944 bid fair to be reduced to well below $10 million. At the completion of this refinancing credit of this carrier will doubtless be restored and overall interest charges for the entire debt will probably be 3½% or less as compared to almost 4½% currently.

Post-war prospects appear very excellent and if the road is able to gross $150 million or more and to attain operating efficiency making possible an operating ratio of 70%, earnings oar fo ETA SH or better on the common stock should be easily realizable. With its credit standing being restored, and with a strong financial position, it would appear that Illinois Central could in such a period support a dividend of $4 per share or better. Notwithstanding the sharp advance of the stock therefore from levels of the low 20s of several months ago to current levels in the high 30s, Illinois Central appears unusually attractive for the patient investor who can await refinancing developments which should materialize over the next six to nine months.

Real Estate Securities

This month and next should see several real estate bond sinking funds. . . . Broadway Barclay on June 20 with $24,355.41 and London Terrace on June 26 with $61,882.23; and next month, J. B. Lyon Building, Midtown Enterprises, Grammot Corporation and Rhebem Theatre in undetermined amounts.

Incidentally, London Terrace first mortgage bonds appear to be among the more attractive real estate bonds. On June 1 they paid 5½%—1½% being regular interest, 1% additional interest and 3% accumulated contingent interest; and in addition had $61,882 for sinking fund operation. The 3% payment cleared up all interest arrears and amounted to $161,275. Assuming earning conditions remain the same, next year they should have $223,097 for a sinking fund, or enough to retire over $300,000 par value of bonds at current market price.

Office buildings should benefit by Supreme Court ruling this week in the 10 East 40th Street case, that maintenance workers who are engaged in local work are beyond the reach of wage hour law. . . . Briefly, that means that elevator men, porters, etc., who work for office buildings will not be able to recover back wages in accordance with the wage hour law where the tenancy in their buildings are not engaged in the physical process of goods, which may be classifed as interstate commerce.

Hotel bonds should continue to benefit by good earnings occasioned by peak capacity. Managers of such large hotels as the Pennsylvania and the Waldorf Astoria in New York, have stated that the demand for rooms this month is from 200% to 300% above normal. Mr. James H. McCabe attributed the scarcity of rooms to commercial buyers. "June," he said, "has always been a tremendous month for buyers, and there are more of them coming into New York now than ever in history." He said that buyers who formerly came to town for a one or two day stay once a month, now come every week and occupy rooms four or five days while they transact their business. . . . Frank A. Ready, President of the Waldorf-Astoria Corporation called the first two weeks of this month the heaviest for hotel bookings in the history of New York, and said, "This week and last, New York has had the greatest floating population in history, and that includes the period of the World's Fair." Mr. Sweeney, President of the Hotel Association of New York attributes the rush of hotel business to the return of 300,000 European war veterans each month.

It is interesting to compare all this current activity in New York hotel business with our prediction of Dec. 21, 1944 in this column:

"Regarding the future of hotel securities, it is our thought that post-war this type of real estate will continue to enjoy good business for at least two or three years post-war. New York City as a shipping center and consumer goods manufacturing center will be the necessary place for buyers to locate in order to replenish much depleted stocks. Lack of housing facilities and returning soldiers will necessitate temporary residence in hotels until more housing is constructed."

Change in hotel security prices when first recommended in this column December, 1942 and again recommended here December, 1944, and prices this week follow:

	Dec. 1942	Dec. 1944	Current
Governor Clinton	23	59	75
Lexington	52	92	98¾
Park Central	24	66	78
St. George	42	66	72
Savoy Plaza	9	60	79
Sherry Netherland	10	48	61½
Waldorf Astoria	4½	56	66

We still feel that with flush earnings making debt reduction possible, that it is probable that these types of bonds will further appreciate in price.

del Rio Honored

Daniel A. del Rio, Vice-President, Central Hanover Bank & Trust Co., New York City, was honored yesterday by the Peruvian Government with the decoration of Commander of the "Orden del Sol" (Order of the Sun) at a ceremony held at the Peruvian Embassy in Washington.

Daniel A. Del Rio

In making the presentation of the insignia, the Charge d'Affaires of the Embassy, Hon. Humberto Fernandez Davila, said that his government wanted to reward Mr. del Rio in recognition of his services rendered for the mutual understanding of both countries.

The Order of the Sun in Peru was created by the Argentine Liberator, Gen. Jose de San Martin when he entered Lima with his troops in 1821.

The ceremony was recorded and transmitted by short-wave to all of Latin America.

Frank B. A'Hearn With Bull, Holden Co.

Frank B. A'Hearn is now associated with Bull, Holden & Co., 14 Wall Street, New York City, members of the New York Stock Exchange. Mr. A'Hearn has been identified with various Wall Street houses for the past several years.

Howard Hannon Joins Staff Of Stone, Moore & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO.—Howard J. Hannon has become associated with Stone, Moore & Co., U. S. National Bank Building. Mr. Hannon has recently been serving in the U. S. Navy. In the past he was with Earl M. Scanlan & Co. and was President of Howard J. Hannon & Co.

Dealer-Broker Investment Recommendations and Literature

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

Five Sound Common Stocks—Comparative memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available are several memoranda of **Research Comment** and a **Review of Niagara Hudson Power Corp.**

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.

Outlook for Public Utility Equities—Detailed analytical brochure—Baker, Weeks & Harden, 52 Wall Street, New York 5, N. Y.

Outlook for Railroad Equipment Companies—Current study of situation with the large deferred demand in this industry appearing to indicate a continuing high level of operations—Thomson & McKinnon, 231 South La Salle Street, Chicago 4, Ill.

Read 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.

Threshold of Trust Expansion, by John Kalb, partner in Adolph Lewisohn & Sons, 61 Broadway, New York City, reprinted from Trusts and Estates Magazine for June, 1945.

Trend of Tax Delinquency, 1930-1944, by Frederick L. Bird—Published by Dun & Bradstreet, Inc., 290 Broadway, New York 8, N. Y., from whom details may be obtained.

What Hopes for Railroad Security Holders?—Reprint of talk by Arthur C. Knies, available to banks and dealers—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Also available **Monthly Comment on Transportation Statistics.**

Alleghany Corporation—Study of prospects of 5½% A preferred stock — McLaughlin, Baird & Reuss, One Wall Street, New York 5, N. Y.

American Casualty Company—Data on current position—Mackubin, Legg & Co., 22 Light Street, Baltimore, Md.

Also available are memoranda on **American Reserve Insurance Co., Camden Fire Insurance Association, Continental Insurance Co., Excess Insurance Co. of America, Fidelity Phenix Fire Insurance Co., Gibraltar Fire & Marine Insurance Co., National Liberty Insurance Co., Reinsurance Corp. of New York, Republic Insurance Co.** and **Reliance Insurance Co.**

American Woman's Realty Co., Inc. — Memorandum — Lapham, Philips & Co., 40 Exchange Place, New York 5, N. Y.

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 4¼% 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.

Bird & Son—Descriptive memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **Empire District Electric** and **Eastern Corp.**

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.

Central Illinois Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

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

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

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

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

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.

(Continued on page 2633)

Competitive Bidding Drive Opened by Investment Bankers

A group of mid-Western investment banking houses plan to begin a campaign for competitive bidding on security issues, according to an Associated Press dispatch from Cleveland, Ohio, on June 12, which added:

Cyrus Eaton, of Otis & Co., Cleveland, and Harold L. Stuart, of Halsey, Stuart & Co., Chicago, proponents of competition in utility, railroad and telephone financing, will begin a campaign for competitive bidding on high grade industrial issues in the near future, it was learned on June 12.

Mr. Eaton and Mr. Stuart are expected to follow tactics similar to those used in the campaign for such bidding in other financing—offering substantially higher bids than those privately negotiated and relying on the attendant publicity to force company officials to sell them the securities.

Pitted against them and any change in the present practice of private negotiations between banker and company will be some of the major New York investment banking houses, the Investment Bankers Association and the National Association of Securities Dealers, chief foes of competition in the past. At stake will be millions in underwriting fees.

As a prelude to the coming drive, Otis & Co. recently declined participation in Wall Street-sponsored offerings of privately negotiated industrials.

SEC Denies NASD Right to Enforce Price Maintenance Contracts

(Continued from page 2607)

'impose' the schedule of prices and discounts on the member. True, the schedule has been accepted by the member for the purposes of his contract, but association rules impose duties *to the association* over and above the member's duties which arise out of his dealings with others. Thus, the duty of a member to deal honestly with a customer has properly been made a multiple obligation, for which the member may be called to account not only by the customer, in civil litigation, but also by the association, in disciplinary proceedings under its rules, as well as by other law-enforcement authorities. So here, the NASD seeks to impose on participating members an obligation to *itself*, enforceable through disciplinary proceedings, to adhere to a schedule of discounts which would otherwise be enforceable only by the parties to the contract through private litigation or such practical economic sanctions as they might have at their command. And clearly, by the implicit threat of again using its disciplinary powers, it seeks prospectively to impose on participating members *any schedule of discounts that may be established by contract in any future underwriting.*"

Regarding the question whether price maintenance clauses in syndicate agreements were a violation of the Sherman Anti-Trust Law, (as contended by the Department of Justice which participated in the proceedings) the majority opinion stated that "it is axiomatic that a market is not 'free and open' with respect to a security whose price is fixed by unilateral action of the sellers, not by negotiation between the sellers and investors. We cannot doubt that price-maintenance and fixed discount contracts are designed to restrict the free movement of price during distribution, and are *per se* "impediments to . . . a free and open market" within the meaning of Section 15A (b) (7). This is not to say, however, that such contracts are *per se* unlawful. Whether the particular agreements before us were reasonable or unreasonable restraints under the Sherman Act is another question, to be discussed later in this opinion. What we do say is that *an association rule designed to promote minimum prices and discounts* runs directly counter to the statutory requirement that the association's rules be designed to remove "impediments to . . . a free and open market." The considerations which led the courts to read a "rule of reason" into the Sherman Act, for purposes of regulating the actual conduct of business, do not have the same force in construing Section 15A (b) (7) for the purpose of determining the legitimate limits upon a registered association's rule-making and disciplinary powers."

On this point, later in the decision, it is specificially stated: "Whether underwriting and selling syndicates, regarded as combinations to fix prices, are invalid depends, we believe, on the facts of the particular case. Among these the important considerations may be the size of the distribution groups in relation to the size of the issue, the particular combination of powers reserved to those who dominate the distribution, the length of time provided in the contract for keeping the combination together, the type and quality of the security, and the size and nature of the class of investors to whom the distribution must be made.

"We do not intend this list of factors to be, by any means, exhaustive. Particular cases may involve unique problems. When it is remembered that the aim of the Sherman Act is to foster competition, it will be seen that a significant focus of consideration is the extent to which the fixed and maintained price, for the particular issue, affects the prices of other issues or is permitted, by artificial means, to exceed the competitive limits set by free market forces affecting similar types of securities."

The conclusion of the Commission was that "in the light of . . . Congressional policies of recognizing fixed-price distributions with fixed allowances and discounts, and of committing stabilization practices to our regulation, the decisions dealing with price-fixing and price-maintenance in other commodities under the Sherman Act must obviously be read with caution. Though we think it unnecessary to decide the point, we are inclined to the view that the price-maintenance agreements now before us were not illegal under the Sherman Act. . . .

Our views on the application of the antitrust laws to the securities field may be summarized as follows: The mere making of agreements containing provisions for a fixed offering price, price-maintenance and stabilization is not *per se* unlawful. But, like many other contracts, these may be entered into and performed under circumstances that amount to an unlawful suppression of competition. We have already noted certain factors by which the lawfulness of the syndicate may be judged. Among these are: the size of the group in relation to the size of the issue, the suppression of competition in bidding or negotiating for the business, and the duration of a syndicate dictated by the manager and major underwriters."

The majority opinion was concurred in by Ganson Purcell, Chairman of the SEC, and Commissioners Sumner T. Pike and Robert K. McConnaughey. Commissioner C. Healy dissenting in part, wrote an extended separate opinion in which he pointed out that the syndicate agreements had received full publicity and approval under the provisions of the Securities and Exchange Acts and that the violations of the price maintenance clause was an act contrary to "just and equitable principles of trade", and therefore came within the jurisdiction of the NASD.

"I realize," Commissioner Healey stated, "that the Government should not take action against those who breach ordinary commercial contracts between private individuals. But the function of an association to protect its members against unfair treatment by their associate members seems to me quite a different matter. That has long been recognized as a legitimate and appropriate function of stock exchanges It is true that the dealings of members of the NASD with the public is the most important subject of regulation. The same thing may be said of the dealings of members of stock exchanges with the public. But the dealings of the members with each other are important to them. It is their association and one of the reasons for joining it is to get the benefit of arbitrations, of rulings of various kinds relating to dealings among themselves, and of the enforcement of fair treatment of one member by another."

And regarding the case under consideration, he said that "under the Commission's rules underwriters are permitted to stabilize, *obviously in combination*, to preserve *a market price* during a period of distribution, not merely to observe an offering price. Here this agreement is merely that during an appropriate period the underwriters and sellers will not violate the terms of their common undertaking. Why swallow a camel like stabilization of a market price and strain at a gnat like a uniform offering price not to be broken during a period of primary distribution? The one excuse for stabilizing, which everyone agrees is a form of manuipulation of market prices, is to protect a public offering price during a period of public distribution, in order to facilitate that distribution. How futile it is to permit that and yet insist that those who have combined their capital and efforts in a common undertaking cannot agree not to cut their own public offering price during a period reasonably needed for the distribution process! Is that price to be protected by stabilizing against all adverse outside influences and yet the price be breached by those on the inside who are distributing the security? Are the underwriters and distributors stabilizing against their own price cutting? Are they stabilizing against their violations of their own contracts?"

Garland Nominated to Be President of IBA

Charles S. Garland, partner of the Baltimore investment banking firm of Alex. Brown & Sons, has been nominated as next President of the Investment Bankers Association of America, it was announced by John Clifford Folger, Folger, Nolan, Incorporated, Washington, president of of the association. Named with Mr. Garland were the following nominees for vice president: Hazen S. Arnold Braun, Bosworth & Co., Toledo; Julien H. Collins, Julien Collins & Co., Chicago; Hal H. Dewar, Dewar, Robertson & Pancoast, San Antonio; Edward Hopkinson, Jr., Drexel & Co., Philadelphia; and Lee M. Limbert, Blyth & Co., Inc., New York.

Charles S. Garland

Nominations, made by the board of governors of the association, are considered tantamount to election in the IBA, which will act on the ticket at the annual meeting, scheduled for November 26 to 28 in Chicago at the Edgewater Beach Hotel.

Mr. Garland has been a vice-president of the association since November 1944 and has held many important committee posts in the organization. He has been in the securities business since 1928 with one or another of the banking organizations which sprang originally from Alex. Brown & Sons, said to be the oldest investment concern in the United States.

Graduated from Yale in 1920, Mr. Garland went first with Hickman, Williams & Co., Pittsburgh iron and steel brokers, and was their New York district manager from 1924 to 1928. He entered banking in May 1928 with Brown Brothers & Co., New York private banking house, for whom he opened a Chicago office in May 1929. On January 1, 1933, he was made a partner of Brown Bros., Harriman & Co., and on June 16, 1934, he was elected vice president and director of Brown Harriman & Co.. Incorporated, resigning from that position in January 1939 to take a partnership in his present firm.

While in college, Mr. Garland was national intercollegiate tennis champion in both singles and doubles. He was a member of the 1920 U. S. Davis Cup team and in that year, with R. Norris Williams, won the doubles championship of the world at Wimbledon. In 1927 he acted as captain of the Davis Cup team, and he is now chairman of the Amateur Rule Committee of the U. S. Lawn Tennis Association and a member of the International Play Committee.

From October 1940 to June 1941 Mr. Garland was chief of the financial section of the Office of Production Management. He is at present chairman of the Maryland War Finance Committee. Among business activities outside banking he is a director and member of the executive committee of Sharp & Dohme, the Empire Trust Co., New York; Canton Co. of Baltimore; Canton Railroad Co., and a director of the Minnesota & Ontario Paper Co., the Cottman Co., and the Baltimore Association of Commerce.

Illinois Traders

Includes all members of National Security Traders Association, Inc. unless they advised us they were not traders. Membership in Association designated by (n) before street address.

Letters at far end of name line indicate securities individual trades in where known.

KEY to letters at end of name line:

A—All classes of Securities
B—Bank & Trust Company Stocks
C—Canadian Securities
E—Real Estate Securities
F—Foreign Securities
G—Guaranteed Railroad Securities
I—Textiles (classed as Industrials)
I—Industrial Securities
J—Joint Stock Land Bank Secur.
L—Federal Land Bank Securities
M—Public Revenue Bonds (classed as Municipals)
M—Municipal Bonds
M—Housing Authority Bonds (classed as Municipals)
O—Oil Stocks
P—Public Utility Securities
P—Water Company Securities (classed as Public Utilities)
Q—Equipment Trust Certificates
R—Railroad Bonds and Stocks
S—Insurance Stocks
T—Investment Trust Securities
T—Mutual Fund Securities
U—U. S. Government Securities
W—Rights, Scrip & Warrants
X—Finance Company Securities
Z—Mining Stocks

Aurora

WORTMAN, Glen R. A
G. R. Wortman & Co.
(n) Aurora National Bank Bldg.
Aurora, Ill.
4271

Chicago

ABELE, Harold W. U
Blair Securities Corp.
135 S. La Salle St. (3)
State 6706 CG 193

ALLEN, Alexander B E I P S
Allen, Swift & Co., Inc.
120 S. La Salle St. (3)

ALM, Walter C.
David A. Noyes & Co.
(n) 208 S. La Salle St. (4)
State 0400 CG 730

ANDERSON, John A. E I P
Anderson, Plotz & Company, Inc.
(n) 39 S. La Salle St. (3)
Franklin 8467

ANDERSON, William A. I M P R
Hickey & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 8800 CG 1234

ARTHUR, John A
David A. Noyes & Co.
(n) 208 S. La Salle St. (4)
State 0400 CG 730

BACHAR, Stephan A. A
Hirsch & Co.
(n) 135 S. La Salle St. (3)
State 8770 CG 1219

BARCLAY, Harold I P
Caswell & Co.
(n) 120 S. La Salle St. (3)
Central 5690 CG 1122

BARNHART, Horace G.
First La Salle Co.
(n) 11 S. La Salle St. (3)
Central 4424 CG 660

BARNHART, William S.
First LaSalle Co.
(n) 11 S. La Salle St. (3)
Central 4424 CG 660

BARTHELL, Gary I P R
Harris, Upham & Co.
(n) 135 S. La Salle St. (3)
Randolph 8560 CG 621

BEARDSLEY, George E. M
Mason, Moran & Co.
135 S. La Salle St. (3)
Central 8858 CG 1146

BECKER, Wm. J.
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

BELL, Ernest E. M
Daniel F. Rice and Company
Board of Trade Bldg. (4)
Webster 4200 CG 1276

BELT, Robert K. I P
Kitchen & Co.
135 S. La Salle St. (3)
State 4950 CG 573

BENSON, George B. I
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

BERG, Robert O.
Fred E. Busbey & Co.
(n) 10 S. La Salle St. (3)
Dearborn 3730

BERG, Rodney M. A
Hirsch & Co.
(n) 135 S. La Salle St. (3)
State 8770 CG 1219

BINZ, A. A. A
Shearson, Hammill & Co.
(n) 208 S. La Salle St. (4)
Randolph 7120 CG 161

BISSELL, John W.
First La Salle Co.
11 S. La Salle St. (3)
Central 4424 CG 660

BLAKE, Fred D. M
Cruttenden & Co.
209 S. La Salle St. (4)
Dearborn 0500 CG 35

BLANEY, James P. A
J. P. Blaney & Co.
(n) 327 S. La Salle St. (4)
Wabash 1930

BLOHM, Milton R. A
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

BLOOM, Ralph M. E I P
Kitchen & Co.
(n) 135 S. La Salle St. (3)
State 4950 CG 573

BLUMNTHAL, Harold I P
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

BOTHEN, Arthur H. M
First Securities Company of Chicago
105 S. La Salle St. (3)
Andover 1520 CG 1399

BOURBEAU, Edward J. I P R
Straus & Blosser
(n) 135 S. La Salle St. (3)
Andover 5700 CG 650

BOWEN, John H. I M P R
Lehman Brothers
(n) 231 S. La Salle St. (4)
Andover 1400 CG 552

BOWLIN, Seaton A. M
Mason, Moran & Co.
135 S. La Salle St. (3)
Central 8858 CG 1146

BOWKER, Herbert H. A
Harris, Hall & Company Incorporated
(n) 111W. Monroe St. (3)
Randolph 5422 CG 854

BRADLEY, Mahlon O.
Paine, Webber, Jackson & Curtis
209 S. La Salle St. (4)
State 0860 CG 1249

BROWN, Harry I M U
Salomon Bros. & Hutzler
(n) 231 S. La Salle St. (4)
Central 9020 CG 840

BURCH, Frank G. E
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

BURKE, Edward M. I
Brailsford & Co.
(n) 208 S. La Salle St. (4)
State 9868 CG 95

BURKE, Herbert J. I P
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

BUSBEY, FRED E.
Fred E. Busbey & Co.
(n) 10 S. La Salle St. (3)
Dearborn 3730

CAHN, Frank E
Fred W. Fairman & Co.
208 S. La Salle St. (4)
Randolph 4068 CG 537

CANN, Jules F.
Lehman Brothers
(n) 231 S. La Salle St. (4)
Andover 1400 CG 552

CANN, M. J.
A. G. Becker & Co. Incorporated
(n) 120 S. La Salle St. (3)
Franklin 6100 CG 1089

CANON, Robert A. I M P R
Graham, Parsons & Co.
(n) 135 S. La Salle St. (3)
Randolph 5700 CG 148

CARLTON, Frank A.
F. A. Carlton & Co.
(n) 135 S. La Salle St. (3)
Central 2610 CG 165

CASEY, Fred J. I P
Doyle, O'Connor & Co., Inc.
(n) 135 S. La Salle St. (3)
Dearborn 9600 CG 1200

CASSERLY, Thomas D.
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Dearborn 9600 CG 1200

CAVANAUGH, Audran J.
William A. Fuller & Co.
(n) 209 S. La Salle St. (4)
Dearborn 9200 CG 146

CHAPIN, Ralph A
Fahnestock & Co.
(n) 135 S. La Salle St. (3)
Randolph 0722 CG 408

CHICHESTER, Harry B. A
Fred W. Fairman & Co.
208 S. La Salle St. (4)
Randolph 4068 CG 537

CLEAVE, Walter C. M
Blyth & Co., Inc.
135 S. La Salle St. (3)
Randolph 7260 CG 304

(Continued on page 2615)

Bernard J. Conlon Is With P. F. Fox & Co.

Bernard J. Conlon has become associated with P. F. Fox & Co., 120 Broadway, New York City.

Mr. Conlon has had many years experience in the investment business, being connected with Hickey, Doyle & Co. from 1929 to 1936 and with Doyle, O'Connor from 1933 to 1937. During this period he traded railroad, industrial, and utility bonds. He joined J. Arthur Warner in 1937 as head of the railroad bond department, leaving in 1942 to enter the armed forces. After serving three years with the Air Force as an engineer on a B-17 both here and overseas he was honorably discharged. He has been decorated four times for valor.

Illinois Traders

(Continued from page 2614)

CLEAVER, George E. I P R
Lehman Brothers
(n) 231 S. La Salle St. (4)
Andover 1400 CG 552

CLINE, Thomas J. I
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

CLOYES, Fred O. B S
Huff, Geyer & Hecht
(n) 231 S. La Salle St. (4)
Franklin 7535 CG 105

CLUTTON, Wade W. E I R
John A. Dawson
1 N. La Salle St. (2)
State 7323

COCHRAN, Loren A.
William Blair & Company
(n) 135 S. La Salle St. (3)
Franklin 4151 CG 546

COLLINS, Tim I P R
Daniel F. Rice and Company
Board of Trade Bldg. (4)
Webster 4200 CG 1276

COLNITIS, John J. I P
A. A. Harmet & Co.
(n) 208 S. La Salle St. (4)
Central 9744

COMBITHS, Wallace T.
William A. Fuller & Co.
(n) 209 S. La Salle St. (4)
Dearborn 9200 CG 146

CONDIT, Cecil O. P
Brailsford & Co.
(n) 208 S. La Salle St. (4)
State 9868 CG 95

CONDON, Raymond V. M U
B. J. Van Ingen & Co. Inc.
(n) 135 S. La Salle St. (3)
Randolph 2737 CG 1030

CONLAN, Peter J. I P R
Hornblower & Weeks
(n) 39 S. La Salle St. (3)
Franklin 7500

COOK, Frederick J. P
Clement, Curtis & Co.
(n) 134 S. La Salle St. (3)
Randolph 6800 CG 214

COOLEY, Wm. H.
Alfred O'Gara & Co.
(n) 134 S. La Salle St. (4)
State 8760 CG 1286

CORBREY, Carter H. A
Carter H. Corbrey & Co.
(n) 135 S. La Salle St. (3)
State 6502 CG 99

CORNELIUS, Howard W. B S
Bacon, Whipple & Co.
(n) 135 S. La Salle St. (3)
State 3100 CG 1194

CRONIN, Dominic C. I P R
A. C. Allyn and Company, Inc.
(n) 100 W. Monroe St. (3)
Franklin 8400 CG 940

CRUTTENDEN, Walter W. F I
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

CULBERTSON, John C. M
Doyle, O'Connor & Co., Inc.
135 S. La Salle St. (3)
Dearborn 9600 CG 1200

CULLEN, Charles J. E
Langill & Co.
134 S. La Salle St. (3)
Central 8377 CG 327

CUMMINGS, Patrick J.
Bear, Stearns & Co.
(n) 135 S. La Salle St. (3)
State 0933 CG 1279

CUNNINGHAM, Bernard J. I
Hicks & Price
(n) 231 S. La Salle St. (4)
Randolph 5686 CG 972

CUNNINGHAM, James W. I P R
Fahnestock & Co.
(n) 135 S. La Salle St. (3)
Randolph 0722 CG 408

CUSTIN, Earl I. E M
Earl I. Custin & Co.
(n) 39 S. La Salle St. (3)
Randolph 2331

DAHLIN, George E. T
Langill & Co.
(n) 134 S. La Salle St. (3)
Central 8377 CG 327

DARFLER, Glen A. I P
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

DAVIDSON, Howard L. I P R Z
Zippin & Company, Inc.
(n) 208 S. La Salle St. (4)
Randolph 4696 CG 451

DAWSON-SMITH, S. Edward E I P R
Straus & Blosser
(n) 135 S. La Salle St. (3)
Andover 5700 CG 650

DAY, James W. U
C. J. Devine & Co.
(n) 135 S. La Salle St. (3)
Central 7300 CG 255

DELAFIELD, Richard M. M
The First Boston Corp.
231 S. La Salle St. (4)
Franklin 6640 CG 666

DEMPSEY, Jack R.
Dempsey & Company
(n) 135 S. La Salle St. (3)
Randolph 2100 CG 1166

DeSTAEBLER, Eugene L. M
F. S. Moseley & Co.
Field Bldg. (3)
Randolph 5900 CG 503

DeSWARTE, Bruce H. M
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

DONOVAN, James A. M U
National Boulevard Bank of Chicago
400 Michigan Blvd., N. (11)
Superior 2323

DOYLE, Leo J. I P
Doyle, O'Conner & Co., Inc.
(n) 135 S. La Salle St. (3)
Dearborn 9600 CG 1200

DREW, Robert S. U
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

DUNK, Thomas E. M
A. C. Allyn and Company, Inc.
(n) 100 W. Monroe St. (3)
Franklin 8400 CG 940

DUNNE, Finley P. I P R
Shillinglaw, Bolger & Co., Inc.
(n) 120 S. La Salle St. (3)
State 5850 CG 1070

EGBERT, Gilbert E. I P
McMaster Hutchinson & Co.
(n) 105 S. La Salle St. (3)
State 0577 CG 414

EGNER, Adolph C. A
Shearson, Hammill & Co.
(n) 208 S. La Salle St. (4)
Randolph 7120 CG 161

ELLIS, Kenneth A. M
Daniel F. Rice and Company
(n) Board of Trade Building (4)
Webster 4200 CG 1276

EMIG, Howard A. M
Farwell, Chapman & Co.
208 S. La Salle St. (4)
State 9600 CG 1240

ENYART, Charles E. B I P
Enyart, Van Camp & Co., Inc.
(n) 100 W. Monroe St. (3)
Andover 2424 CG 965

ERZBERGER, Elmer W. I T
Smith, Burris & Co.
(n) 120 S. La Salle St. (3)
Andover 1200 CG 878

EUSTICE, John W.
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

FARRELL, Arthur E. I P
H. M. Byllesby and Company, Incorporated
(n) 135 S. La Salle St. (3)
State 8711 CG 273

FEELEY, James P. M U
The First National Bank of Chicago
Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

FEIL, Charles J. U
H. Hentz & Co.
(n) 120 S. La Salle St. (3)
Randolph 6240

FEIL, Peter V. A
Langill & Co.
(n) 134 S. La Salle St. (3)
Central 8377 CG 327

FELLEGI, Jules I P R
Farwell, Chapman & Co.
(n) 208 S. La Salle St. (4)
State 9600 CG 1240

FENTON, Arthur
E. H. Rollins & Sons Incorporated
(n) 135 S. La Salle St. (3)
Central 7540 CG 530

FISCHER, Lydia
Kitchen & Co.
135 S. La Salle St. (3)
State 4950 CG 573

FITZSIMONS, George A. A
Apgar, Daniels & Co.
(n) 120 S. La Salle St. (3)
Randolph 9161

FOSTER, Robert K. B S
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

FREUDENTHAL, James H. M
Loewenthal Securities Company
33 N. La Salle St. (2)
State 0155

FRIEDMAN, Leonard I P R
Boettcher and Company
(n) 135 S. La Salle St. (3)
State 2373 CG 468

FULLER, Joseph T.
William A. Fuller & Co.
(n) 209 S. La Salle St. (4)
Dearborn 9200 CG 146

FULLER, William A.
William A. Fuller & Co.
(n) 209 S. La Salle St. (4)
Dearborn 9200 CG 146

GALE, F. O. I P R
Halsey, Stuart & Co., Inc.
(n) 123 S. La Salle St. (90)
State 3900

GALLAGHER, James P. I P
Dempsey & Company
(n) 135 S. La Salle St. (3)
Randolph 2100 CG 1166

GARVIN, Thomas J. A
Continental Illinois National Bank & Trust Co. of Chicago
(n) 231 S. La Salle St. (90)
State 9000 CG 77

GAVIN, Charles F. M
W. L. Walton & Co.
120 S. La Salle St. (3)
Dearborn 8833

GERULDSEN, Nils S. M
Paul H. Davis & Co.
10 S. La Salle St. (3)
Franklin 8622 CG 405

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Illinois Traders

(Continued from page 2615)

GIESEN, Elmer J.
David A. Noyes & Co.
(n) 208 S. La Salle St. (4)
State 0400 CG 730

GLANVILLE, Merle G. U
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

GLEASON, Thomas F. M U
B. J. Van Ingen & Co. Inc.
135 S. La Salle St. (3)
Randolph 2737 CG 1030

GLOSSER, Earl
Thomson & McKinnon
(n) 231 S. La Salle St. (4)
Central 5775 CG 1660

GOODMAN, William D.
Norman Freehling & Co.
(n) 120 S. La Salle St. (3)
Franklin 8526

GOODWIN, James E. A
Fred W. Fairman & Co.
(n) 208 S. La Salle St. (4)
Randolph 4068 CG 537

GOTT, Earle C. B S
Cruttenden & Co.
209 S. La Salle St. (4)
Dearborn 0500 CG 35

GREEN, Arthur A. A
Union Security Co.
(n) 29 S. La Salle St. (3)
Randolph 2977

GREENBERG, Morris H. I P R
Hallgarten & Co.
(n) 231 S. La Salle St. (4)
State 8033 CG 523

GREGORY, Gordon D. B
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

GRIER, John H.
The First National Bank of Chicago
(n) Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

GRIMM, E. F. M
Kidder, Peabody & Co.
135 S. La Salle St. (3)
Central 3484 CG 1358

GRIMM, W. T. M
Kidder, Peabody & Co.
135 S. La Salle St. (3)
Central 3484 CG 1358

GRUNER, George J. M
Lee Higginson Corporation
231 S. La Salle St. (4)
Franklin 4500 CG 175

GUILD, Donald J. E
A. C. Allyn and Company, Inc.
(n) 100 W. Monroe St. (3)
Franklin 8400 CG 940

HAAS, Ray T. A
(n) 231 S. La Salle St. (4)
State 0101 CG 362

HAMMELL, Elmer W. E
Caswell & Co.
(n) 120 S. La Salle St. (3)
Central 5690 CG 1122

HAMMOND, William H. M
John Nuveen & Co.
135 S. La Salle St. (3)
Central 9300 CG 945

HANSEN, Erling J. I
Comstock & Co.
(n) 231 S. La Salle St. (4)
Dearborn 1501 CG 257

HARMET, Alfred A. E
A. Al Harmet & Co.
(n) 208 S. La Salle St. (4)
Central 9744

HARTWIG, Carl A. M U
Link, Gorman & Co., Incorporated
(n) 208 S. La Salle St. (4)
State 7844 CG 1213

HAWLEY, P. F.
Troy, Graham & Co., Inc.
Harris Trust Bldg. (3)
Randolph 4430

HAYS, Edde K. I P R
Central Republic Company
(n) 209 S. La Salle St. (90)
Franklin 5610 CG 43

HEIGHWAY, O. H. M
Hornblower & Weeks
39 S. La Salle St. (3)
Franklin 7500

HENKE, Louis C. I
Swift, Henke & Co.
135 S. La Salle St. (3)
Dearborn 0811 CG 900

HERMAN, Frank
The First National Bank of Chicago
(n) Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

HICKEY, Matthew J., Jr.
Hickey & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 8800 CG 1234

HICKEY, Richard J. I
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

HIGGINS, Larry A. A
Hulburd, Warren & Chandler
(n) 208 S. La Salle St. (4)
State 9760 CG 709

HIRSCHBERG, E. A. E
Greenebaum Investment Co.
39 S. La Salle St. (3)
Randolph 5360 CG 1368

HITCHCOCK, James E. P
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

HOBBS, William G., Jr. M
Barcus, Kindred & Co.
(n) 231 S. La Salle St. (4)
Randolph 1400 CG 240

HOFER, Raymond
Ernst & Co.
(n) 231 S. La Salle St. (4)
Franklin 7667

HOLT, Lester H. I L P R
Riter & Co.
(n) 134 S. La Salle St. (3)
Franklin 0600 CG 426

HORACEK, Jean A. A
Enyart, Van Camp & Co., Inc.
(n) 100 W. Monroe St. (3)
Andover 2424 CG 965

HOSHOR, Jefferson K. A
Adams & Co.
(n) 231 S. La Salle St. (4)
State 0101 CG 361

HOYNE, Thomas Maclay C M
Rogers & Tracy, Inc.
120 S. La Salle St. (3)
State 4151 CG 917

HUMMEL, George F. E I
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

HUNTER, W. S. I P
E. H. Rollins & Sons Incorporated
(n) 135 S. La Salle St. (3)
Central 7540 CG 530

HUTCHINSON, Herbert A. C
McMaster Hutchinson & Co.
(n) 105 S. La Salle St. (3)
State 0577 CG 414

ISAACS, Milton J. A
Straus & Blosser
(n) 135 S. La Salle St. (3)
Andover 5700 CG 650

JACKLEY, Winfield C. M
Dempsey & Company
135 S. La Salle St. (3)
Randolph 2100 CG 1166

JANSHOFF, Robert W. B I M P R S
Otis & Co.
(n) Field Bldg. (3)
Central 7400 CG 417

JAREMA, Alexander L. M U
Anderson, Plotz & Company, Inc.
39 S. La Salle St. (3)
Franklin 8467

JOHNSON, S. N. M
Alfred O'Gara & Co.
134 S. La Salle St. (4)
State 8760 CG 1286

JOHNSON, Toge V. I P R
The First Boston Corp.
(n) 231 S. La Salle St. (4)
Franklin 6640 CG 666

JORDAN, Thomas R. S
Wayne Hummer & Co.
105 W. Adams St. (90)
Andover 1700 CG 1252

JOSLYN, George R. A
Weinress & Co.
231 S. La Salle St. (4)
Central 8321 CG 706

KANE, Vincent T.
C. L. Schmidt & Co., Inc.
(n) 120 S. La Salle St. (3)
Randolph 6960 CG 271

KANT, Herbert H.
Greenebaum Investment Co.
(n) 39 S. La Salle St. (3)
Randolph 5360 CG 1368

KEEGAN, Bernard R. E
Hickey & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 8800 CG 1234

KEGLEY, William C. I
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

KELLY, Frank S. I M P R
(n) 120 S. La Salle St. (3)
Andover 5970

KELLY, John A. I P R
Smith, Barney & Co.
(n) 105 W. Adams St. (3)
Randolph 6400 CG 315

KENT, Edward L. A
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

KERR, William D. A
Bacon, Whipple & Co.
(n) 135 S. La Salle St. (3)
State 3100 CG 1194

KIMBALL, J. Austin M
Weeden & Co.
135 S. La Salle St. (3)
Franklin 3123 CG 484

KING, Thomas E. I P
Hicks & Price
(n) 231 S. La Salle St. (4).
Randolph 5686 CG 972

KITCHEN, W. T. A
Kitchen & Co.
(n) 135 S. La Salle St. (3)
State 4950 CG 573

KNIGHT, Edward J. M
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

KOEHLER, Thomas S. I
Fred W. Fairman & Co.
(n) 208 S. La Salle St. (4)
Randolph 4068 CG 537

KOERNER, Star C. B I
Mitchell, Hutchins & Co.
(n) 231 S. La Salle St. (4)
State 1700 CG 1094

KOONTZ, Harvey R. A
Brown Brothers Harriman & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0404

KRELL, Robert B. A
Bacon, Whipple & Co.
(n) 135 S. La Salle St. (3)
State 3100 CG 1194

LAIDLEY, Forrest
Hicks & Price
(n) 231 S. La Salle St. (4)
Randolph 5686 CG 972

LANDIS, O. D. A
Webber-Simpson & Co.
(n) 208 S. La Salle St. (4)
Andover 1811 CG 1268

LANG, Walter E. M
Harriman Ripley & Co., Incorporated
135 S. La Salle St. (3)
Central 8400 CG 430

LANGILL, Banford B. P
Langill & Co.
(n) 134 S. La Salle St. (3)
Central 8377 CG 327

LANNAN, J. Patrick
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

LaROCCO, Lawrence C. A
Lamson Bros. & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 2400

LAZAR, Martin F
Brailsford & Co.
(n) 208 S. La Salle St. (4)
State 9868 CG 95

LEASON, Harvey G.
Leason & Co., Inc.
(n) 39 S. La Salle St. (3)
State 6001 CG 993

LEE, Arthur D. I P R
Goldman, Sachs & Co.
(n) 208 S. La Salle St. (4)
Randolph 9200 CG 1185

LEE, Joseph M. A
Shearson, Hammill & Co.
(n) 208 S. La Salle St. (4)
Randolph 7120 CG 161

LERITZ, Albert
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

LINDER, Evar L. I P
Paine, Webber, Jackson & Curtis
(n) 209 S. La Salle St. (4)
State 0860 CG 1247

LONG, Harold A. C
McMaster Hutchinson & Co.
105 S. La Salle St. (3)
State 0577 CG 414

LONGSTAFF, Ralph S.
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

LYKLEMA, Walter C. M
A. C. Allyn and Company, Inc.
100 W. Monroe St. (3)
Franklin 8400 CG 940

LYNCH, Philip A. A
James E. Bennett & Co.
141 W. Jackson Blvd. (4)
Wabash 2740

LYONS, George L. M
Kneeland & Co.
141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

MAGEE, Martin L. I P
H. M. Byllesby and Company, Incorporated
(n) 135 S. La Salle St. (3)
State 8711 CG 273

MANGAN, Maurice D. M P
Webber-Simpson & Co.
208 S. La Salle St. (4)
Andover 1811 CG 1268

MARQUARDT, Jerome F.
William A. Fuller & Co.
(n) 209 S. La Salle St. (4)
Dearborn 9200 CG 146

MARR, Lawrence N. I P
E. H. Rollins & Sons Incorporated
(n) 135 S. La Salle St. (3)
Central 7540 CG 530

MATHEWS, Henry T. P
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

MATHEWS, Murray C. E
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

MATZ, Charles T. I P R
Harriman Ripley & Co., Incorporated
(n) 135 S. La Salle St. (3)
Central 8400 CG 430

MAYER, Chester J. M U
C. J. Devine & Co.
(n) 135 S. La Salle St. (3)
Central 7300 CG 255

MAYER, Ernest A. A
Holley, Dayton & Gernon
(n) 105 S. La Salle St. (3)
Central 0780 CG 262

McFARLANE, Lawrence B.
McMaster Hutchinson & Co.
(n) 105 S. La Salle St. (3)
State 0577 CG 414

McGREEVEY, John A. A
Bache & Co.
(n) 135 S. La Salle St. (3)
Randolph 7200 CG 458

McHUGH, John D. I
Ames, Emerich & Co., Inc.
(n) 105 S. La Salle St. (3)
State 5300 CG 1183

MEYER, Herbert O. U
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

MIEHLS, Don G. M
William Blair & Company
(n) 135 S. La Salle St. (3)
Franklin 4151 CG 546

MILLER, Lewis M
The First National Bank of Chicago
Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

MONTGOMERY, Thomas R. A
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

MOON, Russell F.
Shearson, Hammill & Co.
(n) 208 S. La Salle St. (4)
Randolph 7120 CG 161

MORTON, Howard C.
McMaster Hutchinson & Co.
(n)105 S. La Salle St. (3)
State 0577 CG 414

MURPHY, James H. I P
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

MURPHY, Richard M
Kneeland & Co.
141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

NELSON, Harold C. A
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

NELSON, Harry L. I P R
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

NELSON, Wm. P R
Bear, Stearns & Co.
(n) 135 S. La Salle St. (3)
State 0933 CG 1279

NEWELL, Edward F. I P
Langill & Co.
(n) 134 S. La Salle St. (4)
Central 8377 CG 327

NEWPART, Chris J. I P
Merrill Lynch, Pierce, Fenner & Beane
(n) Board of Trade Bldg. (4)
Wabash 8950 CG 92

NIEBUHR, Lowell E T
Leason & Co., Inc.
(n) 39 S. La Salle St. (3)
State 6001 CG 982

NORTON, Lawrence H. B I P R S T X
Remer, Mitchell & Reitzel, Inc.
(n) 208 S. La Salle St. (4)
Randolph 3736 CG 989

NOURSE, Clifton L. C
Illinois (The) Company
231 S. La Salle St. (4)
State 2630 CG 883

O'BRIEN, Edwin P.
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

O'BRIEN, John J., 3rd A
John J. O'Brien & Co.
(n) 231 S. La Salle St. (4)
Central 5775 CG 1660

O'CONNOR, James J.
Doyle, O'Connor & Co., Inc.
(n) 135 S. La Salle St. (3)
Dearborn 9600 CG 1200

OGDEN, Kenneth S. M
Central Republic Company
209 S. La Salle St. (90)
Franklin 5610 CG 43

OLDERSHAW, Hal B. A
Blyth & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 7260 CG 304

OLLMAN, Carl H. A
Kebbon, McCormick & Co.
231 S. La Salle St. (4)
Franklin 8844 CG 1

OLSEN, W. O. M
Kneeland & Co.
141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

O'ROURKE, John P. A
J. P. O'Rourke & Co.
(n) Board of Trade Bldg. (4)
Harrison 4245

PADDOCK, George A.
Rogers & Tracy, Inc.
120 S. La Salle St. (3)
State 4151 CG 917

PARISE, George D. A
Fred W. Fairman & Co.
208 S. La Salle St. (4)
Randolph 4068 CG 537

PARKER, Arthur I P R
Sills, Minton & Company, Inc.
(n) 209 S. La Salle St. (4)
Dearborn 1421 CG 864

PARKER, Lester J. I
Merrill Lynch, Pierce, Fenner & Beane
(n) Board of Trade Bldg. (4)
Wabash 8950 CG 92

PARTRIDGE, John F. F M
Welsh, Davis & Co.
(n) 135 S. La Salle St. (3)
Franklin 3161 CG 225

PECK, Edgar A.
W. C. Gibson & Co.
(n) 231 S. La Salle St. (4)
State 1790

PENNINGTON, Robert B.
Behel, Johnsen & Company, Inc.
29 S. La Salle St. (3)
Randolph 5921

PETERSON, Alfred G. P
Baker, Fentress & Co.
208 S. La Salle St. (4)
Central 9190

PICKARD, A. G. M
C. F. Childs and Company
141 W. Jackson Blvd. (4)
Wabash 5410 CG 17

PLOTZ, Paul A
Goven, Eddins & Co.
11 S. La Salle St. (3)
Franklin 3319

PODESTA, Robert A.
Julien Collins & Company
(n) 105 S. La Salle St. (3)
Franklin 1733 CG 378

PROSSER, Walter W. A
J. P. O'Rourke & Co.
(n) Board of Trade Bldg. (4)
Harrison 4245

PULVER, Henri P. I P R
Goodbody & Co.
(n) 105 W. Adams St. (3)
Central 8900 CG 321

PURCELL, Thomas J.
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

RANDALL, Ralph G. A
Mason, Moran & Co.
(n) 135 S. La Salle St. (3)
Central 8858 CG 1146

RENIER, Edward P. A
Comstock & Co.
(n) 231 S. La Salle St. (4)
Dearborn 1501 CG 257

REYNOLDS, T. Leo
Paul H. Davis & Co.
(n) 10 S. La Salle St. (3)
Franklin 8622 CG 405

RICHARDS, Charles A. E
Forman Securities Corp.
39 S. La Salle St. (3)
Randolph 4728

ROBERTSON, Clarke J. I M P R
Sills, Minton & Company, Inc.
(n) 209 S. La Salle St. (4)
Dearborn 1421 CG 840

ROGERS, John C. A
Hickey & Co., Inc.
(n) 135 S. La Salle St. (3)
Randolph 8800 CG 1234

ROGERS, Sampson, Jr. Q R
McMaster Hutchinson & Co.
105 S. La Salle St. (3)
State 0577 CG 414

RONNING, Magnus I. U
Continental Illinois National Bank & Trust Co.
231 S. La Salle St. (90)
State 9000 CG 77

ROOB, Edward A.
Salomon Bros. & Hutzler
(n) 231 S. La Salle St. (4)
Central 9020 CG 840

ROWLES, Duncan M. M
Harris, Hall & Company, Inc.
111 W. Monroe St. (3)
Randolph 5422 CG 854

RUGGLES, M. C. I P R U
The Northern Trust Co.
(n) 50 S. La Salle St. (90)
Franklin 7070 CG 368

SACCO, Arthur C. I P R
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

SACHNOFF, Morey D. I P
Straus & Blosser
(n) 135 S. La Salle St. (3)
Andover 5700 CG 650

SACHNOFF, Samuel M U
The First National Bank of Chicago
(n) Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

SAYRE, Byron J. M
John Nuveen & Co.
(n) 135 S. La Salle St. (3)
Central 9300 CG 945

SCHEUER, Charles G. E
Valiquet & Co.
(n) 135 S. La Salle St. (3)
Central 4402 CG 81

SCHOENEBERGER, Charles A. M
Shields & Company
135 S. La Salle St. (3)
Dearborn 0560 CG 9

SCHOETTLER, F. Girard A
Wayne Hummer & Co.
(n) 105 W. Adams St. (90)
Andover 1700 CG 1251

SCHROEDER, Paul A. R
Cornell-Schroeder & Co.
120 S. La Salle St. (3)
Franklin 1490

SCHULTZ, George W. B I P S
Carter H. Corbrey & Co.
(n) 135 S. La Salle St. (3)
State 6502 CG 99

SCOTT, Mortimer W. M
Scott & Wyandt, Incorporated
(n) 135 S. La Salle St. (3)
Andover 4421

SELLERS, Paul A. B I P R
The Illinois Co.
(n) 231 S. La Salle St. (4)
State 2630 CG 883

SEMBACH, Harold J. I P
Remer, Mitchell & Reitzel, Inc.
(n) 208 S. La Salle St. (4)
Randolph 3736 CG 989

SENNOTT, William J., Jr. I P
Clement, Curtis & Co.
(n) 134 S. La Salle St. (3)
Randolph 6800 CG 214

SHALES, Glenn A
Carter H. Harrison & Co.
(n) 209 S. La Salle St. (4)
State 0311 CG 850

SHAW, Bradford W. M
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

SHERMAN, George H. U
The First Boston Corp.
231 S. La Salle St. (4)
Franklin 6640 CG 666

SHERWOOD, Donald B. A
Stifel Nicolaus & Co., Inc.
(n) 105 W. Adams St. (3)
State 5770 CG 697

SIMMONS, Richard W. I R
Lee Higginson Corporation
(n) 231 S. La Salle St. (4)
Franklin 4500 CG 175

SKEPNEK, Paul J., Jr. P
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

SMITH, George W. M
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

SMITH, Hobart E. M
Stifel, Nicolaus & Co., Inc.
105 W. Adams St. (3)
State 5770 CG 697

SONG, Elmore M
Goldman, Sachs & Co.
208 S. La Salle St. (4)
Randolph 9200 CG 1185

SPANIER, Joseph J. I P R
Bennett, Spanier & Co., Inc.
105 S. La Salle St. (3)
Central 4274 CG 1040

SPANIER, William A. I P R
Bennett, Spanier & Co., Inc.
105 S. La Salle St. (3)
Central 4274 CG 1040

SPARKS, Allen K. L P R
F. A. Carlton & Co.
(n) 135 S. La Salle St. (3)
Central 2610 CG 165

SPINK, Harold H. M
E. H. Rollins & Sons Incorporated
135 S. La Salle St. (3)
Central 7540 CG 530

SPINK, Paul W. A
Faroll & Company
(n) 208 S. La Salle St. (4)
Andover 1430 CG 156

SPRINGER, William P. F
Carl Marks & Co., Inc.
(n) 208 S. La Salle St. (4)
State 6693 CG 1124

STEFFES, James W. I R U
Swift, Henke & Co.
(n) 135 S. La Salle St. (3)
Dearborn 0811 CG 900

STEPHAN, Edwin A. I P R
Kebbon, McCormick & Co.
(n) 231 S. La Salle St. (4)
Franklin 8844 CG 1

STEPHENS, Donald B.
First Securities Company of Chicago
(n) 105 S. La Salle St. (3)
Andover 1520 CG 1399

STILLWELL, John D.
Kidder, Peabody & Co.
(n) 135 S. La Salle St. (3)
Central 3484 CG 1358

STIRLING, Louis J. A
Hirsch & Co.
(n) 135 S. La Salle St. (3)
State 8770 CG 1219

STRAUSS, Robert A
Strauss Bros.
(n) Board of Trade Bldg. (4)
Harrison 2075 CG 129

STRONG, O. H.
The First National Bank of Chicago
(n) Dearborn, Monroe & Clark Sts. (90)
Franklin 6800 CG 987

SUNDELL, Roy B. I P R
Goodbody & Co.
(n) 105 W. Adams St. (3)
Central 8900 CG 321

SWANSON, Knute G. E
Carter H. Harrison & Co.
(n) 209 S. La Salle St. (4)
State 0311 CG 850

SWEENEY, I. J.
F. S. Moseley & Co.
(n) Field Bldg. (3)
Randolph 5900 CG 503

TABKE, Carl W. I M P R
R. S. Dickson & Co., Inc.
135 S. La Salle St. (3)
Franklin 3794 CG 565

TAYLOR, Harry A.
The Crummer Company, Inc.
1st Nat'l Bank Bldg. (3)
Randolph 6317 CG 163

THORSEN, Lester J. B S
Glore, Forgan & Co.
(n) 135 S. La Salle St. (3)
Andover 3000 CG 115

TORGERSON, Frank S.
Link, Gorman & Co., Incorporated
208 S. La Salle St. (4)
State 7844 CG 1213

TRITSCHLER, Alexander M. A
Stone & Webster and Blodget, Incorporated
33 S. Clark St. (3)
Randolph 2700 CG 669

TUERK, Fred R. I P
Cruttenden & Co.
(n) 209 S. La Salle St. (4)
Dearborn 0500 CG 35

TURLEY, George R. E
Barnes & Turley
120 S. La Salle St. (3)
Randolph 6607

UNGEHER, Fred E. E I
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

VACHA, James C. I
Adams & Co.
231 S. La Salle St. (4)
State 0101 CG 361

VALIQUET, Albert J. E
Valiquet & Co.
(n) 135 S. La Salle St. (3)
Central 4402 CG 81

VALLEAU, Harry O. E
Harry O. Valleau & Co.
(n) 10 S. La Salle St. (3)
Franklin 2811

VALLELY, Edward V. M
John Nuveen & Co.
(n) 135 S. La Salle St. (3)
Central 9300 CG 945

VAN CAMP, Owen V. M
Enyart, Van Camp & Co., Inc.
100 W. Monroe St. (3)
Andover 2424 CG 965

VAN WINKLE, P. K. M
Paine, Webber, Jackson & Curtis
209 S. La Salle St. (4)
State 0860 CG 1245

VOGEL, Denes D. I P R
Hornblower & Weeks
(n) 39 S. La Salle St. (3)
Franklin 7500

VOJTA, George J. U
The Northern Trust Company
(n) 50 S. La Salle St. (90)
Franklin 7070 CG 368

WAKELEY, Thompson M. I P R
A. C. Allyn and Company, Inc.
(n) 100 W. Monroe St. (3)
Franklin 8400 CG 940

WALLACE, William M. E
Francoeur & Company
(n) 39 S. La Salle St. (3)
Randolph 3950 CG 993

WELCH, Edward H.
Sincere and Company
(n) 231 S. La Salle St. (4)
State 2400 CG 252

WILKIN, John N. I P R
Baker, Walsh & Co.
(n) 29 S. La Salle St. (3)
Randolph 4553

WILLIAMS, Andrew R. B I
Rogers & Tracy, Inc.
(n) 120 S. La Salle St. (3)
State 4151 CG 917

WILLIAMS, George P. B I
Langill & Co.
(n) 134 S. La Salle St. (3)
Central 8377 CG 327

WINGADER, Lawrence A. M
John Nuveen & Co.
(n) 135 S. La Salle St. (3)
Central 9300 CG 945

WOLF, Leonard J.
A. G. Becker & Co. Incorporated
(n) 120 S. La Salle St. (3)
Franklin 6100 CG 1089

WOOLARD, Francis C. E P
Kneeland & Co.
(n) 141 W. Jackson Blvd. (4)
Wabash 8686 CG 640

YARROW, Paul A
Clement, Curtis & Co.
(n) 134 S. La Salle St. (3)
Randolph 6800 CG 214

YOUNG, Raymond W. E
Remer, Mitchell & Reitzel, Inc.
(n) 208 S. La Salle St. (4)
Randolph 3736 CG 989

ZIPPIN, Israel F
Zippin & Company, Inc.
(n) 208 S. La Salle St. (4)
Randolph 4696 CG 451

Peoria

NEGLEY, Don L. M
Negley, Jens & Rowe
Jefferson Bldg.
Peoria (2), Ill.
4-7126

Springfield

DIXON, Noah M.
Dixon Bretscher Noonan, Inc.
1st Nat'l Bank Bldg.
Springfield, Ill.
4613 SI 295

KEY to letters at end of name line:

- A—All classes of Securities
- B—Bank & Trust Company Stocks
- C—Canadian Securities
- E—Real Estate Securities
- F—Foreign Securities
- G—Guaranteed Railroad Securities
- I—Textiles (classed as Industrials)
- I—Industrial Securities
- J—Joint Stock Land Bank Secur.
- L—Federal Land Bank Securities
- M—Public Revenue Bonds (classed as Municipals)
- M—Municipal Bonds
- M—Housing Authority Bonds (classed as Municipals)
- O—Oil Stocks
- P—Public Utility Securities
- P—Water Company Securities (classed as Public Utilities)
- Q—Equipment Trust Certificates
- R—Railroad Bonds and Stocks
- S—Insurance Stocks
- T—Investment Trust Securities
- T—Mutual Fund Securities
- U—U. S. Government Securities
- W—Rights, Scrip & Warrants
- X—Finance Company Securities
- Z—Mining Stocks

Milwaukee Bond Club Annual June Meeting

MILWAUKEE, WISC. — Plans have been completed for the annual June meeting and outing of Milwaukee Bond Club, to be held at Ozaukee Country Club on Friday, June 29. Although the "field day" officially is scheduled for only the afternoon and evening, arrangements have been made so that golfers may tee off any time during the fore-noon and lunch may be obtained at the club.

Committees are:

General Chairman: Iver Skaar, of Harris, Upham & Co.

Baseball: Leroy W. Grossman, of Marine National Exchange Bank.

Bridge: Adolph G. Thorsen, of Adolph G. Thorsen; Paul Binzel.

Golf: Norman W. Schuster, of Thomson & McKinnon; M. N. Basing, of Gardener F. Dalton & Co.; Charles W. Gerlach, of Charles Gerlach & Co.; Matthew H. Pahle, of A. C. Allyn & Co., Inc.

Horseshoe Pitching and Tug of War: Arthur E. Speer, of The Milwaukee Co.

Prizes: Edward D. Levy, of Straus & Blosser; Arthur F. Patek, of Paine, Webber, Jackson & Curtis.

Refreshments: John A. Toennessen, & Co.

Stock Exchange: Lester B. Mc Elhiney, of the Milwaukee Co.; Leroy F. Richter, of James E. Bennett & Co.

Officers of the Club are: President Joseph Carson, of Loewi & Co.; vice president, Iver Skaar, of Harris, Upham & Co.; secretary-treasurer, William A. Johnson, of Mason, Moran & Co.

Out of town guests are welcome and it is expected many will attend. However, it is hoped guests will send reservations in advance so that proper arrangements can be made for meals.

White With E. H. Rollins

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — Harry G. White has become associated with Central Republic Company, 209 So. La Salle Street, member of the Chicago Stock Exchange. Mr. White was formerly with E. H. Rollins & Sons, Inc., for many years.

Shillinglaw, Bolger Co. Chicago Exch. Member

CHICAGO, ILL. — Shillinglaw, Bolger & Co., 120 South La Salle Street, have been admitted to membership in the Chicago Stock Exchange.

Wisconsin Brevities

The Ed Schuster & Co., Inc., of Milwaukee, Wis. on June 11 filed with the SEC a registration statement covering 18,504 shares of 4¼% cumulative preferred stock (par $100). Of the shares registered 13,679 are to be sold by the company and 4,825 by certain stockholders.

The Wisconsin Co. will head the underwriting group. Proceeds of the Company's share of the financing will be added to its general funds pending specific allocation.

* * *

According to Kurtis F. Froedert, President of Froedert Grain & Malting Co., Inc., the company has acquired from Brooks Elevator Co., a grain elevator in Minneapolis, Minn., having a total grain capacity of 3½ million bushels. The purchase and operation will become effective Aug. 1, 1945. Cash of an undisclosed amount was paid for the property.

The acquisition, it is said, will give Froedert, reputed to be the largest commercial malting firm in the world, total storage capacity of over 10 million bushels.

* * *

Le Roi Co. reports a net profit of $429,636, equal to $3,58 per share on outstanding common stock after all charges, including provision for income taxes for the 32 week period ending May 12. Net profit for the same period in 1944 was $636,237 or $5,30 a share.

* * *

Nekoosa Edwards Paper Co. for the calendar year 1944 reported a net profit of $494,371 or $7,85 per common share, on net sales of $11,266,572, compared with $552,192 or $8.76 a share on net sales of $10,037,589 for 1943.

* * *

Electric output of Wisconsin Public Service Corp. for the week ended June 2, 1945, totaled 11,129,000 kwh., as compared with 9,956,000 kwh. for the corresponding week last year, an increase of 11.8%.

The Wisconsin Public Service Corp. has called for redemption on July 1, 1945, for account of the sinking fund, $250,000 of first mortgage 3¼% bonds due 1971, at 105½ and interest. Payments will be made at the First Wisconsin Trust Co., trustee, Milwaukee, or at Chase National Bank, New York, or at Harris Trust & Savings Bank, Chicago.

Adler, Coleman & Co. To Admit Two Partners

Adler, Coleman & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, will admit Walter J. Mahoney, Exchange member, and Murray Lerner to partnership in the firm on July 1. Mr. Mahoney has been in business as an individual floor broker. Mr. Lerner has been with the firm for some time as manager of the trading department.

Haskell Joins Hallgarten

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — Manford M. Haskell has become affiliated with Hallgarten & Co., 231 So. La Salle Street. Mr. Haskell was previously with M. B. Vick & Co.

Customers Brokers to Vote on Nom. Group

A slate of 21 members, from which the 1945 nominating committee of the Association of Customers Brokers has been chosen, has been picked by the 1944 committee. Voting will take place at the quarterly business meeting of the Association to be held June 20 in Room 902 of 20 Broad Street, at 3:45 p. m.

Members of the 1944 committee are as follows: Lester Robbins, Chairman, Francis I. duPont & Co.; William Atkinson, E. W. Clucas & Co.; Merritt F. Beal, P. P. McDermott & Co.; Harry J. Corbett, Gude, Winmill & Co.; Russell W. Earle, Tucker, Anthony & Co.; John W. Gordohn, Steiner, Rouse & Co.; Alexander T. Hayes, Smith, Barney & Co.; John Tucker, Fahnestock & Co., and Oliver D. Wells, Goodbody & Co.

The selections that they are submitting to the meeting are as follows: Paul Anderson, Cyrus J. Lawrence & Co.; Kenneth Ward, Delafield & Delafield; William Smith, 2nd, Laidlaw & Co.; Fred Sanford, Bendix, Lutweiler & Co.; Ralph Runyon, Mallory Adee & Co.; Paul Gehring, Gude, Winmill & Co.; Joseph Dubreuil, Baker, Weeks & Harden; J. R. O'Rourke, Ira Haupt & Co.; Charles J. O'Brien, Pyne, Kendall & Hollister; James McCabe, E. W. Clucas & Co.; Walter Matthews, Paine, Webber & Co.; Fred Gray, E. F. Hutton & Co.; Harold Shea, Fahnestock & Co.; Charles Hemming, Francis I. duPont & Co.; Milton Roggenburg, Newburger, Loeb & Co.; Ellwood Ellis, Kidder Peabody & Co.; Howard De Van, J. S. Bache & Co.; Thomas Dowling, Stillman Maynard & Co.; Louis Finkelstein, Steiner, Rouse & Co.; Frank Walker, Merrill, Lynch & Co.; Jack Lowther, Eastman, Dillon & Co.

According to the constitution, additional names to be voted upon may be placed before the meeting by a petition signed by 20 members, which must be in the hands of the Secretary, Archie Harris, five days before the meeting. In addition to the election of a nominating committee a number of other important matters will come before the meeting, including a discussion of effects of present and proposed margin regulations and capital gains taxes on the flow of investment capital.

Joseph Harris With Schroder Rockefeller

Joseph C. Harris has joined the Government bond department of Schroder Rockefeller & Co., Inc., 48 Wall Street, New York City, as Assistant Vice-President. Mr. Harris recently served as a major in the United States Army Air forces in England. In the past he was an officer of Central Hanover Bank & Trust Co.

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

New York Trust Co. has just announced an increase in its dividend rate from 87½¢ quarterly to $1.00; as a result, the bid price of its stock moved from 106½ to 110½. It will be recalled that the dividend was reduced in the last quarter of 1941 from a $5 annual rate to $3.50; it is now back to $4. Net operating earnings in 1944, exclusive of security profits, amounted to $7.03 per share.

Owing to a mechanical error in the column of June 7, the total assets figure for the 176 mutual fire insurance companies incorrectly appeared as $21,000,000. The actual aggregate is $521,000,000.— E. A. V.

Other Wall Street banks which have increased dividends during the past nine months are: Bank of Manhattan, Bankers Trust, Irving Trust, National City, and Public National. In the case of Bankers Trust, and Public National, no change was made in the rate per share, but the number of shares held by stockholders was increased by stock dividends of 20% and 10%, respectively.

In view of the interest in bank stock dividends, and of the possibility that other banks may see fit to pass on to their stockholders a somewhat larger share of their present level of earnings, the following tabulation of aggregate earnings and their disposition, for a group of 15 leading New York City banks during the past seven years, is offered.

TABLE I

Year—	Sources of Earnings: Net Operating Profits	Net Security Profits	Net Recoveries	Total	Disposition: Dividends	Surplus & Und. Profits	Reserves & Write-Downs
			(000 omitted)				
1938	$82,474	$22,078	$4,517	$109,069	$66,450	$5,880	$36,739
1939	83,328	33,015	1,925	118,268	65,850	8,280	44,138
1940	86,154	27,438	11,880	125,472	65,850	25,620	34,002
1941	90,741	22,465	12,433	125,639	65,250	36,256	24,133
1942	96,020	8,515	2,139	106,674	61,150	29,969	15,555
1943	110,954	25,733	3,032	139,719	61,412	52,650	25,657
1944	123,675	31,335	10,185	165,195	62,930	73,523	28,742
Totals	$673,346	$170,579	$46,111	$890,036	$448,892	$232,178	$208,966

It will be observed that total dividends declined from $66,450,000 in 1938 to $61,150,000 in 1942, and then rose to $62,930,000 in 1944. Strangely, though, total net operating profits increased year by year over the whole period, with the result that dividends show a steady decline in the percentage which they bear to net operating profits, as follows: 1938, 81%; 1939, 79%; 1940, 76.5%; 1941, 72%; 1942, 64.5%; 1943, 55.5% and 1944, 51%.

Over the whole period aggregate dividends represented 66.6% of aggregate net operating profits and 54.3% of net operating plus net security profits. Disposition of total net earnings from operating profits, security profits and recoveries, was as follows: dividends, 50.5%; surplus and undivided profits, 26.0%; reserves and write-downs, 23.5%.

It is now of interest to examine the earnings record of individual banks over the past few years, in relation to current dividend rates, including extras. Earnings are adjusted retroactively to the basis of present capitalization, after recent capital increases.

Except in the case of First National Bank, the earnings used are exclusive of security profits and recoveries. Average coverage of the present dividend rate by five-year average earnings is 1.61 times, and by 1944 earnings, 2.07 times.

Banks whose coverage ratio is above average by both measures are: Bank of Manhattan, Bank of New York, Bankers Trust, Chemical, Continental, Manufacturers Trust, and Public National. Banks with below-average ratios are: Central Hanover, Chase, Corn, First National, Guaranty, Irving, New York Trust and U. S. Trust. National City's five-year ratio is above average, while its 1944 ratio is fractionally below average.

TABLE II

	Net Operating Earnings Per Share: 1940	1941	1942	1943	1944	5 Year Aver.	Current Dividend	No. Times Earned: Aver.	1944
Bank of Manhattan	$1.14	$1.37	$1.81	$2.01	$2.40	$1.75	$1.00	1.75	2.40
Bank of New York	17.61	20.05	20.70	28.59	30.45	23.48	14.00	1.68	2.18
Bankers Trust	2.80	2.66	2.83	3.16	3.65	3.02	1.40	2.16	2.61
Central Hanover	5.77	6.31	5.76	6.54	7.43	6.36	4.00	1.59	1.86
Chase National	1.83	1.96	1.81	2.33	2.54	2.09	1.40	1.49	1.81
Chemical Bk. & Tr.	2.00	2.60	2.68	3.42	3.82	2.90	1.80	1.61	2.12
Continental	0.91	0.95	1.14	1.55	2.01	1.31	0.80	1.64	2.51
Corn Exchange	1.44	2.58	3.30	3.56	3.96	2.97	2.40	1.24	1.65
First National	102.41	100.58	97.66	106.16	124.27	106.22	80.00	1.33	1.55
Guaranty Trust	14.11	14.25	16.28	17.38	20.35	16.47	12.00	1.37	1.70
Irving Trust	0.62	0.70	0.84	1.00	1.17	0.87	0.70	1.24	1.67
Manufacturers Trust	3.92	3.91	4.03	5.28	6.33	4.69	2.00	2.35	3.17
*National City	1.98	1.94	2.18	2.44	2.66	2.24	1.30	1.72	2.05
New York Trust	4.26	4.47	5.01	6.51	7.03	5.46	4.00	1.37	1.76
Public National	2.81	2.99	2.59	3.00	4.06	3.09	1.50	2.06	2.71
U. S. Trust	71.64	72.10	78.83	87.07	94.31	80.79	70.00	1.15	1.35
Average								1.61	2.07

*Includes City Bank Farmers Trust.

Hannegan Repeats Change of Dem. Party's Attitude to Business

(Continued from page 2610)

terest. Such was the case under President Roosevelt's war administration. Such will be the case under the peacetime administration of President Truman.

"I am not speaking as a member of the President's Cabinet. I have not yet been sworn in as Postmaster General. I do speak to you as Chairman of the Democratic National Committee. I am not unacquainted with President Truman. And I have no hesitation in saying to you that, second only to victory and lasting peace, the objective that is closest to his heart is to see American business, in cooperation with labor, agriculture and government, make good in its endeavor to keep our people prosperous and employed.

"Time was, you know, when the American business man was conscious of two responsibilities: First, to produce something or to perform some service; and second, to make a profit.

"The American business man of today has added a third duty. Of his own accord, and in his own self-interest, he has taken on this third responsibility—the responsibility to do his part in keeping men employed.

"Your government also is aware of that responsibility on its part. Government, business, labor and agriculture must share in the job of keeping our people employed. They must work together. But the emphasis sometimes shifts. The nature of the responsibility shifts with the times, with the circumstances of our national economy and of world economy.

"For this reason, I believe the government's role in our postwar economy will be different from the part that government played when a Democratic administration took over in 1932.

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

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

"Today we have a very big job of work to do, but we are not getting out of a sick bed to do it. If we organize our resources and integrate our national policies, we face the prospect of an excellent market for the product of our civilian industries.

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

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

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

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

"I hope that when wartime tax schedules can be revised to a peacetime basis, our government will offer the same kind of assistance in the matter of taxes—a fiscal policy based on the maintenance of mass purchasing power and the reward of risk with profits.

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

Ackermann Rejoins Read, Lear & Co.

PITTSBURGH, PA.—William J. Ackermann is back at the trading desk with Read, Lear & Co., Grant Building, members of the Pittsburgh Stock Exchange. Mr. Ackermann for the past three years has been serving in the U. S. Army Air Corps in the Preflight Cadet Training of the Central and Eastern Flying Training Command.

Canadian Restrictions Off on Metal Mining

Announcement was made on June 7 by Canadian Munitions Minister Howe of the removal of metals control restrictions on mining of gold and other metals or minerals imposed by Canada on June 22, 1942, to conserve manpower and machinery for the war. The original order, it is stated, prohibited all expansion of existing mines and development of new properties except by metals control permit, Associated Press advices from Ottawa June 7 said.

"Today's action means that all restrictions on the sinking of mine shafts, the expansion of underground work and the opening of new mines have been lifted. Mining operators willl be able to lay plans to begin new developments."

However, Mr. Howe said:

"Mining labor is still subject to strict control by national selective service and it may be many months before machinery becomes available. The removal of the restrictions is in line with the policy of the Government in rescinding all limitations on civilian industry as quickly as conditions warrant."

Mr. Howe explained that prospecting and surface diamond drilling had not been restricted, as it was necessary to continue the search for base and strategic metals and minerals.

"It is very gratifying to note that important discoveries of tungsten, molybdenum and copper have been made," he said. "Also, in the last few years a number of promising gold properties have been discovered and partially developed by surface dilling. The lifting of this order will allow further development of these properties."

Canadian Press advices from Ottawa June 7 had the following to say in part:

"Quebec's Deputy Mines Minister, O. Dufresne, saw in the announcement the 'green light for our mining companies to go ahead with projects for the sinking of mine shafts and other expansion. It will be a definite boost to gold mining, especially in Western Quebec.'

"The value of Canada's mineral production was $474,602,059 in 1939, and rose steadily until the restrictions were clamped on in 1942, when it reached $556,768,672. The following year saw a falling off to $524,426,850."

Canadian Securities

By BRUCE WILLIAMS

Unswerving confidence in the good sense of the Canadian people and unbiased factual analysis have once more led to conclusions that have been justified by the eventual outcome.

The result of the Canadian elections held under freest democratic conditions demonstrates in clear fashion the political will of the Canadian electorate. No longer can it be thought that the Dominion has suffered a violent swing to the left as publicity in this country has constantly conveyed. This opinion resulted from casual inquiry in biased quarters, and those publicizing this view fell victim to the propaganda of the opponents of the C.F.F. who endeavored to create a political bogey of this socialistic movement in order to scare the electorate.

Likewise the erroneous belief that the Province of Quebec would secede from the Liberal camp and would break up into a number of "Quebec first" groups, has also been rudely shattered. Following the conservative pattern of the recent provincial elections, the French-speaking province has once more ignored the appeals of the small extremist minority and has given its customary solid support to the Mackenzie King administration.

Thus with Liberal strength displayed throughout the Dominion, with every possibility at the moment of writing of an overall government majority, a healthy official opposition constituted by the Progressive Conservatives, and the decisive rout of the C.C.F. and other extremist parties, Canada can now face the future with confidence based on the comforting knowledge that a tried administration has received a definite popular mandate for the next five years.

Furthermore, in view of the Dominion's steadily increasing stature as a world power, this Liberal triumph and C.C.F. debacle can have important repercussions elsewhere. In conjunction with Conservative successes at the expense of the C.C.F. the Canadian political indicator has taken a definite swing to the right.

Not only is this fact likely to have an influence on the coming election in Britain, but taking into account incipient indications of a similar tendency in this country, it also gives encouragement to the belief that the economic problems of the post-war world can best be solved by a political system that gives free rein to individual enterprise.

In his last campaign speech, prior to the election, Prime Minister Mackenzie King stated clearly that he believed that it should be left to private enterprise to provide the bulk of employment in the post-war period, and the state would intervene only where it was absolutely necessary in the public interest. In this way Canada can once more provide a glowing example for the rest of the world, and remind those who have forgotten, that the great eras of economic development and prosperity were created by the unfettered efforts of private initiative.

Turning to the market for the past week, there was a state of almost complete inactivity in the external section. Internals however continued to display animation with attention centered again on the mining issues, following the removal of the mining ban on new developments. Labrador Mining & Exploration stock made further progress and touched a new high level while Steep Rock Iron staged a strong recovery in view of optimistic estimates of ore deliveries. On prospects of stimulated activity in the gold camps, several new highs were registered in this section of the list. Yellowknife issues were less active as the late Spring breakup has delayed operations in the far north, but it is expected that this area will soon come into renewed prominence.

With regard to possible future prospects, in view of the holding up of profit-taking and post-loan operations during the pre-election period, there is likely to be an interim period of considerable activity but with little price change, before the favorable outcome of the elections leads to a generally higher level with special emphasis on internals.

NASD Activities Discussed

(Continued from page 2607)

sponsibility of large proportions," Mr. Phillips pointed out. "It was mandatory," he said, "that the enforcement of the Rules of Fair Practice and the standardization of principles and practices be the very minimum of performance. From the beginning the Board of Governors took the attitude that the NASD was a members' cooperative organization. The enforcement of the Rules of Fair Practice is and has always been entrusted to the district committees. The Board's function is to provide guidance and leadership to the Association and to serve as an appeal board in disciplinary actions."

"It has been the practice of district committees," he added, "to call to members' attention practices which should be corrected in the interest of public protection and the member's own welfare. There have been a great many instances where such timely and friendly advice has been of great value to the member. During the past six years the district committees have handled over 300 formal complaints. Most of these have originated from the examination programs, some have been referred by the SEC, and some have resulted from the direct complaints of investors.

"But," he continued, "we must not consider the Association, the Board, or the district committees as a police force limited only to restrictive measures. While great progress has been made in maintaining satisfactory compliance with good business practice, this represents but one of the purposes of the Association. We are likely to forget that this Association is conducted for the benefit of the members. The protection of the best interests of the securities business is a vital function, equally as important as the protection of investors. We, all of us, make our living in this business and we all have a common interest. The Board of Governors has from the beginning used its best efforts to defend the business from attacks of Federal and State agencies which might make continued operation of our business difficult or impossible."

Referring to the complaints regarding the questionnaires sent to members, Mr. Phillips states that "for a long time the Association has been handicapped by lack of information concerning some of the workings of our business. We can't very well make an adequate case for ourselves if we don't have these vital statistics. I think that some of the efforts of the Board to gather information are misunderstood by the membership. I hear rumblings that the recent questionnaire concerning salesmen's compensation was considered to be an attempt to pry into members' affairs. It does pry into members' affairs, so does any other questionnaire, but the information sought is held strictly confidential and is being compiled for the use of the Board in protecting the interests of the business.

"How can we defend our position if a Government agency charges that the root of the excessive mark-up problem is based on the demands of salesmen who are receiving the major portion of the gross profit involved. We must be in a position to state the facts. And let me say here, no action is ever taken by the Board until the advantages and disadvantages of the proposal are weighed as carefully as we know how to weigh them."

"The time has come," Mr. Phillips concluded, "when the membership has become alive to these possibilities and is demanding that the NASD enlarge its field beyond that of self-regulation. Anyone who is at all realistic knows that our business is largely unrepresented at the present time. Dozens of matters are being discussed in Washington; legislative bills are being proposed and introduced every day which vitally affect our business, and yet no one authorized to speak for the industry is participating in these discussions."

Frank L. Scheffey, Executive Secretary of District 13 Committee, reviewed the results of the questionnaires received from members during 1944 and the current year. Thus far only one member concern had a complaint directed against it. There have been only two complaints of a member against another member, and only three complaints from the public against members, all of which were dismissed.

During the question period, a number of questions were asked by members, relating mainly to the questionnaires. One member wanted to know the purpose of the questionnaire relating to salesmen. Mr. Phillips, in reply stated that it was felt that salesmen exercise a predominant influence on price policies and "mark-ups" of the concerns that employ them, and, as it was required that they get such information for the SEC, the Association was handicapped by lack of information. They endeavored to get the information through questionnaires.

In replying to a question regarding the Association's attitude toward "riskless transactions," it was stated that the Association "does not go along with the SEC" on the proposition that such transactions should be conducted on an "agency basis."

There were several questions relating to the "5% mark-up philosophy." It was stated that, according to "the clarification of the SEC," there are circumstances under which "the philosophy" could be departed from. It was also indicated that the main object to be kept in view, was that mark-ups should be reasonably related to current market prices and that quotations are not out of line with these prices. An interesting development was brought out when it was disclosed that the sales of "open-end" investment trusts were

SEC Adopts New Simplified Form

In continuance of a program of form simplification, the Securities and Exchange Commission on June 12 announced th adoption of a new simplified form, Form S-12, for the registration under the Securities Act of 1933 of shares of corporations not more advanced than the development stage. The form may be used by such corporations (other than those in the insurance, investment and mining business) if they do not have and do not intend to acquire subsidiaries of importance, if they have not been involved in a recent succession, and if there is no long-term debt. These limitations on the use of the form have permitted considerable simplification over previous forms. At the same time, it is believed that the form will find wide use, particularly among new small corporations already organized and those to be organized in anticipation of ameliorated wartime conditions and the post-war period.

The various items of the form and the instructions have been reduced in number and simplified in comparison with previous forms. A balance sheet is not required but may be filed. A supplement to the form has been prepared to facilitate the preparation of the registration statement. It contains the parts of the Securities Act and the rules thereunder that are generally pertinent to registration.

In keeping with the Commission's practice, draft copies of the form were circulated to attorneys, accountants, and others interested in public financing. Their comments and suggestions proved most helpful in preparing the final draft of the form.

Copies of the form and the supplement thereto may be obtained by sending a request to the Publications Unit, Securities and Exchange Commission, Philadelphia 3, Pennsylavania.

The text of the Commission's action follows:

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, particularly Sections 7, 10 and 19 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors and necessary for the execution of the functions vested in it by the Act, hereby adopts (a) Form S-12, For Registration Under the Securities Act of 1933 of Shares of Corporations Without Subsidiaries and Not More Advanced Than the Development Stage, and (b) Supplement to Form S-12 under the Securities Act of 1933.

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increasing, due largely to efforts of dealers not to come into conflict with the "5% philosophy." It was estimated that investment trust sales now constituted about one-tenth of the over-the-counter business.

Returning again to the obnoxious questionnaires, it was suggested from the floor that copies of these questionnaires should be sent to members of Congress so that they would have the means of judging whether they are in line with the Maloney Amendment to the SEC Acts. It was further urged that members, particularly in the New York District, keep their Congressmen posted on the matters of securities regulations, and that the NASD should have a Committee to appear before the SEC in protest against objectionable rulings. Mr. Phillips stated, in answer to this, that the Association, as yet, is in no position to be thus represented, though it has appeared at hearings before the SEC.

Mutual Funds

"The Money You Don't Spend!"

"The money you don't spend is your estate, whether you have $1,000 or $100,000.

"How to protect it, how to make it grow and give you regular dividends has never been an easy problem."

Thus writes Walter L. Morgan, President of **Wellington Fund** in a new booklet, the purpose of which is to explain "how Mutual Investment Funds supply a new answer to this old and difficult problem."

Short and to the point, in language any high school boy can understand, and generously illustrated—this attractive, two-color booklet is certainly one of the finest pieces of sales promotion yet produced on behalf of Mutual Investment Funds.

New High for Keystone Funds

Combined assets of the ten **Keystone Funds** now exceed $130,000,000, a new high total representing an increase of approximately $25,000,000 since the first of this year.

Net assets of the **Speculative Common Stock Fund Series S-3**, increased from $4,523,892 to $7,573,179 during the six months ended April 30, 1945.

Net assets of the **Medium-Grade Bond Fund Series B-2** show an increase for the six months from $10,078,378 to $13,309,093.

Low-Priced Stocks—Now a Buy?

National Securities & Research Corp., in the current issue of **National Notes**, writes as follows: "Low-priced common stocks are fast movers percentagewise. If bought and sold at the right time, they pay big profits."

The memorandum then points out that low-priced stocks have lagged behind the market since the new margin rules went into effect on March 5 of this year. A "well rounded program" is suggested which includes four of the **National Securities Series** and provides an approximate return of 5%. **National Low-Priced Common Stocks Series** is included in this program in an amount approximately 16% of the total, with the balance of the investment divided up 23% in bonds, 11% in preferreds and 50% in other common stocks.

Boston Letter

As a companion piece to the well-liked and widely-read **Brevits, Vance, Sanders** has introduced "The Boston Letter." Whereas Brevits covers matters of general interest to investors, The Boston Letter will confine itself to information and sales ideas for investment dealers who are members of the **Vance, Sanders'** selling group. Judging by the first issue, this new publication will make a substantial contribution to the advancement of sound, intelligent sales practices in the distribution of Mutual Fund Shares.

Fully Administered Shares

"Fully Administered Shares is the 'Balanced Fund' of **Group Securities'** 22 classes," writes **Distributors Group** in a covering letter on its up-to-date, revised folder and portfolio describing this fund.

It is reported that dealers are finding "a wide field of usefulness" for Fully Administered Shares, particularly among—

1. Small investors whose volume of business does not warrant frequent personal attention.
2. Trust accounts—large and small.
3. Corporate profit-sharing and pension plans.

A New Angle

Broad Street Sales Corp., in the current issue of **Items** dramatizes the performance of **Broad Street Investing Corp.** and **National Investors** as follows:

"Dow-Jones Industrial Average at 319. This is where it would be, if it had kept pace with Broad Street since January 1, 1930.

"Dow-Jones Industrial Average at 225. If it had equalled National Investors' record since March 31, 1937.

"Actually the Average was 168.30."

Appreciation Common Stocks

Keystone Corp., in a current issue of **Keynotes**, reports on the assets and earnings of the 40 "appreciation" common stocks currently held in Keystone S-3. The net equity available to these stocks as last reported was $4,655,500,000, as compared with their current market value of $2,565,700,000. In other words there was $1.81 of assets for every dollar of market value.

Last year these companies earned on average $4.60 per share and paid dividends of $1.89 per share—that is, they paid out only 40% of their earnings and strengthened their position by retaining the major portion of earnings.

This group of stocks, writes Keynotes, "includes a large proportion of the basic industries—great corporations that are now leaders in war production—and that may be expected to maintain a position of leadership when the war is won."

"Your $10,000"

In a neat little folder entitled "Your $10,000," **Knickerbocker Distributors** shows how a $10,000 investment in **Knickerbocker Fund** was diversified as of April 30, 1945. An accompanying mailing from **Karl D. Pettit & Co.**, investment counselors to Knickerbocker Fund, includes charts showing the record of the investment management of this fund since 1937 including all of the general market forecasts made during this period. In the words of the investment manager, "the record is a good one."

Reconversion Jitters

"No one can be sure just how much, if any, stock market reaction will occur during the transition period but it is certain that individual securities will be affected differently. Many bargains and investment opportunities may be presented. Other stocks may encounter serious difficulties. In view of the difficulty of selecting which individual stocks and industries to prevent loss and which individual stocks and industries to capitalize on the profit opportunities, a diversified investment list seems the best protection.

"In a Mutual Investment Fund such as the **Wellington Fund**, which owns 100 or more securities dividend not only among common stocks, but also among carefully selected bonds and preferreds, and further enjoys a long term experienced management, should be one answer to 'reconversion jitters' and the problems of these reconversion days."—From a current memorandum by **W. L. Morgan & Co.**

Mutual Fund Literature

National Securities & Research Corp.—Current Information folder on **National Securities Series** for June; memorandum of portfolio changes during May; revised folder on **Low-Priced Common Stock Series. . . . Selected Investments Co.**—Current issue of "These Things Seemed Important." . . . **Distributors Group**—Special month-end price comparison card on **Group Securities, Inc. . . . Lord, Abbett**—Composite Summary folder on Lord, Abbett sponsored funds for June. . . . **Keystone Corp.**—Current Data folder on **Keystone Custodian Funds** for June. . . . **Hare's Ltd.**—New folder on timing of investments in behalf of **Institutional Securities' Stock and Bond Group Shares.**

Dividends

Group Securities, Inc.—The following quarterly dividends payable June 30, 1945 to shareholders of record June 15:

Class—	Regular	Extra	Total
Agricultural	.08	.04	.12
Automobile	.045	.055	.10
Aviation	.13	.04	.17
Building	.055	.045	.10
Chemical	.04	.03	.07
Electrical Equipment	.06	.07	.13
Food	.07	.03	.10
Fully Administered	.055	.085	.14
General Bond Shares	.10	.15	.25
Industrial Machinery	.06	.06	.12
Institutional Bond	.09	.04	.13
Investing Company	.03	.17	.20
Low Priced	.065	.035	.10
Merchandising	.045	.075	.12
Mining	.03	.03	.06
Petroleum	.06	.04	.10
Railroad Bond	.045	.155	.20
Railroad Equipment	.05	.03	.08
Railroad Stock	.075	.025	.10
Steel	.05	.03	.08
Tobacco	.05	---	.05
Utilities	.03	.02	.05

Selected American Shares—A dividend of 19¢ a share payable June 30, 1945 to shareholders of record June 20.

Wellington Fund—A quarterly dividend of 20¢ per share payable June 30, 1945 to stockholders of record June 15.

The Economics of A Bull Market

(Continued from page 2607)

tivity. This effect, if it exists, could arise from the fact that prices of stocks are high or it could arise from the use of bank credit by the market. It is difficult, if not impossible, to conclusively demonstrate that the **price** at which Joe Smith sells his share of General Motors to John Doe has any **direct** relation whatsoever to what is sometimes called "legitimate" business activity. Certainly the effect of a simple exchange of stock is not inflationary since the mere transfer of the purchaser's ability to purchase consumers' goods to the seller of the stock neither increases nor decreases aggregate command over consumers' goods. In only one situation can such an exchange of stock be inflationary: if the buyer borrows funds from a bank with which to pay for his stock purchase. In such a case aggregate purchasing power is augmented.

Thus it would seem that the concern of regulatory authorities should be over the source and amount of funds used by market participants and not the level of prices at which shares happen to be exchanging at the moment.

Attempts to attain the stated objectives usually take the form of (1) setting limits to the quantity of credit that shall be made available to speculators or (2) limiting the size of traders' debit balances to a stated proportion of the value of collateral. Both of these methods are postulated upon a sort of quantity theory of money notion of security prices. This notion might be formally summarized as follows: Other things being equal, the level of stock prices varies directly with the quantity of cash or credit in the possession of speculators.

The purpose of this paper is to question the ability of regulatory authorities to stop a runaway stock market under certain circumstances and to describe the forces which can give rise to the circumstances which can send security prices soaring quite without reference to the quantity of purchasing power possessed by traders.

In the analysis that follows it is necessary to divide stock market participants into two groups: speculators and investors. Admittedly the difference between a speculator and an investor is not clear and distinct. Of necessity the terms allude to the attitude of shareholders toward the market. Investors are not inclined to participate in market trading; speculators are easily persuaded to do so. Investors are indifferent to minor fluctuations in quotations; speculators profit from them. A major rise in prices is required to induce investors to sell; a minor rise or fall is sufficient to create considerable speculative activity.

When those whom we have designated investors sell shares, they sell them for one of two reasons. Either they consider current quotations as a whole to be out of line with economic reality or else they prefer some other issue to the one which they hold. In the former case they sell their holdings for cash; and their market behavior has a tendency to depress prices, since it augments the floating supply of shares without increasing the demand. In the latter case their behavior has a depressing tendency on the shares which they sell and a buoyant effect on the shares which they buy so that as a whole the general average of stock prices is not materially affected.

Since a sizable fluctuation of security prices is required to induce investors to enter or to leave the market in any number, their customary market behavior has a tendency to influence the limits within which prices fluctuate rather than to fix the particular level of prices existing at the moment. Thus it follows that such quotations as may lie between the limits set by investors represent the terms at which the floating supply of stocks is being bartered back and forth between speculators. And these speculative swaps can occur just as easily at a high as at a low price level. Normally, however, investors are incined to enter the market as sellers when prices rise above certain levels and to enter the market as buyers when prices decline below certain levels.[1] While this is true, speculators cannot run the level of prices above or below the limits set by the nonparticipating attitude of investors.

This raises two questions of importance:

(1) To what heights is it possible for speculators to boost prices if investors are assumed to be disinclined to participate in market trading when prices get too high?

(2) To what extent are we justified in assuming that investors will not enter the market on the

[1] It is generally believed that the point at which investors enter or leave the market is related to current or probable earnings.

selling side when prices do get too high?

II

Obviously every share of stock purchased must be paid for sometime. The paying ability of speculators is derived from three sources. These are:

(1) Cash received from personal income, **i.e.,** wages, salary, rents, interest and dividends.

(2) Credit borrowed from banks, brokers, or from those who sell and allow credit balances to stand in their brokerage accounts.

(3) Stocks delivered to sellers as compensation for the shares sold.

The first of these is so obvious as not to require explanation. It is obvious also that the purchasing ability of speculators will be curtailed to some extent if they are prevented by stringent margin regulations from borrowing funds from banks or brokers. The debatable point relates to what is accomplished by such regulations. If the object of a more stringent margin regulation is to protect legitimate business from the possible harmful repercussionary effects of a future stock market decline; then the regulatory measure can perhaps be justified. However, more often the announced object of such a regulations is **to prevent prices from becoming unduly high.**

Margin requirements can not accomplish this last objective. Pronouncements of higher margin requirements may have a temporary psychological effect upon speculative activity, but if the forces that make a bull market are already marshalled, margin restrictions can neither stop the movement nor prevent prices from soaring to the levels that they are predestined by the situation to reach. The ineffectiveness of margin restrictions to control such situations arises from the fact that such regulations do not limit the third type of trading listed above: **i.e.,** the practice of buying stocks and paying for the purchase with stocks. This last practice is sufficiently novel to call for more extended discussion.

To illustrate how stocks are purchased with stocks, assume Smith to sell 100 shares of Aluminum Can on the market for **$67.** As a result he receives a right to withdraw $6,700. This right is ordinarily assumed to be a right to withdraw cash whereas in reality it is a right to withdraw **value.** The seller may at his option withdraw his **value** either in the form of cash or in the form of shares. Naturally he will choose to withdraw it in whichever medium he feels to be the most profitable. If he is convinced that the future course of stock prices is to be upward, the wisest policy would be to withdraw the value in shares. And **vice versa,** if he suspects that the future course of stock prices is to be downward, common sense dictates that the withdrawal be made in cash. In other words, the medium withdrawn in each case depends upon the withdrawer's notion as to future trend of prices.

If we view a stock exchange transaction from the viewpoint of the buyer, we discover at once that his ability to purchase stock is not limited by his ability to pay cash but by his ability **to pay what sellers want.** As long as the course of prices is upward, speculative sellers will want shares and not cash, so that buyers will find it easy to buy stocks and pay for them with stocks.

Hence, speculative trading in a bull market is largely a matter of stock swapping; and quoted prices at such times represent the quantity of this stock which speculators consider to be equivalent in value to a quantity of that stock.

Although it must be admitted that swapping among traders can be achieved as easily at a 10% lower as at a 10% higher price level, actual swapping is more apt to **lead** to higher than to lower prices. It is not the exchange **per se** that raises or lowers prices, it is the **attitude** of the exchangers. One who holds stock sets a value upon his holdings. The value so set is usually not lower than the price paid for the shares. If another trader sets a higher value upon the shares, an offer is made and an exchange occurs. If the bidding trader sets a lower value than that set by the holder, the shares are not available for exchange and no quotation results.

The motive behind swaps is a paper profit.[2] When purchases precede sales, profits can result only if prices rise. As long as a possibility exists for a higher bid to materialize, a shareholder will be exceedingly **reluctant** to sell at a lower figure. Under these circumstances to acquire shares a buyer must bid as much as sellers are asking. Except therefore in unusual technical situations, exchanges will occur only at successive higher prices.

In the illustrations used above, the buying and selling activity of each trader was assumed to occur simultaneously. This does not often happen. In actual practice a trader who wants to purchase United States Steel and to pay for it with his holdings of General Motors purchases the steel either **before** or **after** he sells his motor stocks.

If he chooses the former, he will be obligated during the interval between the purchase and the later sale to pay to his creditors in the transaction an amount **in value** equal to the price of the steel stock at the moment he acquires it.

In order to visualize such a margin purchase, assume United States Steel to be quoted at **64** and General Motors at 32. This is equivalent to saying that two shares of G.M. are equal in value to one of U. S. Steel. Suppose now that a trader who possesses 200 shares of motor stock is anticipating a shift to U. S. Steel common. He places an order to buy 100 shares of steel, the order is executed and his account is debited for $6,400. His debit balance is secured by 200 shares of General Motors and 100 shares of U. S. Steel common. The debit means that he is obligated to pay to traders with credit balances **6,400 dollars in value.** From the assumption we know that he anticipates paying this value in the form of **General Motors stock.**

Should he choose to settle immediately, he could do so by delivering 200 shares of General Motors, since current quotations for this stock offer positive evidence that traders with credit balances are willing and anxious to take 200 shares of it in settlement of a $6,400 debt. By delaying his settlement, he is gambling on the continued willingness of creditors to take General Motors at its current quotation. If the course of industrial activity is improving, his creditors may become so anxious for settlement of the debt **in stock** that they will offer to accept less than 200 shares in full settlement. Perhaps they will offer to take 150 shares. If so, it would mean that they are bidding 42⅔ for it as compared with their previous bid of 32. On the other hand, if business should fall off, creditors may not want to take the stock at any price. They may actually demand **cash.** If so, our margin trader must either offer such terms as will persuade creditors to take stock rather than cash or else he must deliver the cash. He will begin by offering to settle on the basis of 250 shares being equal to $6,400, which is another way of offering General Motors for sale at 25⅗. If this concession in price does not prove to be enough, he will be forced to suggest even better terms, say 400 shares, as being equal to $6,400, **i.e.,** $16 a share.

If a trader buys stock before he sells his present holdings, he obligates himself to pay his debt at some future date with whatever number of shares creditors may then demand. The risk he assumes in doing this is that creditors will demand **more** shares than they are currently demanding. His compensation consists in the possibility that creditors will demand **fewer** shares in the future than they are now demanding. Thus when investment participation in market activity is absent, stock quotations will rise or fall according as speculative buyers find it easy or difficult to pay for the stocks which they buy with stocks.

III

The function of investment trading, as stated earlier, is to prevent security prices from moving to levels which by comparison to economic conditions are too high or too low. The discussion just preceding demonstrated how speculators are able, when investors fail to perform their functions properly, to run prices up or down to any level without the aid of bank credit and in spite of the most stringent margin requirements. Our next problem is to discover the extent to which investors may actually refrain from selling when quotations set by speculators in the manner described get out of line with economic reality.

In the early stages of an industrial revival, the per share earnings of most corporations increase, and this in turn justifies higher share prices. At such times a tendency seems to exist for prices to outrun earnings. When this occurs, those who take the investment attitude toward stocks are encouraged to liquidate. This selling by investors is supposed to have the effect of bringing prices back in line with earnings. However, if the improvement in business continues, those who disposed of their holdings because they thought current quotations were out of line with current earnings soon find their action to have been unprofitable because the continually increasing earnings later justify the prices which they considered to be too high. Seeing the shares which one has sold because he thought the price too high quoted at still higher prices later is unpleasant, and for lack of a better term might be called an "experience of lost profits."

During a long drawn-out period of business improvement, any investor who follows the conservative policy of selling his holdings whenever current prices get out of line with earnings is predestined by events to receive a whole series of "experiences of lost profits." As a result sooner or later he will come to the conclusion that **to remain out of the market for any length of time is a serious and costly error.** Once investors and speculators become convinced that this is true, they must choose between two courses of action. One of these is never **to sell at all** and the other is **to sell only if they anticipate purchasing some other issue immediately.** Now if investors refuse to sell when prices get out of line with current and future earnings, no force remains to hold prices to a traditionally proper relationship to earnings. At such times investors have become speculators and by so doing have removed the only effective brake on soaring prices. In such event an uncontrollable bull market may get under way and continue to run wild until selling for cash occurs. When this comes, a refusal of the banks to supply the cash will only precipitate a violent reaction.

IV

The conclusions to be drawn from this analysis are not that restrictions on stock market speculation are without effect. It is, rather, that the effects of such restrictions are often radically different than those which the promulgating authorities expect. Thus when investors and speculators are uncertain about the soundness of the existing price level, a change in margin requirements may precipitate a reaction, but it will be one that was slated to occur sooner or later in any case. But when investors and speculators do not entertain doubts as to the fundamental soundness of an existing price level, such regulatory measures are apt to prove futile.

[2] Of course each "swapper" intends to redeem his stock in cash at some undetermined future date when the values resulting from the swapping process get very high.

McKee Adds Huddell; Miller Trading Mgr.

PITTSBURGH, PA.—George W. Huddell has been appointed manager of the investment fund department of C. S. McKee & Co., Union Trust Building, members of the Pittsburgh Stock Exchange.

Mr. Huddell was tri-state representative of Standard & Poor's Corporation for the past twelve years.

Michael N. Miller, recently discharged from the U. S. Army, has been made manager of the trading department. Mr. Miller is well known in Pittsburgh trading circles.

Municipal News & Notes

The favorable impact of the war economy on the finances of local governments is graphically illustrated in the data in the report just issued by the Municipal Service department of Dun & Bradstreet, Inc., on the "Trend of Tax Delinquency, 1930-1944."

This document, an annual compilation which was initiated in 1932, includes a series of tables which make it possible for the reader to determine at a glance the tax collection experience of cities in the 50,000 or over population group during the depression 30s, the subsequent recovery period and in light of the substantial contribution made by war conditions in the local financial picture.

In discussing the record for 1944, the survey states that this marked the 11th consecutive year that American cities bettered their record in the collection of current property taxes. Illustrating this development is the disclosure that of 177 cities of over 50,000 population from which reports were received, 158 revealed improvement over 1943, three reported to change and 16 indicated slightly less favorable records.

With respect to last year's results, the survey calls attention to the effcct of war-boom prosperity on the ability of the nation's cities to collect their tax revenues. Thus, while the median percentage of year-end delinquency on current tax levies for 150 communities of over 50,000 population was no more than 3.9% in 1944, as compared with 4.73% in 1943, the comparable figure as recently as in 1939 was 9.25%. For further contrast between boom and depression, it is recalled that the median delinquency for 1933 was 26.35%.

One aspect of the analysis that is particularly interesting is that pertaining to the rapid strides made by the cities "in clearing up the abnormal accumulation of arrears which marked the acute period of the 1930s depression." Although progress had been made in this respect during the late 30s, the trend was markedly accelerated co-incident with the changeover in 1939 to a war economy.

According to the Dun & Bradstreet statistics, the median ratio of accumulated tax delinquency for 139 cities at close of their last fiscal years to the levy for that year was only 18.7%. For similar, but not entirely identical, groups of cities, the median ratio was 21.5% in 1943 and 48.4% in 1935.

Commenting on these figures, the survey makes the point that while the average city has approached completion of the task in clearing up accumulated delinquencies, "It has taken a decade to do the job, partly because enforcement measures in many areas were rather half-hearted and ineffectual."

Although the expanded national income during the war period has afforded cities a wonderful opportunity to clear up chronic delinquency situations, the survey notes, many have passed up the chance and, failing to do so in advance of the post-war adjustment period, "may find that it is too late to salvage assets which now have potential value."

In connection with this phase of the local economy, it should also be said that the great number of cities whose tax incomes have been greatly swollen in past years by virtue of their ability to collect long-overdue taxes should necessarily bear in mind that the elimination of this potential source of income may possibly occasion budgetary difficulties under normal conditions.

This is particularly pertinent in the case of those communities which, in managing their fiscal affairs, fail to give proper weight to the transitory nature of much of large income from taxes occasioned by heavy payments of delinquent taxes.

By way of emphasizing the scope and contents of this latest edition of Dun & Bradstreet municipal tax collection survey, there are tables showing for each of cities in the 50,000 population group (1) The Trend of Year-End Tax Delinquency in each of the years 1930-1944; (2) Ratio of Total Collections (current and delinquent) to the Year's Levy, 1935-1944; (3) Percentages of Recent Levies Uncollected, End of Last Fiscal Year, with special comment such as amount of tax title liens; (4) Accumulated Delinquency, i.e., ratio of delinquent taxes at close of 1944 fiscal year to the year's levy.

Cleveland Street Railway Property Ruled Taxable

The Ohio Supreme Court ruled on June 7 that the municipally owned street railway system of the City of Cleveland is subject to taxes on the ground that the city is "engaged in a private enterprise for profit," and therefore the property could not come within the constitutional exemption of property used for public purposes.

Officials of the Cleveland system, upon learning of the decision, estimated that it would cost the city $250,000 annually in taxes. The properties were acquired by the city about three years ago from the Cleveland Railway Company and the systems serves Cleveland and surrounding territory.

The decision created speculation as to the possibility of the principle of taxation being extended to include all other types of property owned and operated by municipal subdivisions in the State. Recognition of this was made by Governor Frank J. Lausche, former Mayor of Cleveland, who described the decision as "far-reaching and requiring very careful study and survey of the effect it will have not only on transit companies municipally owned, but on all other municipally owned utilities such as light, water, steam, etc." Mention also was made of the possibility that municipally owned utilities might be made subject to the Ohio corporation franchise tax and to the State's 3% utility excise tax.

The City of Cleveland issued a total of $17,500,000 transit revenue bonds in connection with the purchase of the system. As a result of excellent operating results, the debt has since been reduced to less than $10,000,000 and the latest debt operation occurred in November, 1944, when an issue of $2,000,000 1½% refundings were awarded to a group composed of McDonald & Co., Braun, Bosworth & Co. and Merrill, Turben & Co.

These bonds, due semi-annually from 1945 to 1952 incl., and optional, were part of a total authorized issue of $9,310,000, and it was announced that the balance of the bonds were to be absorbed by the Cleveland Transit System, the City Sinking Fund and the City Treasury. Purpose of the entire issue was to provide for the redemption of previously outstanding higher-coupon callable debt.

West Virginia Asks Bids on $4,769,000 Local Municipals

A newcomer to the field of portfolio sales is the State of West Virginia, which is asking for bids until June 20 on $4,769,000 bonds of its local subdivisions which are now held by the State's Workmen's Compensation Fund. The offering includes 125 individual lots, with the bonds in each instance being general obligations of the respective political divisions.

It is the intention of the State to invest proceeds of the sale in bonds of the Seventh War Loan. Bulk of the bonds included in the offering bear interest rates of 5% and 5½% and, in the majority of instances, the amount involved is less than $50,000.

New Jersey Wins Rail Tax Suit

Another chapter in the lengthy controversy regarding delinquent taxes owed to the State of New Jersey by the railroads operating within its borders was written on June 11, with the ruling by State Supreme Court Justice A. Dayton Oliphant that any payments made by the carriers must be applied first to the interest due on taxes for any specified year and then to the principal.

The action was instituted by the State and the opinion also held that all interest owed by the railroads from 1932 to 1941 must be computed at the rate of 12% a year and that none of it could be figured on the 3% annual basis as set forth in the 1941-1942 railroad compromise act. The five roads which were parties to the suit owe about $12,000,000 in interest alone.

Various municipalities in the State have a substantial financial interest in the matter and, in particular, Jersey City, whose stake is approximately $16,000,000.

Port of New York Authority Model for Similar Bodies In Other Cities

Among the various pieces of literature that have come to the attention of this department in the past few days is a reprint of the extremely interesting address made by Austin J. Tobin, Executive Director of the Port of New York Authority, before the Union League Club of Chicago, early in April.

Mr. Tobin appeared before the group under the auspices of the Public Affairs Committee and its Committee on Postwar Projects for Chicago. The purpose of his talk was to illustrate how the Port Authority, which was created in 1921 by a compact between the States of New York and New Jersey, has largely corrected New York's terminal problems and to show the way to solution of the similar problems now confronting Chicago.

Back of Mr. Tobin's formula was the quarter-century experience enjoyed by the Port Authority during which period, as he pointed out, the agency has issued an aggregate of $466,000,000 bonds for new projects or refunding purposes and has expended over $240,000,000 on the construction of new port facilities.

Mr. Tobin traced in detail the history of the operations of the Port Authority and set forth the work and accomplishments of the bi-State body "as examples of what Chicago may expect from a port and terminal Authority of its own."

His analysis and recommendations are additionally pertinent in light of the recent approval by the voters of Chicago of the creation of a Transit Authority for the purpose of acquiring for public ownership and operation the local transit system.

While this project has been "on the fire" for quite some time, the action of the city's electorate and other developments, including the recommendation in favor of municipal ownership by the Illinois Commerce Commission, suggests that definite action in the matter is not too far off.

Prominent banking houses previously advised the city of their interest in possibly competing for the securities that the authority would be obliged to issue in order to finance the program.

Saskatchewan Surplus of $2,216,025 Indicated

Preliminary figures show that the Province of Saskatchewan ended its fiscal year on April 30 last with a surplus of $2,216,025.61, it was announced by Provincial Treasurer C. M. Fines on June 9. Revenues and expenditures for the period were reported at $34,116,569.96 and $31,900,544.35, respectively.

The continued stability of provincial revenues, Mr. Fines declared, will result in the redemption, without refunding, of the $2,250,000 4½% bonds due on July 2, 1945, and payable in New York funds. This will be the first debenture maturity to be redeemed in full in cash by the province in many years.

The Treasurer also disclosed that the sinking funds increased by $7,031,136.17 in the recent fiscal year, the total now being $31,000,477.19 as compared with $23,919,341.02.

Economic Problems of Peace

(Continued from page 2611)

are doing does not lie alone in the amount of money that is raised. Even more important is the way that money is raised. In fighting total war money is less important than machines, and it can be manufactured more easily. It can be manufactured by a mere stroke of the pen. But to finance the war that way would be unadulterated inflation. It might serve to finance the war for a time, but it would gravely jeopardize the peace.

The national goal is to raise one-half of this great war loan out of the savings of individuals. Thus you are working not only to win the war but to lay the foundation for economic stability after the war. Only with economic stability can we realize the promise of a lasting peace.

Conditions of Lasting Peace

So it is appropriate, I think, to talk with you briefly about some of the things that need to be done if we are to achieve economic stability and lasting peace in the world.

It will not be enough to crush Japan militarily, as Germany has been crushed. Enduring peace cannot be won on the battlefield alone. Nor will it be won alone by the establishment of the world organization which is now being hammered out in San Francisco. Real peace will only be achieved if the nations of the world can live and work together in mutual respect and confidence.

In the last World War we were also victorious in the field. But the end of armed conflict did not bring peace. War continued in a different form — the battle royal of economic warfare. It was every nation for itself and devil take the hindmost. In that economic war, stupidity played a greater role than malice. The blind blows struck were aimed unwittingly at friend and foe alike.

Prohibitive tariff barriers, failure to settle the problems of war debts and reparations, a struggle for self-sufficiency, led on to currency breakdowns, competitive devaluations, quotas, exchange restrictions, clearing agreements and a progressive descent into authoritarian controls over every aspect of international commerce.

Here was a grim game which weakened and divided the nations which carried high the banner of freedom, while the totalitarian aggressors grew bold and strong.

We all know it is playing with dynamite to repeat these errors of the past. Yet that dynamite already exists. We must recognize that we will emerge from the present war with many wartime restraints on international trade in effect and with many countries impelled by dire necessity toward the establishment of a whole new system of restrictions and controls. In other words, we will end this war with many nations using the implements of exchange restrictions, export and import controls and other authoritarian devices which appeared at the very end of the last period of peace. The vital question is, where do we go from here?

Most of the countries of Europe have been impoverished. The wholesale destruction of their industrial plants leaves them in desperate need of imports at a time when they have little to export in exchange. Inevitably such a condition is likely to encourage measures of self-protection to limit and control foreign trade.

Britain's Position

The position of Great Britain is particularly significant. She will emerge from the war weakened by the loss of a large part of her foreign investments and owing an enormous short-term debt abroad. Much of her industry will need rebuilding; her foreign trade has been disrupted and her shipping partly destroyed. At the same time she is in need of large imports of food and raw materials. The problem of Britain is serious. It is serious for us as well as for the British, because restoration of a strong and prosperous Britain is essential to world recovery.

Before the war, traditionally free trade Britain had been forced to turn to protection and to a system of Empire preference. Now billions in blocked sterling are owed to India, Egypt and the Dominions. The urge toward Empire preference is stronger than ever and an influential section of British opinion has urged the creation of a tightly knit sterling bloc within which trade would be encouraged to the exclusion of non-sterling nations.

Almost everywhere we look—to the British Empire, the Low Countries, the Scandinavian nations — the dangers of renewed economic warfare in the years ahead are great.

U. S. Policy

We in the United States, France and other nations will emerge from the war with overwhelming power — financial and industrial. We shall have a gigantic, burdensome internal debt.

But, nevertheless, we shall have great power. Inevitably the rest of the world wonders how we will use that power. We, beyond all other nations, have the capacity to produce quickly the machinery and goods which virtually every nation will desperately need. There is no question of the huge demand for our exports that will exist. The great question is whether we are prepared to accept payment for these goods in the only sound way that payment can be made — by taking in exchange the goods and services of other nations.

If that question is left long in doubt, then, inevitably, we shall see our present allies seeking to protect themselves by import quotas, currency blocs, blocked currencies, and all the freedom menacing machinery of economic war.

I am not one of those who believe that what we have in this country a "mature economy" in the sense of an economy that has lost the capacity to grow and expand under a system of private enterprise. But I do think we have become a mature country, capable of playing a wise and mature role in the community of nations.

I take it we are agreed that we do not intend to see the world fall back into the conflicts and antagonisms of ultra-nationalism. Certainly, speaking for the Republican party last year, and consistent with its platform, I made it very clear that I stood for no such proposition. Equally clearly, the Democratic party stands for no such proposition. The American people have made clear their determination to join with other nations in a world organization to maintain peace. But real peace cannot be achieved merely in the political field. The causes of international strife go deeper than mere unprovoked military aggression. All the work being done at San Francisco will mean tragically little if economic conflict is to divide the nations.

Our primary objective is to secure peace and prosperity for the United States. But we know that we cannot live alone in the world. Certainly we cannot obtain the healthy, vigorous economy we seek if the rest of the world is sick. We seek an economy of abundance with full opportunity for employment and a rising standard of living. A broad, flourishing trade among nations is essential to the establishment of peace and prosperity in the world. This in turn is essential to our own goal of high level employment and a rising standard of living under a system of competitive free enterprise.

U. S. Must Lead

In the achievement of these ends the United States must take the lead. Our preponderant economic power makes us the nation which can make the most effective contribution to economic peace and can best afford to take the lead.

How shall we do it? Certainly no single step or action will do it. Many, if not most, of the controlling factors are in the hands of other nations. The United States has never, in peace times, taken to government controlled cartels, exchange controls and restrictions, the widespread use of quotas or dumping. These are the handicaps to trade which other countries must lead in removing.

But there is much we can do. High tariffs are one barrier we ourselves can lead in reducing, as we have done in recent years and as we shall continue to do under the renewed Reciprocal Trade Agreement Act when the Congress completes action upon it. Beyond that, our country should initiate a world conference for general tariff reductions. Such a conference ought to develop a program for the speedy removal of war-time trade controls and other barriers to the exchange of goods and services among nations. None of these measures can work only one way. This must be a two-way street and serve the primary interest of our own people, or it will not work and will not continue to be supported at home. There are other serious barriers to world-wide economic recovery, including problems of exchange and of uneconomic debt, some of which still remain as a legacy of the First World War.

Remove Inter-Government Debts and Trade Barriers

The 25-year-old foreign government debts to the United States arising from World War I will never be paid because they cannot be paid. We should be honest and intelligent enough to say so officially and cancel them. Along with this should go an immediate repeal of the Johnson Act which forbids private loans to governments and nations now in default on these debts remaining from World War I.

Efforts should begin at once toward settlement of the Lend-Lease obligations arising out of this war. Every action to this end should, in accordance with Article VII of the Mutual Aid Agreements, be directed to the expansion of production, employment and the exchange and consumption of goods; to the elimination of all forms of discriminatory treatment in international commerce and to the elimination of other trade barriers.

It is an essential part of the Lend-Lease agreement that the terms and conditions of final settlement shall not be such as to burden commerce, but to promote mutually advantageous economic relations. In carrying out this program it may well be that we shall have to cancel a major part of the financial obligations under Lend-Lease. We are entitled to ask in return that our partners shall fully live up to the other part of their obligations by eliminating barriers to commerce and promoting the betterment of world-wide economic and social relations, as well as the cause of freedom of the individual, for which this war is being fought.

Favors Bretton Woods

As a part of this whole program the United States should join in the Bretton Woods proposals for the establishment of an International Monetary Fund and International Bank for Reconstruction and Development. I recognize fully the imperfections of the Bretton Woods plan. The ablest brains of our country were excluded in its preparation and, in many respects, it was a clumsy job. The greatest danger is that this plan may be considered a final solution to the problems of money, credit and trade. It should be obvious that it provides no final solution but merely a method and an organization through which men can work toward solutions.

If the United States were to look upon Bretton Woods simply as a method stimulating exports or if other nations were to consider the Fund merely an easy method of obtaining American goods, nothing but disillusionment would follow. But the prolonged debate and the important amendments procured at the insistence of the minority in the House Banking and Currency Committee have already lessened this danger. The interpretations which the American delegates are to obtain will greatly clarify the functions of the Fund and the Bank. They will mean that the Fund is to be confined to strictly monetary stabilization and may not be used for relief, reconstruction or other long-term capital requirements, while the Bank will be equipped to make general stabilization loans. These interpretations are essential if the plan is to be a success.

A further important safeguard is provided in the proposal to give the Fund and the Bank a common board of governors. The success or failure of this plan will depend upon the management of the Fund and the Bank. The various member nations will need to appoint as their representatives men of ability and sound judgment. We would not be justified in abstaining from the proposals for lack of faith in the willingness of ourselves and other nations to appoint such men and it is essential that we go forward with it.

Stabilization of Dollar-Sterling Rate

Moreover, I see no reason why an effort should not immediately be made by the United States and Great Britain for the long-term stabilization of the all-important, dollar-sterling rate. We must begin now to pick up at least part of the pieces from the wrecked London Economic Conference of 1933. An overwhelming preponderance of world trade is carried out in these two exchanges—the dollar and the pound sterling. If once the relative value of the pound sterling and of the dollar is settled, the most important step that can possibly be taken toward the ultimate establishment of world-wide currency stability will have been accomplished. Cooperation between the British and ourselves must be a corner-stone in any program of world economic revival.

These are merely some of the measures which should be taken to lay the foundation for economic peace. We cannot expect that all of the difficult economic problems left in the wake of two world wars will be solved in a few months. I have said before, that when the war is over we shall have to wage peace with all the vigor and energy with which we have waged war. We are learning at San Francisco just how hard we must wage peace even to launch upon it. Just as the United States has taken a leading part in the solution of the political problems of lasting peace, so it must take a leading part in the solution of economic problems.

It does not lie wholly within our power to make certain that the world of the future is a world of active trade, expanding commerce and broadening opportunity. But it does lie within our power to block such a development if we fail to assert the leadership which our strength and prestige demands. In our own self-interest we should take the lead in promoting the trade which is the life-blood of our standard of living, our enterprise system and our individual freedom.

I cannot think of any group better equipped to take leadership in these problems than the men and women who are leaders in our war financing work. As you push forward in the drive for individual war bond subscriptions, you are thinking not only of the weapons that money will buy, you are thinking of the billions of savings securely invested for the future, of the safeguards against inflation and the foundations of economic stability thus erected. You are helping the fight for victory over Japan. You are also helping the fight for an American future of broader opportunity, greater individual freedom, higher standards of living and greater security. We want that kind of America and we want that kind of a world.

Revoke Registration

The Securities and Exchange Commission has revoked the over-the-counter broker-dealer registration of Hay, Fales & Co., New York, for violations of the Securities Exchange Act in connection with the execution of brokerage transactions for customers on orders placed in their behalf by R. C. M. Page. Mr. Page was not a registered broker-dealer but "held discretionary authority over a number of investment accounts and customarily used registered houses in effecting transactions for the accounts."

Because the "major patter" of the company's conduct "is one of carlessness and misunderstanding rather than of evasion," the revocation has been ordered effective in fifteen days without prejudicing the firm's right to reapply for registration thirty days thereafter. The Commission did not suspend the firm's membership in the New York Stock and Curb Exchanges or the National Association of Securities Dealers, Inc., although it disqualified the firm from membership in the NASD during the effective period of the revocation.

The Commission stated that Mr. Page's activities acted as a fraud upon certain customers and it held the firm responsible for continuing to execute his orders for customers' accounts without disclosing the facts to the customers. Mr. Page was not a member or employe of the firm, but had office space with it in exchange for taking his clients' accounts to it.

The Securities Salesman's Corner

By JOHN DUTTON

How about the ladies? Today the greater portion of our investment wealth is held by the feminine brigade. If you do not have a sizable proportion of women clients today—you are the exception to the rule.

We have often heard securities salesmen remark that they didn't care to handle women's accounts. Not that they had any predjudices against the ladies—the Lord forbid—they just felt as if it was too much trouble and they didn't want this business. Possibly it does mean that women talk about different things than do your men customers—maybe they are difficult at times—but there is plenty of business to be had among the fair sex and the results achieved by several leading firms who have opened a women's department proves it to be so.

The other day we had a chance to question one of the street's most capable women on the subject of how to handle women's accounts with a minimum of headaches and a maximum of efficiency. This little lady has the honor of founding a women's department that handles about $60,000,000 of active accounts and her opinions on the subject should have some value.

First point — don't think you can take hold of the average woman's account and start to do business the same as you would in the case of an experienced male investor. You must spend some time on education. Build up the fundamentals of investment—tell her about what you are trying to help achieve with her investments. When a woman sees an over-all picture and understands her goal your chances of running into misunderstandings are substantially minimized.

Point number two—women really like to gamble, even more so than men. When they take a flyer they often shoot the works. The important point here is to impress the fundamental truth upon their minds that they are going to be a lot better off in the long run through taking smaller profits and not try to take the top eighth out of a market swing. Let them know that you are going to play the investment game on a more careful and cautious basis. Then if something you have sold out of her account moves up after you have disposed of it—you can allways remind her that "it's better to be safe than sorry".

Point number three—Do the little things that build confidence. A woman who believes in her broker or dealer is even more loyal than the average man. That's the way she has selected her doctor or her lawyer. Once you have her confidence your opportunity for radiation is far greater with the average woman's account than with men. She is proud of her connections both socially, professionally and in business—if you are doing a good job you'll find out that before long you will have some telephone calls from her friends.

Point number four—don't talk about her affairs to others. It's a good rule at all times but when it comes to the women—keep mum! The things the average man wouldn't think important can be of great significance to some women. Her hair-dresser, her tailor, her parties or her friends may all be your business when she tells you about them—but brother, forget that you heard it as soon as she leaves your office.

The rest is just common sense—sell good securities that are fitted to meet her requirements—have patience and be a good listener and our little lady who told us these things ain't foolin', she's proved that "there is gold in them there frills".

The New York Stock Exchange—World's Greatest Auction Market

(Continued from first page)

New York Stock Exchange, and he jestingly answered, "I suppose the New York Stock Exchange has *some* merit."

And that's the way so many folks size up anyone who has anything to do with the New York Stock Exchange.

In some gatherings you say proudly that you are a member of the New York Stock Exchange, but there have been times when a Wall Street stockbroker, a plutocrat of Wall Street, has not been so highly regarded.

FDR Praise

In the spring of 1942 when the New York Stock Exchange celebrated its 150th birthday, the following letter was read:

"Since the original group of 24 brokers joined together in 1792, to *improve the market* in securities, the role of the Exchange and its responsibilities in the financial affairs of the nation have steadily increased. Just as the Exchange was then able to render an important service to the public and to the nation, so today it has the opportunity of performing valued services in the present struggle for human freedom. The continuation of an orderly market will be of vital importance during the war and during the period of readjustment that will follow. You have an opportunity for great service and I am confident that in this you will not fail."

Now, this letter was written by none other than the late Franklin D. Roosevelt, President of the United States.

That an orderly market has been maintained during the war and will be continued during the period of readjustment cannot be gainsaid.

War Bond Campaigns

Since the war bond campaigns began in 1941, about $55,000,000,000 of War Bonds have been listed for purchase and sale on the New York Stock Exchange; and today some 55,000,000 persons have bought United States War Bonds.

Whenever a new war bond campaign is launched, you will find that those entrusted with the responsibility of its success and those entitled to the greatest measure of praise for its success are among the leading financiers of the country. You seldom see their names in print, but you do see in the newspapers and you do hear over the radio many of Hollywood's glamours—and God bless them—who sell the E, F, and G bonds for a kiss or a dance or some monkeybusiness. Now, all such sales are needed, and total millions, for the individual purchases are woefully under quota, but at the same time, without ostentation, praise or profit, the commercial banker, the investment banker, the broker and members of the New York Stock Exchange are selling billions—God bless them, too—for without them, God save the nation! And they are doing it without reward, financial or otherwise.

Historical

During George Washington's first term as President of the United States, the first United States Congress met at Federal Hall, the scene of his inauguration. When this Congress voted an $80,000,000 bond issue, the Revolutionary War debts of all the states were consolidated. Not long afterward, these bonds, or "public stocks," as they were then called, attained fairly wide distribution among investing citizens. The stocks of three banks also found favor as investments, and soon various merchants were accepting orders from friends and relatives for the purchase and sale of these available securities.

These were the days when America's founders, Washington, Jefferson, Hamilton, Madison, and Franklin laid the foundations for America's place among the nations of the world.

To fill the growing demand for a free and open market for these and other securities, a market in which the buyer and the seller could both enjoy the advantages of dealing on an auction basis, 24 merchants organized themselves into a group by subscribing in 1792 to the famous "Buttonwood Agreement." This agreement called for the adherence by the signers to certain simple rules in the handling of orders entrusted to them. Thus, New York had its first organized stock market under a buttonwood tree, on the site now occupied by the building known as 68 Wall Street. Here was established a market that was destined to become the center of securities transactions for the nation, and to influence world finances.

Trading was done under the famous buttonwood tree until the brokers rented their first indoor quarters in the Tontine Coffee House at Wall and Water Streets, in 1817. Here they adopted a constitution, and the title "New York Stock and Exchange Board" was later contracted to "New York Stock Exchange." Several years later, when the first Merchants Building was built, the Stock Exchange moved to this location.

Railroads were first added to the trading list when "Mohawk and Hudson" was admitted. This was in 1830, when Morris Canal stock was a market leader.

Tragedy struck at New York when 650 buildings, among them the Merchants Building, the home of the New York Stock Exchange, were destroyed by the great fire of 1835. The Exchange moved several times in the next few years, until eventually the second Merchants Building was occupied. Here the "call" system of trading was introduced.

Under the "call" system, the President of the Exchange would call out the names of the stocks in alphabetical order, pausing to allow trading in each issue. The year 1882 saw the last of this type of trading in stocks and the substitution of continuous trading in all listed stocks at the same time. This was accomplished without the benefit of a presiding officer, but the principles developed under the "call" system are still employed.

The chairs used by the members were the original "seats" on the Exchange and that term is still used to denote a membership. The choice seats near the President's rostrum were valued highly by the members. "Seats" were voted saleable in 1868, three years after the Stock Exchange moved to its present location. A seat on the New York Stock Exchange is today worth $65,000. They sold as low as $20,000 during the depression.

Development

As the nation was constantly pushing forward, transportation, industry and communication all required capital for progress, and thrifty Americans supplied it by their purchase of new securities. You have seen this happen in your own day. Money has been publicly raised for such inventions or enterprises as the automobile, radio, transportation, electric refrigerators, air conditioning, mail order merchandising, etc. After the war, money will be publicly raised for television, plastics, new gadgets, new medicines, and many other new inventions. It has been revealed that the Army and Navy are using 100 new inventions made by civilians, most of which will no doubt be available for public use in the post-war period, all of which will require new capital investment. In its early years, the rapid expansion of the nation's productive capacity through invention and initiative, brought an ever-increasing demand for new capital, and it was the auction market of the New York Stock Exchange that provided the liquidity, the market place for the purchase and sale of securities, needed to encourage the flow of money to new ventures.

New inventions were also speeding up the services of the Exchange. One of Edison's many contributions to progressive business was the development of the stock ticker which made possible the immediate publication of transactions. Prior to the ticker's installation in 1867, messengers raced through the Wall Street district to announce the latest prices.

The annunciator board for paging members was introduced in 1881. The trading post started its development as a group of chairs around which specified stocks were traded. The posts used in the present building, opened in 1903, originally had space for approximately 30 stocks. Today the posts have been improved and enlarged, each accommodating between 60 and 70 stock issues, and space is available also for clerks within their enclosures.

Buyers and sellers, unknown to each other, are brought together through the agency of their brokers on the Exchange floor, and both have the advantage of a free and open auction market. For the convenience of customers, various services, such as financial news tickers, statistical manuals, records of companies' earnings, dividends, etc., etc., are available in the offices of member firms. It is not necessary to be in a broker's office to enter an order; many orders are received by telephone. In fact, 85% of the business done on the floor of the New York Stock Exchange comes from outside New York City.

The volume of business fluctuates daily, sometimes wildly, when some buyers think values have no upward limit, and also when frightened sellers look into the bottomless pit of a threatened depression.

In January, 1945, the daily average number of shares traded on the Exchange was 1,500,000, while in January, 1944, the daily average number of shares was 712,000.

The money value of both stocks and bonds traded on the Exchange in January, 1945, was $1,461,563,000, and in January, 1944, it was $758,767,000.

From the small beginning under the famous buttonwood tree, dealing in only a few securities by 24 brokers, the business has grown to the largest market place for securities in the world, with a membership of 1,375, and dealing in the securities of 1,125 different companies, of which 1,242 are stocks and 1,057 are bonds. There are 3,000 people on the floor to handle an average day's volume. In a 1,800,000-share day, there would be approximately 100,000 transactions, or about 50,000 investors active in that day. On the floor there are: 504 commission brokers; 170 floor brokers; 370 specialists (broker's broker); 105 representatives of Odd Lot house dealers; 35 floor traders; 60 members who trade only in bonds in a separate trading room. There are also approximately 1,240 brokerage offices spread through 328 cities in 45 states.

The World's Greatest Auction Market

Figures of daily transactions are often more than one million shares of stocks, and eight to fifteen million dollars in bonds, all of which are published with totals and summaries in the daily newspapers. Within half an hour of the closing of the market, the evening papers are on the streets of New York with records of the day's transactions.

The New York Stock Exchange is the world's greatest auction market.

Auction markets have existed since the dawn of civilization.

The early sailing vessels landed cargoes from Europe and the Seven Seas at our ports for public auction, and sailed to foreign ports throughout the world to repeat the operation abroad, just as our bay and river craft today bring produce and fruits and fish to the city docks for public auction.

To this day, farmers get up long before daybreak and take their produce to the nearby towns and cities wherever population is crowded, generally in manufacturing centers, and await the sunrise for the housekeepers to reach the marketplace where they make their purchases for money. Once these purchases were through barter, that is, exchange of goods for produce and other foods. It has always been the custom for one person or group of persons to buy from and/or sell to another person or group of persons. That is what makes business. In some places it is called commerce. It is that thing which makes jobs; and only through jobs for everyone able and willing to work, whether it is 60,000,000 more or less, can we avoid inflation and depression, and can modern civilization be contented and happy—perhaps the greatest contributor to indefinite prolongation of the post-war peace era.

And so, since 1792, the method of buying and selling ownership in railroad, steamship, steel, manufacturing, insurance, bank and other business enterprises and corporations, evidenced by stock and bond certificates, has been by auction. "I bid so and so," says the man or his representative, his broker, who wants to buy. "I offer at so and so," says the man or his representative, his broker, who wants to sell. When there is a meeting of the minds, one simply says "Sold" and that's all there is to it, excepting the clerical handling of the multitudinous details, until payment for securities and delivery of same. And all of this makes jobs in addition to advancing the wheels of free competitive enterprise.

Why the New York Stock Exchange

I have heard uninformed people say there is no need for the existence of the New York Stock Exchange.

There is just as much reason why the New York Stock Exchange should exist as Grand Central Railroad Terminal in New York:

or the Lexington Market in Baltimore;

or the Union Stocks Yards in Chicago;

or the Leaf Tobacco Market in Wilson, N. C.;

or the fruit, vegetable and other food markets and commodity markets where all kinds of produce and merchandise are sold at auction markets, both retail and wholesale, throughout the country.

Adam Smith said: "A value of a security is adjusted finally not by any actual measure but by the higgling and bargaining of the market."

Some Surprising Statements

No American institution is more basically democratic in its concept than the New York Stock Exchange, nor are the functions of any institution so generally misunderstood. We had a rather startling example of that in 1939, when Elmer Roper conducted a poll of 5,000 people on behalf of the Stock Exchange This was not a picked group—it represented 5,000 normal American citizens—a cross section of the public. Of this 5,000, 40% believed that the Exchange itself dealt in securities. Perhaps some of you think so. Well, it does not. The poll also showed that 40% were convinced that if they lost money the Exchange made it. What do you think? Well, it does not. Also, 24% believed that the Stock Exchange dealt in wheat. What do you think? Again, it does not. Another small percentage associated the word "stock" with the Chicago stockyards.

Some believe the certificates for securities are handled by the New York Stock Exchange. That is not true.

You have heard of the visitor to the New York Stock Exchange who asked the guide: "Where's the menagerie? Where do they keep the bulls and bears, and lambs, and cats and dogs?"

Let me repeat, the New York Stock Exchange is the world's greatest auction market, a market place, nothing more, nothing less. It is a market place wherein through authorized agents who are known as stock brokers, and who collect a small commission for their services, one may exchange money for securities, or securities for money, in a free and open auction market where the price is regulated simply by the law of supply and demand. The faithfulness of the broker or agent in the execution of his customer's order is guaranteed by the publicity given the transaction through the medium of the Stock Exchange ticker; and the only interest that the Exchange has in the price is that it shall fairly reflect the composite judgment of the buyers and sellers at the time.

There is no business in the world that is so carefully safeguarded or regulated as the stock exchange business.

There is no other business in the world in which millions and billions of dollars of values are traded by word of mouth and not by written contract, except to confirm verbal transactions.

The rules and regulations of the New York Stock Exchange are most rigid; and the slightest irregularities are constantly checked by the Securities and Exchange Commission. The old law of *"caveat emptor,"* "let the buyer buyer beware," has been changed to "let the seller beware."

The Stock Exchange is a market place wherein are purchased and sold what we may well call partnerships in America.

The Number of Holders of Securities

It is thought by some folks that the existence of such a market place as the New York Stock Exchange is of importance to relatively few people, but when we realize that there are estimated some 20,000,000 holders of stocks and bonds in this country today, and that the securities listed on the New York Stock Exchange alone are currently valued at approximately $155,000,000,000, the importance of this institution to American economic life becomes more apparent.

Here are a few corporations with their number of stockholders:

American Telephone & Telegraph Co.	651,711
General Motors	423,780
Pennsylvania Railroad	211,116
United States Steel Corp., com.	165,013
Standard Oil Co. of New Jersey	147,300
Packard Motors	114,256
Woolworth	73,538

Some of the corporations whose common stocks are listed on the New York Stock Exchange and which have been paying cash dividends continuously for more than 50 years are:

Pennsylvania Railroad since	1848
Continental Insurance Co. since	1854
Pullman, Incorporated since	1867
American Telephone & Telegraph Co. since	1881
Standard Oil Co. of N. J. since	1882
Procter and Gamble since	1891
The Coca Cola Co. since	1893

Misconceptions

There is considerable misunderstanding on the part of the public of the purpose and functions of security and commodity exchanges maintained in New York and other cities of the country. An effort was made by the Better Business Bureau to clear up the more common misunderstandings.

Contrary to the belief of many—

1. The same care is given to an order from a city distant from the exchanges as to an order in the exchange city itself.
2. The small buyer gets the same consideration as the larger buyer.
3. Government bonds can be bought and sold on stock exchanges.
4. Securities and commodities are purchased for investment as well as for speculation.
5. Security exchanges are controlled by their members and operate under supervision of the Securities and Exchange Commission. Commodity exchanges are controlled by their members, and important ones are supervised by the Commodities Exchange Administration, a division of the U. S. Department of Agriculture.
6. The Securities and Exchange Commission, which supervises securities exchanges, does not undertake to pass upon the value of securities, nor upon the character of the management of an issuing company.
7. Members of securities exchanges do not control "practically all the big business in America."
8. When the public loses in the market, exchanges do not profit from such losses.
9. Exchanges do not buy or sell for their own account.
10. Neither exchanges, nor their members, fix or determine security or commodity prices. Stock prices are not set by "Wall Street." Prices are arrived at after a free and open auction. They are determined by the public demand for certain securities and the supply for sale of these securities by the public.
11. Exchanges do not recommend what to buy or sell.
12. No part of the proceeds of a transaction goes to an exchange. The revenue of exchanges for their operating expenses comes from dues, $750 for a main office and $700 for each branch office annual membership; assessments such as 1% of net commissions; and revenue from listing fees paid by corporations whose securities enjoy an exchange market; and from clearing house charges, etc.
13. In all transactions on an exchange, an exchange member is not a principal dealing with his customer, but an agent working for his customer.
14. Under normal conditions, delivery of purchased securities is made between brokers on the second full business day following the transaction day. Such delivery usually is in what are known as "street certificates." A delay of several days may be necessary for the broker to have the title on such securities transferred into the name designated by the purchaser.
15. The commission paid to a member of an exchange for executing an order is fixed and known in advance and is but a small fraction of the amount of the money involved.
16. Secret transactions are not permitted on the exchanges. Every transaction must be public.
17. Exchanges do not tolerate manipulation of the market or the making of artificial prices. On the contrary severe penalties have been incorporated in the rules of exchanges and in laws applying to exchanges for any one guilty of these foul practices.
18. Although also used by speculators, the "futures" market on commodity exchanges primarily serves an economic purpose for farmers, cooperatives, merchants, manufacturers, and others in affording them means by which they can reduce or eliminate "speculation" in business and insure themselves against speculative losses.
19. Member firms are examined regularly by the New York Stock Exchange. These examinations are as rigid and thorough as you can imagine—all to see that the firms so conduct their business and are financially sound, that the public is as safe in doing business with them as can be humanly safeguarded.

The New York Stock Exchange is the Nation's primary marketplace for securities, and the public has every right to be proud of it as an institution with a long record of usefulness in providing facilities for the financing and development of the country. Without it, we surely would still be living in the "horse and buggy" days. With it, we shall advance to higher standards of living.

We shall need the continued leadership of the New York Stock Exchange if we are to resume and maintain our American system of competitive free enterprise in the post-war period.

I cannot conceive how chaotic conditions would become if we had no such place as the New York Stock Exchange where securities may be bought and sold under strict supervision. Our present "black markets" in foodstuffs would indeed be picayune in comparison.

Speculation

Let me say a few words about speculation.

I know that very many people associate the New York Stock Exchange with speculation, and, especially those who have lost money speculating, will not have anything to do with the New York Stock Exchange because, they contend, it is a den of speculators, gamblers, a den of thieves.

I have seldom spoken before any group of people on a subject relating to stocks and bonds that someone has not asked me such questions as "How's the market?" or "What's a good buy?" or "Won't you take $1,000 or more from me and *invest* it for me?" Such persons really do not mean *invest;* they mean *speculate.*

One Sunday morning several months ago a young Army officer stopped me as I was leaving church and asked me for the names of some books he should read that would tell him how to make money in the stock market. Well, I just smiled and tried to talk to him in a "fatherly" way.

Sometime later I ran across the following paragraph on playing the stock market which I wish I had had when my young Army friend spoke to me.

"If you are ready to give up everything else—to study history and background of the market and all the principal companies whose stocks are on the board as carefully as a medical student studies anatomy—if you can do all that, and, in addition, you have the cool nerves of a great gambler, the sixth sense of a kind of clairvoyant, and the courage of a lion, you have a Chinaman's chance."

Now, there is a clear line of demarcation between investing, speculating and gambling. But please bear in mind that you can gamble in the world's safest security, United States Government Bonds, as easily as you can in the so-called "cats and dogs." It all depends upon the intent, the state of mind. Let me illustrate: There's quite a difference between taking a life accidentally and taking a life with premeditation and malice aforethought. You may be pardoned for the first offense, manslaughter, but you would hang for the latter, as that would be murder.

Perhaps the greatest speculator on earth is the farmer, the man who plows his field, spreads it with fertilizer, buys and plants seed on credit, and then depends upon nature's sunshine and rain and his own hard labor to produce good crops. How often he loses! And sometimes, as I read in a New Jersey newspaper the other day, the farmer buys "Worthless Fertilizer Sold Door to Door." Reminds one of worthless securities often sold door to door.

You business men, whatever may be your business, increase your inventory, borrow money on it from your bank, and send out your salesmen or your catalogues to your customers, hoping to sell your goods at a profit. Isn't that speculation? I'll say it is.

The late President Hadley of Yale University said "Commercial speculation is sometimes analagous to insurance and sometimes to gambling. In the former case, it is said to be legitimate; in the latter, it is said to be illegitimate."

Or, as a leading bank president in Baltimore once said, "If you lose in the stock market, you are a gambler; if you win, you become a capitalist."

Some speculators become mad with profit, become wild speculators and deteriorate into gamblers.

Without speculation, without the willingness and incentive to take risks, there would be no progress.

Unfair Practices

Something may be expected about pools, tips, manipulations, market rigging and other illegal and unfair practices designed to deceive the gullible public. It cannot be denied that operations on the New York Stock Exchange have often been conceived and delivered in dishonesty and the public has become as a shorn lamb. As much can be said of other businesses and the professions. This will always be so to some extent as long as man is vile. It may be said, however, that so many correctives have been devised that the public is less subject than ever to malpractices in securities bought and sold on the New York Stock Exchange. Some of the alert big policemen are:

- The New York Stock Exchange itself
- The Securities and Exchange Commission
- The National Association of Securities Dealers
- The Better Business Bureau
- The inherent common honesty of the individual members of the New York Stock Exchange, which, in the final analysis, is the greatest guard against dishonesty.

I think I can say without fear of contradiction that today a person is as safe, so far as business honesty and integrity and fair dealing is concerned, in dealing with members of the New York Stock Exchange, as in dealing with any other businessmen.

Mr. Emil Schram, President of the New York Stock Exchange, recently said he was gratified to note that there was not a single intimation of stock manipulation on the floor of the Exchange, and that no one, including the Securities and Exchange Commission, is more bent upon keeping manipulators out of the stock market than is the Exchange. "We simply don't want people trading here who look upon the 'Big Board' as they would the pari-mutuel board at a race track," Mr. Schram emphatically declared.

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)

CLEVELAND, O.—**Edwin W. Cummer** has become associated with **The First Cleveland Corp.,** National City Bank Building. Mr. Cummer was previously with Otis & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, O.—**Lorette C. Dore** is connected with **Stranahan, Harris & Co., Inc.,** Hippodrome Building. Miss Dore in the past was with Ledogar-Horner Co.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, O.—**Robert Hamilton** is affiliated with **The Samuel & Engler Co.,** 16 East Broad Street.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, MO.—**Mark A. Knox** is with **Herrick, Waddell & Co., Inc.,** 1012 Baltimore Avenue. Mr. Knox was previously in military service.

(Special to THE FINANCIAL CHRONICLE)

LONG BRANCH, CAL.—**Harry Stowell** has become associated with **Crowell, Weedon & Co.,** Farmers & Merchants National Bank Building. Mr. Stowell was previously with H. R. Baker & Co. and Franklin Wulff & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CAL.—**Albert O. Nelson** is with **G. Brashears & Co.,** 510 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CAL.—**Harold F. Brown** has joined the staff of **Walston, Hoffman & Goodwin,** Bank of America Building. Mr. Brown was formerly with First California Co., H. R. Baker & Co. and Bankamerica Company.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CAL.—**Mrs. Florence A. Bertram** is with **Dean Witter & Co.,** 634 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, FLA.—**Fred Erbin Young** is affiliated with **Thomson & McKinnon,** 18 Wall Street.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CAL.—**Herbert A. Krueger** has been added to the staff of **Hannaford & Talbot,** 519 California Street. He was previously with H. R. Baker & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CAL.—**A. W. Carne** is with **E. H. Rollins & Sons, Inc.,** Russ Building.

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, FLA.—**Thomes A. Lysett** is with **Thomson & McKinnon,** 319 Clematis Street. Mr. Lysett in the past was with Oscar Burnett & Co. in Greensboro, N. C., and with Elder & Co.

When Will Japan Surrender?

(Continued from page 2607)

many declared war upon us and still have an agent in Shanghai. I, further, have always been interested in American missions in both Japan and China. I, however, am basing my present forecast upon something else which may seem very unimportant to many readers. I refer to the fact that my personal house-servant is Japanese, born near Tokyo. He has lived with us day and night for 20 years and was preceded by a cousin who was with us for seven years. Hence, I know the Japanese temperament.

It is true that certain Japanese who descended from a famous old Prince have the "hari kiri" religion. These few will commit suicide rather than surrender. They now serve as human bombs. They, however, make up but a small portion of the Japanese people who, as a whole, are human like ourselves, actuated by the same motives. A Japanese soldier will live on very little food. This he can carry on his back. They are tough physical specimens. Hence, it costs the Japanese only 20% to support their army of what it costs us to support an American Army. But what of this? Japan has less than 20% of our resources.

Japanese soldiers will fearlessly obey orders and follow a blueprint; but when something which they have not planned for happens, they are lost. As a nation they are wonderful copyists, but they lack originality. They had every movement of this war planned and charted before Pearl Harbor. Everything went according to plan in connection with Thailand, Indo-China, Burma, the Dutch East Indies and the Philippines. Then something happened to their blueprint!

During the past year their plans have been of no use and they have suffered accordingly. In my own household, I can give a wonderful banquet for 20 people if I give my Jap a week to prepare it, but if I bring home one person to dinner for whom he has not planned, he is completely upset. They prosper on success; but cannot stand failure. Hence, I feel certain that their collapse will be only a question of months.

What Does This Mean?

All the above means that the global war will be over before most people expect it. It will be over before all of the boys in Europe have a chance to get to the Pacific. Except in special departments, the casualties will be light. Most of the boys may be home before Christmas.

The above means that reconversion will steadily continue throughout the year and some time during next year we will be going full-blast on consumer production. A few excellent years of business with higher stock prices should follow. Furthermore, if we play fair with Russia, Joseph Stalin should be one of our best friends so long as he lives. Upon his death, it is very possible that Russia will be split up or suffer civil revolution. Then she surely need not be a menace to the British Empire, to China or to ourselves.

Hartford Bond Club Elects New Officers

HARTFORD, CONN.—The following officers and governors have been elected by The Bond Club of Hartford for the coming year beginning July 1:

President, John H. Beardsley, Conning & Company and Ballard; Vice-President, Charles Gould, First Boston Corp.; Secretary, Willard A. Snow, Jr., Lee Higginson Corp.; Treasurer, Edward F. Dustin, Day, Stoddard & Williamson, Inc.; Governors, (three-year terms), George Austin, G. L. Austin & Co., and Marshall Williams, Day, Stoddard & Williams; (one-year terms), Arthur Smith, R. L. Day & Co., and Oliver Church, Tifft Brothers; non-resident, Victor Basche, Blyth & Co., Inc.

In addition to the above governors, H. H. Whaples, Whaples, Viering Co., is also on the board, having previously been elected for a term which has not expired.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2610)

Right now however there are conflicting influences.

* * *

For one thing the question of tightening up the capital gain taxes keeps popping up. At present the profit made from a sale of a stock held for six months is subject to a maximum income tax of 25%. If you take your profit in less than six months it comes under regular income. But under the proposed regulation you may have to hold your stocks for a year or more before you can figure on using the capital gains tax rates. That such a system would hurt the businessman who seeks capital investment and has to come to the market to get it is blithely ignored.

It is logical to assume that saner minds will realize the ridiculousness of some of the legislation proposed, if logic were an attribute possessed by our legislators. That, however remains to be seen.

* * *

Meanwhile hold on to your stocks. At least they look okay. To keep the record straight advice is as follows: Jones & Laughlin bought at 29 has a stop at 30. U. S. Steel bought at 56 has a stop at 65 and U. S. Rubber bought at 56 has a stop at 57.

* * *

No new stocks to be bought —yet.

* * *

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.]

Compulsory Peacetime Military Training

(Continued from first page)

extended to the end of the war and such emergency period as may follow immediately upon the conclusion of hostilities —and nothing more be done in the matter either now or at any later date save as a result of altered conditions which clearly require action.

Common Misunderstandings

Those who argue the desirability of compulsory service for the sake of the benefit youth is likely to derive from it seem to us to be suffering from a misunderstanding of facts, and to be possessed of a much greater faith in the efficacy of a year of camp life than we can summon. President Roosevelt once spoke of the proportion of men rejected under the present law for medical reasons as "appalling." Some such term has been used repeatedly for several years to describe the health conditions found among the youth of the country. Now, what are the facts? Admittedly, the number of youths found to have "neuro-psychiatric tendencies" was greater than any one, including the medical profession, had expected. Otherwise there was nothing particularly outstanding or unexpected in the results of the examinations as given. Of course, against any standard of perfection numerous physical ills were likewise found to exist, but this was known to be true, was true in World War I, and doubtless has been true since the world began, not only in this country but everywhere on the globe.

It is rather the nervous disorders, or the tendency to them, found so prevalent which has caught the public eye. As to these let it be observed that never before have the great rank and file of the youth of this country been subjected to such searching examination. In 1917 no such techniques had been developed. There is, therefore, no standard except perfection by which to measure these results. There is no reason whatever for supposing that equally startling results would not have been found in 1917, or that the situation found in this country did not exist in equal degree in such foreign countries as Germany, France, or Russia, where universal military service has been the rule since time out of mind. Assuming reasonable effectiveness of the examinations as given, we appear to have developed a technique by which we can often detect in advance the individual who will "crack" first when fearful pressure is brought to bear upon his nervous system. It may be that we should be giving thanks for this scientific advance rather than deploring its findings. To be sure, no one has ever supposed that all men are equally resistant to such pressures. Individual differences are perfectly normal. In many instances the disabilities causing rejection by army medical tests are significant only in relation to the peculiar strains of war.

Just Human Beings, Perhaps!

It may be that some of the "abnormalities" found are in fact deviations from ill-conceived norms. Those whose adult memories extend back to World War I may not have forgotten what a sensation was caused at that time by the results of "intelligence tests" given for the first time to a full cross-section of the male population within certain age groups. Many will recall the headlines which from day to day informed us that a very large percentage of the rank and file of the youth of the country had been found to be moronic! Of course, the matriculate knew, as the public was later to learn, that the yardstick (constructed on previous rather limited knowledge of homo sapiens) was at fault. It would not be surprising if we are now learning not so much how American youth deviates from "normal" as what the true "normal" is.

At any rate, it is difficult to see how the record, whatever it is, can be used to support proposals such as are now being made for universal training, military or otherwise. The conditions complained of are either congenital and beyond remedy at birth or else an outgrowth of experiences of early years. Life in a military camp is not likely to be of great benefit. If what is desired is an opportunity to seek out individuals so afflicted—if affliction it is—for the purpose of giving them treatment, that objective surely can be reached very much more effectively and less expensively than by universal compulsory military training.

Would It "Do Them Good"?

The vague, if popular, idea that "a year of military training would do the youth of the country good" is found upon examination to be equally without solid foundation. Doubtless a certain percentage of the youth of the country would benefit from such training or service, but there are a great many who would not, and who, for that matter, would suffer from it. Experience has shown all too often that this sort of regimentation and discipline imposed from without not infrequently unfits rather than fits youth for civilian life. It appears to be assumed rather than demonstrated that improved morale, patriotism or unity would flow from compulsory service. It could as reasonably be assumed, we suspect, that out of it would flow the kind of aggressive super-nationalism that has so often upset the peace of the world.

The plea for compulsory military training on these grounds appears to us to be a confession that the family, our religious, educational and other cultural institutions have failed, and once again to demonstrate too great a willingness to pass our common problems over to a Federal Government with a rather naive supposition that it can do for us what we have failed to do for ourselves. Such attitudes nourish Statism.

Military Necessity?

We likewise find numerous weaknesses in the arguments which are being put forth in support of the theory of military necessity. We suspect that many people, under the spell of the horrors which have filled the news columns during the past year or two, have not paused long enough to apply plain common sense to the question in hand. We are told that we were caught by surprise when Germany and Japan went on the rampage this time, and warned how much more damage might be done next time when many varieties of new weapons will have been perfected and when the science of aviation probably will be much further advanced.

Well, can any one doubt that Germany, when she started out under Hitler to defy the rest of the world, could have been brought quickly enough to heel by France and Great Britain had they acted promptly and vigorously with what arms and armies they then had? It was something other than lack of armament or trained men which permitted Hitler to get his start. Trained men and standing armies, no matter how large and powerful, cannot take the place of the kind of statesmanship which could very easily have nipped all this business in the bud. Now we have defeated and disarmed Germany and are resolved to disarm Japan when that country has been thoroughly defeated. Italy has long been rendered harmless. It can scarcely take a huge army to keep these countries disarmed. That will henceforth be done or not depending upon considerations which have little to do with the size of armies in the other countries of the world.

Protection Against Whom?

Where else in the world is there a power or group of powers which within any reasonable stretch of the imagination could become a sudden and serious threat to us? Obviously, only among our present allies, and among them only Russia appears to be within even reasonable possibility of becoming such an antagonist. France may well presently regain her position as a great power, but she is hardly likely to develop in a way or in a degree to constitute any danger to us. It is not likely that Great Britain will maintain any system of compulsory military service after the war, and if she did, it is not easy to conceive of her as a likely or very effective antagonist of the United States—certainly not one which would develop into a threat over night in such a way that we should not have ample time to prepare for any reasonable contingency.

This leaves Russia. The Soviet State under Stalin has in recent years shown a noteworthy tendency to become "imperialistic," it must be admitted. But it is hardly probable that Russia and the United States—assuming that we even halfway mind our own business—should collide in any such way as to cause armed conflict between the two countries, and until Russian sea might is infinitely greater than it is now, it would be about as difficult to understand how she could constitute a serious threat to us. What is more, Russia would have so much to do before she had reached the point of threatening us seriously that we should have more than ample time to prepare for whatever comes. And, finally, whether or not we have compulsory training and a large, trained military reserve would make no difference in the course of relations between Russia and the United States.

This would seem to leave no reason whatever for the elaborate, expensive and un-American system of peacetime compulsory military training and service that is being proposed. With all countries which might otherwise undertake another sneak attack upon us thoroughly impotent and kept so easily without an elaborate militarism in this country, and with no other country either with a motive or ability to perpetrate such a dastardly deed, there would be no place from which these Orson Wells instruments of death of which we are being daily warned could be launched.

But upon closer analysis, these accounts of flying death from heaven knows where without warning, even if they are taken seriously, do not themselves afford a valid argu-

Comments of House Committee Members on the Boren Bill

(Continued from page 2606)

ment from each member. Expressions now available are as follows:

REP. LEONARD W. HALL
New York

The Boren Bill to exempt municipals from SEC control is absolutely essential legislation if we are to prevent grave injury to municipalities, bond purchasers, and also dealers in these securities. There is no question but that injury would be done to the investing people and to the various States and municipalities in the marketing of new and existing issues if SEC rule is not eliminated. The evidence before the Interstate and Foreign Commerce Committee points to the serious lessening of competition that would be effected if SEC controls are not eliminated. There is little doubt that the small primary and secondary dealers would eventually be put out of business. The attempt by the SEC to exert control is also, in and of itself, illogical and inconsistent, singling out, as it does the dealer class.

Leonard W. Hall

Unless municipal bonds are exempt from SEC controls, we will get a lowering market for municipal bonds which will be felt throughout the entire country. In addition, we will be bound to get a sharply increased spread in the final sale price in the secondary market which, in turn, would have a directly unfortunate effect on primary sales by municipalities.

The quicker we pass the Boren Bill and remove the threat now being wielded by the SEC over the municipal bond market, as well as the States and municipalities themselves, the better for the country as a whole.

REP. J. PERCY PRIEST
Tennessee

All along I have been in favor of exempting municipal securities in accordance with the purpose of the Boren Bill. However, the language of the bill left the door wide open for a great many other exemptions. That I would not favor. But I hope that the Committee will soon vote to provide the certainty of exemption of municipals from the regulatory provisions.

Neither I nor anybody else would insist on doing away with prosecutions for fraud, but I believe that fraud is well taken care of now under existing statutory law. I am confident that in a reasonable time the Interstate and Foreign Commerce Committee will report and the House will approve this Boren Bill.

REP. VITO MARCANTONIO
New York

Vito Marcantonio

I am opposed to the Boren Bill. I opposed it in committee. I am opposed to it, even with the amendment offered. It is going to open up the door to fraud, because it would deprive the SEC of the definitive power in the field of fraud in connection with municipal securities. The bill introduced by Congressman Boren on May 4, HR. 3129, does not cure the objections.

REP. EDWARD A. KELLY
Illinois

I do not want to impair the selling of bonds of States and municipalities, and representatives of municipalities testified before the Committee that under the SEC setup such selling is impaired. I was one of the members of Congress who sat on the Committee which originally created the SEC for the purpose of preventing fraud, and I have not changed from that position. However, when the Committee meets again on this matter, there are some items that should be clarified. There has never been to my knowledge any instance of fraud in my section of the country in the disposing of municipal bonds.

REP. JOSEPH P. O'HARA
Minnesota

I feel that Congress should declare a policy which emphatically prohibits the interference of the SEC with the lawful sale by State and municipal governments of their bond issues but excepting therefrom the element of fraud, so that the investor is protected. Moreover, I feel that further control should be exercised by Congress over the SEC, so as to eliminate thoughtless harassment and to encourage lawful protection of the industry.

Joseph P. O'Hara

REP. LUTHER PATRICK
Alabama

I think the legislation should be passed in some fashion. It is my belief that the bill will soon be reported out, when we are through with amendments. In other words, the Committee will recommend to the House passage of an amended bill.

Luther Patrick

REP. CARL HINSHAW
California

The Boren Bill as originally introduced would have exempted not only municipal securities but also all other securities. When the bill is amended so as to apply only to municipal securities, I am in favor of it.

REP. EVAN HOWELL
Illinois

I favor the Boren Bill as introduced. The power to define fraud is a Congressional power and it should remain with Congress. The SEC's proposed rule, since withdrawn, would have dealers in municipal securities to disclose to customers the cost price of any such securities the dealers offer for sale. That principle would single out one industry while leaving sellers of other securities and sellers of merchandise free to continue business in the normal manner. I think in that respect dealers in municipal bonds should not be discriminated against. Without the Boren Bill, or something like it, the flotation of municipal securities would be unnecessarily interfered with.

Evan Howell

I am confident, moreover, that the existing statutes on fraud are quite adequate to protect investors in municipal bonds. There has been very little fraud in this country with respect to the sale of such securities if the examples brought to the attention of the Interstate and Foreign Commerce Committee by the SEC are any criterion.

I am for the least possible Government interference with business.

REP. BENJAMIN J. RABIN
New York

I heard all of the testimony and I am not convinced as to the nessity or wisdom of passing the Boren Bill, even as amended to limit it to municipal bonds. My mind is not closed on it. The discussion in the executive session was very interesting. There will be more discussion and, until it is concluded, I am not going to make up my mind.

Benjamin T. Rabin

So far, however, I have not been convinced that the bill should be passed. I would be absolutely opposed to any bill taking away from the SEC power as to any securities other than municipals.

It is alleged that to force a security dealer to disclose cost and other information is like forcing a merchant to tell his customers what he paid for the goods he is selling. That is a poor analogy. Even in the merchandise field we have labelling laws to protect the buyer.

REP. CLARENCE J. BROWN
Ohio

I think the Boren Bill should be passed, so as to take away from the SEC any control whatsoever over the issuance or resale of municipal and other governmental securities, except where fraud or fraudulent intent is shown. This bill, it should be noted, would not set aside the section of the Securities Act relating to fraud.

Clarence J. Brown

REP. OREN HARRIS
Arkansas

According to the hearings on the Boren Bill, up until the time the SEC circulated its proposed rule, there seemed to be no controversy between it and the securities dealers handling municipal bonds.

Oren Harris

When the SEC proposed this rule, it was very obvious that it would impose such a hardship that the industry would have had great difficulty in meeting the rule's requirements.

At the last meeting of the House Committee on Interstate and Foreign Commerce when the Boren Bill was considered, it was stated that discussions were under way between the SEC and the industry having as their purpose the finding of a formula that would be satisfactory to both sides and in the best interests of municipalities in the issuance of their securities. Until the results of those conversations are known, I would not like to comment on the pending bill.

REP. LINDLEY BECKWORTH
Texas

Lindley Beckworth

The bill being in a state of flux, I have no comment at this time.

REP. WILSON D. GILLETTE
Pennsylvania

Since the matter is at present in a state of flux, and there is no way of knowing what form the bill will take, I cannot give any intelligent comment on it just now.

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ment for compulsory military service of the sort proposed. Without support from large ground and sea forces weird instruments of destruction of the sort now being described would be of little value as an offensive instrument. And, what is as much to the point, large armies, unless deployed abroad where such devices originate, would be no protection against attacks by them.

The Best Protection

What we must be careful to keep abreast of in the future is the progress of science and invention as they bear or may bear upon military prowess. This would include not only instruments of war as such, but such ordinary industrial developments as could be employed as a disguised armament program or quickly converted into war industries. This is a much more hum-drum, prosaic job than training large groups of youths in military camps each year, but it is one which would afford us much more protection. With reasonably-sized military forces (such as in the past have been and again can be maintained on a completely voluntary system), armed with the best of equipment and with the country scientifically and industrially prepared to support its armed forces, we should be as safe as a country can be in this world.

The fact is, we suspect, that we should be much safer, and the world much safer, if we followed such a course, than if we aroused the suspicion and fear of the rest of the world with our militaristic endeavors through grandiose compulsory training programs in peacetimes.

Text of Revised Boren Bill

79th CONGRESS
1st Session

H. R. 3129

IN THE HOUSE OF REPRESENTATIVES

May 4, 1945

Mr. Boren introduced the following bill; which was referred to the Committee on Interstate and Foreign Commerce

A BILL

To amend the Securities Exchange Act of 1934 so as to limit the power of the Securities and Exchange Commission to regulate transactions in exempted securities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Securities Exchange Act of 1934, as amended, is amended by adding at the end thereof the following new subsection:

"(d) No provision of this title shall be held to confer upon the Commission the power to prescribe rules or regulations imposing any restrictions or requirements with respect to the purchase, sale, hypothecation, or negotiation of, or otherwise regulating transactions in, exempted securities; except that this subsection shall not apply with respect to section 8 (c) of this title."

Sec. 2. The second sentence of section 15 (c) (1) of the Securities Exchange Act of 1934, as amended, is amended to read as follows: "The Commission shall, for purposes of the application of this subsection in the case of securities other than exempted securities, by rules and regulations define such devices or contrivances as are manipulative, deceptive, or otherwise fraudulent."

San Francisco Conference Completing Its Agenda

(Continued from first page)

at home, the smaller powers are fighting on. . . . Canada is trying to bargain for the calling of an amending conference on a majority vote of the Assembly in five to ten years after ratification, with an automatic call after ten years. . . . Realizing the practical difficulty of removing the Veto now, she wants to leave this unspecified until the time of such a conference. . . .

* * *

Australia under the leadership of the aggressive Dr. Evatt, wants the privilege of calling an amending conference at any time, **particularly in view of the oft-repeated statement about the imperfections in a Charter written in a legalistic vacuum.** . . . The necessity for the trial-and-error of actual practice, and the preponderance of amendments to the American Constitution in the early years, makes the indignation of the non-Big Powers understandable. . . . One of the Chilean delegates complains that his status is that of being compelled to give a power of attorney to a friend for life. . . .

In any event this anti-amendment policy will cause twin-delay, first in the proceedings here, and later at the time Charter ratification is being sought from the respective home legislatures. . . .

* * *

Along with the disagreement about future changes in the League through changes in its regulations, there is disagreement about changes in the composition of its members. . . . Here the Big Powers are also inclined toward freezing permanence of the organization. . . . But, particularly as it obviously will be difficult to keep any nation from withdrawing, all the sponsoring countries are now willing to permit future resignations. . . . **Even the USSR has now shifted, and the regulation is now only a matter of language.** . . . The objections to setting down the specifications in the Charter are: (1) It will mean an additional change from the Dumbarton Oaks proposals, and (2) it may give a false impression of impermanence to the League. . . .

Chiefly for purposes of home consumption many of the smaller countries, including the South Americans, want the right of withdrawal specified, particularly if their suggested amendments are to be vetoed. . . .

* * *

Despite the tremendous fanfare accompanying the epochal announcement of the "great Soviet concession" on the Veto, including the Klieg lights and newsreels at the august steering committee meeting called for the event, it did not take long for the non-Big Powers to realize that, in the words of Australia's Dr. Evatt, they had been handed a "plugged nickel." . . . Rendered helpless by the chain of events which led to the appearance, but not the fact, of a gracious Soviet compromise, the small nations are furious at their present inability to "upset the apple-cart," though they know that all the logic and justice are on their side. . . . **For what the Russians have "conceded," namely the right to permit some measure of discussion of a dispute, is a right which no one even questioned until the point was raised by the Russians themselves a fortnight ago.** . . . Previously, Under-Secretary Grew in Washington, and Mr. Eden and Sir Alexander Cadogan here, had stated that there was to be no veto applicable to peaceful settlements; including not only discussion but up to the chain of measures to investigation and recommendation. . . . So in comparison with all the interpretations of the original Roosevelt-Yalta formula, the veto right has been tightened rather than loosened, and the 45 smaller powers pushed into greater impotence. . . .

* * *

Australia, Cuba, New Zealand, Colombia, Brazil and Chile are particularly angry, with Canada sophisticatedly annoyed. . . . They vehemently claim that the Big Power interpretation is wholly inconsistent, being very narrow in some respects and correspondingly wide in others; and that the "Council can only discuss whether a dispute can be discussed, and can only investigate whether it should be investigated." . . . The obscurity existing as to the extent of the tiny non-veto area even at the present time, is attested by the discussion at today's heated committee meeting when Mr. Fraser of New Zealand developed the fact that it is not known whether even discussion can or cannot be stopped by a capricious veto. . . . The big powers' formal reply to the now famous questionnaire of the small powers definitely states that the decision as to whether a point involves discussion or not is itself subject to the veto. . . .

So the net result of the veto battle seems to be the driving home of the realization of ever-greater disparity between the powers of the Big Five and the Little Forty-Five; and of the fact that the new League will be a grand military alliance rather than an idealistic international organization. . . .

* * *

Its labors completed with promptness and efficiency, the Committee on Economic and Social Cooperation reported its results in public session on Monday. . . . Charged with formulating the new League's Economic and Social Council, the Committee had met 21 times in full session, and the drafting subcommittee had sat 19 times. . . .

A detailed analysis of the new provisions appeared in this column last week. . . . Generally, it may be concluded that the Council's new charter contains nothing that was not implicit in the Dumbarton Oaks proposals, nor any conflict with Oaks, nor anything that the General Assembly could not have ordered under Dumbarton Oaks. . . . Affirmatively, it represents the assurance of the Oaks provisions being spelled out, and actually does most of the spelling out at this time. . . . The great effect has been on the public, with the air of very helpful publicity. . . . **In lieu of its former skeptical reaction in setting the Council down as a pious hope or talkbody, the public is now boosting it to the other extreme of crediting it with making the military powers of the Security Council unnecessary.** . . .

Sir A. Ramaswami Mudaliar of India, Chairman of the Conference Committe, has pointed out that relatively the provisions of the old League relating to economic and social problems were very inadequate because the emphasis there was on the military and political phases. . . .

In comparison with Dumbarton Oaks, the purposes are specified more clearly, particularly in respect to labor, full employment, and higher standards of living. . . . Education and culture have been inserted as high objectives, for the promotion of peace, the theory being that wars are induced by wrong education. . . . There is great emphasis on human rights, the words "observance for" them being included to make it personal and individual. . . . **One of the first Commissions to be created will be that on human rights.** . . .

* * *

The finally determined working arrangements between the Economic and Social Council and the General Assembly are worth noting. . . . Limiting the members on the Council to 18 makes it much more efficient than if more of the other 32 nations were included. . . . But as all 50 nations cannot be bound by 18 on important matters, such important decisions must be passed by the Assembly, with the 18 Council members preserving a good working body. . . .

* * *

Particularly enthused over the Economic Council's prospects is Dean Gildersleeve, the United States delegate on the Conference committee charged with its formulation. . . . In an interview with this correspondent today, she said: "The great reception given to our work yesterday by the public and the press are especially satisfying to me because before the Conference's opening practically none of my colleagues, excepting Governor Stassen, took seriously our prospects in the economic and social fields, and even I was inclined to worry because of the obvious impossibility of applying international compulsion to back up our aims. . . . **But it is now evident that the peoples and legislatures of the world are realizing that the nationalistic economic policies of the 1930's must be abandoned, and the element of sovereignty and absence of teeth present no insuperable obstacle.** . . . In this connection the Anglo-Caribbean Commission shows what can be done. . . . Having no mandatory powers either, it functions most successfully as an advisory body of experts through the process of consultation. . . . Just as the Commission so successfully relies on prestige, and on consultation on the same level with organs of Government, Labor and Business, our Council over the years will achieve much." . . .

Dean Gildersleeve

Regarding the Economic Council's relative importance, Dean Gildersleeve continued: "With the exception of the territorial trusteeship arrangements, the work of the Economic Council represents the only portion of the Charter that is affairmative and constructive rather than reventive . . . **The rest of the new league's charter is negative in representing legal mechanics for dealing with trouble."** . . .

"Of course I personally am particularly interested in the provisions we have made in the health field, including a prospective International Conference. . . . In addition to the actual results accomplished on health and cultural lines, having these conferences and continued interchanges are inestimably helpful in all fields, in keeping the several nations talking. . . . The most useful weapon in the international economic field available to us is continuity of conversation." . . .

* * *

In addition to the charter provisions for the Economic Council some other principles deemed inappropriate, therefore, were included in the record as "declarations" of individual delegations, as follows:

(1) By China and the United States for a Commission to regulate trafficking in opium;

(2) For reconstruction of devastated countries, by Greece;

(3) A declaration by Panama regarding migration;

(4) For intellectual cooperation, by France;

(5) Representation for women, advocated by Brazil and Mexico. . . .

In the dealings between the Organization and affiliated bodies, flexibility is assured. . . . Agreements between the two, such as with the Monetary Fund or the International Bank, will not in any way deprive the affiliate of its responsibilities in its own field as defined in its basic instrument. . . .

The French and some other delegations argued very strongly for specific mention of a specialized organization to deal with the problem of the fair allotment of raw materials. . . . **The Committee, however, ruled that no mention of any specialized organization to deal with this or the related problems of capital goods should be made.** . . . It felt that it would be misleading to mention one or two important fields and not to mention others; or to specify in the Charter the precise nature of the problems involved in this connection. . . .

* * *

Budgetary powers have been transferred to the General Assembly. . . . It was deemed more logical to vest them there, along with the financial authority of the Organization as a whole. . . . The Assembly will make such arrangements for the examination of the budgets as it thinks proper. . . . Presumably the Assembly will act on the advice of the Economic Council, particularly regarding the budgets of the special organizations. . . .

* * *

The Conference Committee's disposition of proposals for reconstruction on a grand scale, as advanced by Greece and endorsed by Norway, is significant in showing the possibilities in that field as well as in defining the frame of reference of the Organization. . . . Because of the distastrous conditions in some countries, and because of their inability to help themselves, separately, it was proposed that the United Nations should bring about immediate reconstruction through: distribution of raw materials for building purposes; distribution of technical personnel; international coordination to fit the average living standard of every country; inetrnational physical planning, present and future. . . . **Although many countries expressed great sympathy with the lofty aims, it was pointed out that this call for an immediate Action committee represents just another in the long list of impracticable objectives offered to the Conference.** . . . This is a conference at the discussion level, unable to take action on specific situations pressing for prompt action. . . . Hence the Committee gave the proposition the "run-around treatment" by "associating itself with it." . . .

* * *

After the Conference the Australians will not relax their efforts one iota in pushing a full employment program nationally and internationally. . . . In a typical "which came first, chicken or egg?" economists' argument, most countries, including Peru in yesterday's open session, have been stressing international trade as the prerequisite for domestic prosperity. . . . The Australian position, which prompted its successful Conference battle for a strong employment pledge, on the other hand, holds that full employment is the key. . . . In the words of H. V. Evatt, her Minister for External Affairs: **"The dismal failure of post-great war planning can be traced to the undue emphasis placed on tariff reduction and exchange stability as ends in themselves, and to the absence of consideration of domestic policies of employment which, if pursued, would have brought about increased consumption in trade and stability in exchange rates.** . . . The history of post-great war planning is broadly the story of a long succession of Conferences, all resulting in resolutions to reduce trade barriers and all followed by increased restrictions on trade because increased unemployment was the one great political problem. . . . It will be seen that the end we seek is not increased trade, but higher standards of living. . . . Increased trade is one but not the most important means to this end. . . . We should rather say "Seek you first employment and the rest shall be added." . . . Irrespective of the quality of the economics involved in the argument, it is assured that there will at least be plenty of such argument in our new League." . . .

* * *

The Senate's adverse action on the Trade Agreements Act. . . . In striking from the bill the 50% maximum reduction provision, is vitally related to the work of this Conference, and to the success of the new League. . . . It is realized here that to the United States the problem is not a problem of access to raw materials, or other imports, but purely one of our continuing export balances. . . . Bound up, of course, with our tariff policy. . . . If we will not take real payment for our exports of goods and services we again will have to find some way to finance them through capital exports or some kind of subsidy. . . . **But of more immediate concern to the Conference and to the new League is the Senate committee's slap at international cooperation, and its encouragement to economic warfare and isolation.** . . .

* * *

Neither raw materials nor trade discrimination will be mentioned in the San Francisco Charter, excepting in general terms in the trustee provisions. . . . In the first place, it is impossible to specify adequately. . . . In the second place, the cry about raw materials is always a war-time incident. . . . It is pointed out here that most complained-of trade abuses only range around the periphery of definable discrimination, as discrimination against certain international companies, and therefore could not possibly come within the purview of the League; or else it takes the form of cartels. . . . Action may be taken through a subsequent general Conference on trade matters, leaving it to the League through the machinery of the Economic Council to take administrative action by powers of persuasion and reporting; **and particularly, as far as cartels are concerned, to cure the situation by conventions agreed to in advance.** . . .

The possibility has been raised here of the entire immediate United States imports question being quite academic, as in the coming early post-war years the world-wide shortage of goods may well preclude all imports from the United States. . . . In that case our tariff rates would be quite unimportant until later on when our potential imports can rise to $7 to $10 billions figures, which will mark the real test of our tariff attitude. . . .

And the effect of trade agreements legislation on the Bretton Woods agencies is likewise being watched here. . . . The Treasury experts maintain that the monetary funds should not be conceived of as "depending on" trade agreements, but that they both actually make for the same end, namely, foreign trade. . . . **They resent the expression that inadequate imports would cause a "breakdown" of the Fund, preferring to state the situation as "an oversupply of foreign currencies relative to dollars."** . . . They want it said that then the Fund's dealings in dollars would merely be in restricted amounts; and that from that point on the Fund would be useful, in these two ways:

(1) In using the scarcity of currencies officially to dramatize bad trade policy, which might lead to action in correcting such policies; and (2) in these circumstances: in the absence of a Fund there would have been exchange con-

trols, more rigid and unilaterally-created. . . .

In any event, it is felt here that the problem of scarce dollars is not of immediate acuteness; for it is calculated that the Latin American nations have sufficient gold reserves here for purchases to last two years, and European countries have enough reserves for three years. . . . But of course the Fund's resources and foreigners' remaining gold reserves, are only a stay which does not mitigate the need for long-term order, consistent with the aims of the Conference and the Charter. . . .

* * *

The best guess on the Conference's closing date and President Truman's valedictory is June 22. Some further delay may be caused by the necessity of translating the finished Charter into the Conference's five official languages, namely English, Russian, French, Spanish and Chinese. . . . And also after completion of the Charter there must be several plenary sessions for its approval by the Conference as a whole, and it must be signed by each of the delegates attending. . . .

* * *

Two major reports on the Conference are in the cards. . . . One is an American document that is now being prepared in great detail by the technical advisers for the President in explanation of the Conference and the Charter. . . . Mr. Truman will have it accompany the Charter when it is submitted to the Congress. . . . The other report will be compiled by the Secretariat, will be somewhat superficial, and be useful for home use by the delegates. . . .

* * *

After the Conference there will be both transitional and interim arrangements. . . . Under the transitional arrangements, as provided for in Chapter 12 of the Dumbarton Oaks provisions, the Big Five will furnish military forces for keeping the peace prior to the consummation of the permanent military arrangements. . . .

The Interim Commission, on the other hand, will consist of a business body to organize the various agenda and personnel of the Organization for functioning after the Charter's ratification. . . . **It is now contemplated that this Commission will hold its first meeting in San Francisco immediately after the end of the Conference, attended by a representative from each of the attending nations, and will set up the Organization formally.** . . . Subsequent meetings will be held later in London, when a staff presumably will be built up on the basis of an International Civil Service. . . .

Despite rumors and proposals to the contrary, the Secretary General of the Interim Organization will be a different individual and a different type than the Secretary General of the new League itself. . . . For the early stages, a hard-working on-the-job organizer will be wanted; while later on, for the Permanent Organization, a man of wide scope and prestige will be desired. . . . Already General Eisenhower is being nominated for the post. . . .

It is thought that a Czechoslovakian proposal will be followed for creating a department for the early exchange of information and the development of better understanding of the work of the Conference, and of the Interim Organization.

Rudolph Nadel Dead

Rudolph Nadel, a partner in Mabon & Co. and a member of the New York Stock Exchange, was killed in Europe on May 24. He was a member of the U. S. Bombing Survey, a civilian commission. Mr. Nadel became associated with Mabon & Co. in 1926, the year in which he arrived in America from Hamburg, Germany. He became a partner in the firm in 1931.

The Fallacy of Taxes On Capital Gains

(Continued from page 2606)

ditional role as one of the three balancing elements of our Government.

The trend, which we now view as having started some three years ago, continues. Confidence, which for so long was lacking in the conduct of our affairs, has been restored and we now face with renewed vigor the difficult problems of establishing a constitutional basis for lasting peace and of redeploying our civilian effort, our governmental activities and our productive capacity for the resumption of peaceful progress.

Post-War Treatment of Capital Gains and Losses

It is my purpose today to focus attention upon one aspect of redeployment on the home front, namely, the post-war treatment of capital gains and losses which is a subject of the deepest concern to all of us—manufacturer, banker, business man and worker.

Historically, the first attempt to tax capital gains was made shortly after the Civil War when a tax was levied "upon gains, profits and income derived from any source whatever." The Supreme Court at that time ruled against this form of taxation on the ground that "the mere fact that property has advanced in value between the date of its acquisition and sale does not authorize the imposition of the tax on the amount of the advance." The question did not arise again until, under the Corporate Excise Tax of 1909, the Commissioner of Internal Revenue ruled such gains to be taxable in a broad interpretation of the term "income." However, in 1915, a United States district court found against this ruling. Upon appeal, the United States Supreme Court reversed the lower court in the midst of World War I, or on May 20, 1918.

From 1918 to 1921 capital gains were taxed as ordinary income, but capital losses were deductible in full. Nevertheless, it began to be apparent that such taxation was retarding investment in new business enterprises and in its report on the Revenue Bill of 1921, the Ways and Means Committee of the House made the following statement: "The sale of farms, mineral properties and other capital assets is now seriously retarded by the fact that gains and profits earned over a series of years are, under the present law, taxed as a lump sum in the year in which the profit is realized. Many such sales, with their possible profit-taking and consequent increase of the tax revenues, have been blocked by this feature of the present law." This statement is applicable with even greater force today.

Various changes have since been introduced into this feature of the tax law, involving the length of time property is held, the rates at which gains would be taxed and the deductibility of losses. The relative unimportance of the capital gains tax as a source of revenue is demonstrated by the fact that the peak amount realized in 1928 amounted to only $576 million. Since 1934 the highest annual revenues to be collected from this source was $202 million in 1943, which represented only 1.2% of total revenues from income and profits taxes.

The inception and early history of the taxation of capital gains fail to show any clear intent on the part of Congress to tax profits on casual sales of property. The history of the tax's effectiveness would appear to rule it out as a revenue producer. It can only be appraised, therefore, from the point of view of its social implications.

The Anti-Inflationary Aspect

As a matter of fact, those who are advocating a change in the provisions of the tax law relating to capital gains make no attempt to conceal their indifference to the revenue aspects. They are under the delusion, apparently, that by lengthening the holding period or by increasing the already steep rate of taxation, they can prevent an inflationary rise in prices. Their reasoning is, of course, altogether illogical. It has been pointed out, time and again, that, instead of dealing with root causes, they are concerning themselves with manifestations. All students of this question with whom I have talked agree that, instead of restraining prices, the proposed changes in the capital gains tax would have the effect of causing further advances and of creating a greater number of unwilling sellers of securities. This is most important in view of the fact that we have a scarcity of securities already.

As the law stands today, there is a clear line of demarcation between quick trading profits and capital gains derived from investments. Net gains derived through sales of property held for less than six months must be treated for tax purposes as ordinary income and must be added to the base upon which the taxpayer calculates his surtax bracket. No comparable provision is made for the deduction of net short term capital losses against ordinary income. Thus, today, we have an effective brake upon the quick turnover of property. On the other hand, we have some slight protection although inadequate, for the long term investment of venture capital which, by its very nature, presupposes an ultimate gain.

I doubt whether those persons who wish to see a longer holding period and a higher rate appreciate what the consequences would be. As I have pointed out, we already have gone as far as we can go safely. Any more drastic interference with the transfer of capital assets would check the flow of venture capital, would put a brake upon the operation of job-creating processes and would, in my judgment, result eventually in a frozen economy.

In the course of readjustment after the war, the transfer of personnel and equipment from various types of production to other types will necessitate long term capital which can best be procured through the issuance of equity and debt securities. Vast reserves of private funds are awaiting an attractive outlet for investment and there will be a great demand for venture capital. You who are engaged in the facilitation of the flow of capital need not be told of the importance of venture capital to our post-war economy. To you it is an old story that venture capital is on the front line of business enterprise, that it takes the risks and that casualties are frequent. Any barriers placed between the investment of risk capital and the potential profit which is normally expected are an impediment to post-war reconstruction.

The demand for a change in the capital gains tax is based upon two chief premises: (1) capital values, as reflected in current prices of homes, farms, business properties and stocks have increased sharply since this country entered the war and are still increasing; (2) while other sectors of the home front have been protected by direct measures, such as rationing, allocations, price and wage controls, no effective controls have been applied to curb rising prices of homes, farms, stocks and other capital assets.

It is argued that there is an inherent danger in the large accumulation of liquid funds during the war years and that the "huge inflation potential (represented by currency, demand deposits and Government securities) will continue to grow as long as deficit financing continues." We might go further and point out the huge accumulations of individual savings, which today are said to amount to about $150 billion. At the end of the current fiscal year, the Government debt will amount to around $240 billion. All but about $16 billion of this represents money that has been borrowed during the past 15 years. It might also be pointed out that the war-created scarcity of civilian goods in almost all lines merely adds to the inflationary pressures flowing from the huge reservoir of cash purchasing power.

Remedies Should Be Directed at the Causes

Now, if the money factor, coupled with scarcity of goods, should threaten to undermine the integrity of our currency, we must be prepared to act boldly and courageously. As an exponent of sound money, I have no patience with a weak-kneed attitude toward this question which involves the success and happiness of our people. We all realize that the seeds of inflation have been sown. It was, of course, inevitable that the Government, in the prosecution of a global war, would have to contribute to the inflationary potential; but the Government can also take steps to reduce the danger. But the approach should be realistic and should be directed toward the cause and not the symptom.

The causes are obvious. For example, partly as a result of the monetary policy of our Government during the past decade, we saw the lowest cycle of interest rates in our history. The spread in the return to the investor as between long term Government obligations, high grade municipal and corporate bonds on the one side and good common stocks on the other has induced the investor to purchase more generously of good common stocks in an endeavor to maintain or improve his net spendable income. The investor well recognizes, and it should be made clear to all, that the return from most obligations is fully taxable and subject to surtax rates in some brackets exceeding 90%. The dual influence of low interest rates and high surtaxes has, in many re-

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Howard Fitch Returns To Desk at Stern Bros.

KANSAS CITY, MO.—Stern Brothers & Co., 1009 Baltimore Avenue, announce the return of Howard H. Fitch, Vice-President and director, who has been relieved from three years active duty as Captain in the Army of the United States. Mr. Fitch, prior to entering the Army, directed his activities in the municipal field. In returning, his activities will be in both municipal and corporate securities.

Howard H. Fitch

J. L. Gumbiner, who became associated with the firm in August, 1944, has been elected Secretary of the company in place of John H. Barrett, who retired from the firm as of June 1, 1945. Prior to entering the company, he was Vice-President of Harold E. Wood & Co., St. Paul, Minn.

George R. Hollenbach to Be Inv. Dealer

PHILADELPHIA, PA.—George R. Hollenbach is engaging in the securities business as an individual dealer. He was previously with C. S. Wurts & Bro. and in the past was a partner in C. H. B. Phillips & Co. At present he may be reached at 439 Burmont Road, Drexel Hill, Pa.

Jas. Oliphant to Admit Bridgman, Crawford

Hugh Bridgman and George M. Crawford will become partners in Jas. H. Oliphant & Co., 61 Broadway, New York City, members of the New York Stock Exchange and other exchanges, as of July 1. Both have been associated with the firm for some time.

E. R. Davenport Admits

PROVIDENCE, R. I.—Allan G. Davenport has been admitted to partnership with Edward R. Davenport in E. R. Davenport & Co., Hospital Trust Building.

Public Utility Securities

(Continued from page 2610)

company will agree to the remaining write-offs as a small price to pay for the refunding program.

The Commission also intimated that a voluntary rate reduction should be forthcoming if the merger program is to be approved. Evidently this is a bargaining point, since Mr. Maltbie states that the company has indicated its willingness to consider lower rates **after** the commission approves the present program.

Consolidated Edison's electric rates are well above the national average and customer usage is below the national figure. The company recently began formulation of postwar sales policies, and the obligation was acknowledged to sell "the best possible gas, electric and steam service at the cheapest possible price." Distribution costs are doubtless much higher in New York City than for the remainder of the country. Nevertheless, the company has perhaps not been as aggressive as it might have been in pushing the use of electric appliances.

So far as current earnings are concerned, they do not seem excessive in relation to plant cost, even after allowing for a write-down to original cost. In 1944 average net plant account would have been about $1,048,000,000 for the system, and adding current assets of about $133,000,000 makes a total of $1,181,000,000. Consolidated operating income was a little over $48,000,000 or only about 4.1% return on this investment. This low rate of return should doubtless be taken into account in connection with rate readjustments.

ELECTRIC-GAS OPERATING COMPANY STOCKS

	Price About	Div. Rate	Yield About	Share Earnings	Price-Earn. Ratio
Consolidated Edison of N. Y.	31	$1.60	5.2%	$2.00	16
Boston Edison	43	2.00	4.7	2.19	20
Cleveland Elec. Illum.	41	2.00	4.9	1.99	21
Commonwealth Edison	31	1.40	4.5	1.80	17
Connecticut Light & Power	53	2.40	4.5	2.77	20
Consolidated Gas (Baltimore)	77	3.60	4.7	4.47	17
Delaware Power & Light	23	1.00	4.4	1.18	20
Pacific Gas & Electric	40	2.00	5.0	2.17	19
Philadelphia Electric	26	1.20	4.6	1.55	17
Southern Calif. Edison	30	1.50	5.0	1.73	17

Senators View Bretton Woods

(Continued from first page)

world of today. But you cannot do that without stable governments. Almost every European country today is threatened with revolutionary changes of government. Therefore I am opposed to the Fund, and I will vote against the bill.

"If, nonetheless, some bill is enacted, I am hopeful that it will be possible to include silver."

Senator Robert Taft (R.) of Ohio, also a member of the committee, told the "Chronicle":

Robert A. Taft

"The Bretton Woods Fund is an automatic handout of American money, whether the member countries need it or not. It is clear from the testimony that the promises that the Fund will remove exchange restrictions within any foreseeable time is disproved by the testimony of Lord Keynes in a speech before the House of Lords, as well as by the actual provisions of the Fund Agreement.

"In spite of Secretary Dean Acheson's testimony yesterday and today, the nations do have an automatic right to borrow from the Fund," continued Senator Taft.

"The Bretton Woods Agreement will encourage devaluation of currencies, instead of discouraging it, as claimed," and he added: "Although we are asked to put up more than half of the internationally valid resources of the Fund, the Fund's lending will be controlled by the borrowers."

Senator Abe Murdock of Utah told "The Chronicle: "I am very favorably impressed with the proposition, but it seems to me that, under present conditions of terrific currency and bank credit expansion all over the world, the amount of monetary gold available is not sufficient at its present price to support the currency and credit structure. The recent action by the Senate, at the request of the Federal Reserve Board, reducing the reserve ratio, indicates that even with our tremendous supply of gold we did not have enough; and other countries are in no better condition than we are.

Abe Murdock

"For this reason and because of the historic position silver has held alongside gold," he added, "I hope that the wisdom of taking silver into the Bretton Woods picture will be seen by the Banking and Currency Committee. I have word from some of the country's leading bankers that they feel silver should be brought into the picture, and when the bankers come before the committee to testify on the bill, I intend to question them on this point."

Senator Fulbright and Morgenthau Disagree

Secretary of the Treasury Morgenthau's testimony before the Senate committee, on June 12, to the effect that the Bretton Woods program will be operated solely on economic and not on political lines, caused Senator Fulbright of Arkansas to disclose just the opposite recommendation. Senator Fulbright observed: "Then if this country has no foreign policy and blunders along as it did for the last 20 years, you would go ahead and finance, say, the Argentine, regardless of what you thought it would do, and do the same to any other country."

To this Secretary Morgenthau replied: "You put me in an embarrasing position, but I will have to answer. . . . If the Argentine was a member of the Bank and the Fund, and she needed certain financial help to meet her requirements, being a member, her requirements are to be taken care of independently of her political ideology." "I choked on it, but I went through with it," he added.

Senator Fulbright countered to this by saying: "It seems to me that is going pretty far, and I do not quite agree that that is sound policy. . . . It would seem to me that it means the Fund will have no relationship to the State Department. . . . I can not help but believe that our financial policy should be subservient to the political policy as established in the State Department."

Senator Taft thereupon said: "I should like to know how you can say their requirements will be taken care of regardless of what may be done by others. We have only 27% of the votes in the Fund and 30% in the Bank. . . . Suppose Russia should violently object to a loan to the Argentine, do you think the Board would have the right to go over their head?"

Private Enterprise Future Depends Upon New Capital

Addressing the members of the Quarter Century Club of Bache & Co. at their annual dinner, Harold L. Bache, senior partner of the Stock Exchange firm, declared the future of private enterprise in America would depend increasingly upon the ability of the investment banking fraternity to raise necessary new capital for development and expansion purposes. The recent expansion of the Bache firm to include both old and new faces in the Street, was indicative of the opportunities that lay ahead, he said.

"Perhaps never before in our history has the financial community been presented with such an opportunity to be of service to business and industrial America," said Mr. Bache. "The return of peacetime activities will mean new financial problems to solve, and new industries, new customers to serve. That is why the mature financial judgment of Wall Street along with the freshness and initiative of youth are both going to be needed in large measure after the war."

Partners of the firm, including new partners admitted on June 1, were guests of the Quarter Century Club.

Merritt & La Morte To Be Formed in N. Y.

Merritt & La Morte will be formed in New York as of June 21. Partners will be Henry C. Merritt, Daniel La Morte, general partners, and Cynthia W. Smith, limited partner. Mr. La Morte, who was previously a partner in William B. Potts, Jr., & Co., will acquire the Stock Exchange membership of Lawrence Lewis.

Gov't Must Not Dominate World Trade and Investment: Morgenthau

(Continued from page 2608)

and farms. We were also a large importer, the second largest in the world. We needed imported raw materials for our industries and scores of imported products to meet the everyday demands of our consumers.

"After the war we will have even more reason for exporting and importing, for expanding trade. To make this possible the producing and trading power of many countries must be restored and developed; the currency restrictions and discriminations that stifle trade must be relaxed and removed. And that—in substance—is what the Bretton Woods proposals are about.

"I want to emphasize another aspect of the Bretton Woods Agreements no less important to American business—that of establishing a world in which international trade and international investment can be carried on by business men on business principles.

"You can't do business in an environment of disorderly currencies. Carl Wynne, President of the Chicago Exporters Club, told the House committee that arbitrary exchange practices make it difficult to import or export without taking risks that are too big for the ordinary business man.

"As you know, during the 1930s a number of countries began to use their currency systems for the purpose of securing unfair advantages in international trade. Germany, in particular, developed numerous devices for exploiting her creditors and competitors. The use of these tricks by Germany forced other countries to adopt similar measures in self-defense. The result was an era of currency warfare that virtually destroyed international trade and investment and prepared the way for total war.

"American business men have demonstrated that they are more than willing to take their chances in fair competition with the business men of any country. All they ask is an opportunity to sell a better product at a better price. But they can't trade if the marks or the pesetas they collect for their automobiles and their movies are arbitrarily changed in value, or cannot be sold for dollars.

"That's what happened to many American companies when they sold goods to Germany. They could either take blocked marks or some commodity that Germany was willing to offer in payment. The American commercial attache in Berlin reported that one company had to take 8,000,000 mouth organs in payment for petroleum; another 200,000 canaries for a large press for making automobile bodies, and a movie company was bamboozled into taking a live hippopotamus for its films.

"This was only one of the many currency tricks widely used in the 1930s. Germany had more than 35 different kinds of marks, some selling at discounts up to 50%. She had about 40 bilateral clearing agreements under which exports to Germany were paid for only if the country took German imports. This country couldn't and wouldn't do business on that basis.

"I should add that this country was the principal victim of these unfair currency practices. Between 1928 and 1938 the value of our exports fell by nearly one-half, while world trade fell by one-third. We know a country cannot always keep the same export markets. But we believe that changes in trade among countries should result from productive efficiency, not from exchange restrictions.

"With such currency practices as these, international trade and investment can no longer be conducted along business lines. They become a matter of international politics, and they may become an international racket.

"One might suppose that when Nazism is destroyed its strong-arm currency practices will be destroyed, too. But this will not necessarily happen. Many countries had to adopt similar measures in self-defense. They still have them. And now, as these countries look on their shelled, bombed and pillaged lands, as they contemplate the difficulties of reconstruction, there is real danger that they may be tempted to continue and to extend these practices.

"If we do nothing to help establish orderly exchanges, to help these countries get foreign capital for reconstruction, they will feel compelled to revert to barter deals, clearing agreements, competitive exchange depreciation and multiple currencies. And these devices will be used with greater ingenuity and with greater effectiveness than ever before.

"Rebuilding and restoring the devastated countries, as I see it, is primarily a job for their domestic industries. Certain basic essentials, however, will have to be imported. These include transportation equipment and industrial and agricultural machinery. If private investors abroad will not lend the necessary capital on reasonable terms, countries will be forced to seek help in other ways. Foreign loans might then be arranged on a political basis. This could only mean the rule of power politics in international economic relations.

"I repeat, the business men of this country do not want to do business that way. The extension of these tactics must mean in the end the domination of international trade and investment by governments. This country has the greatest interest in seeing that international trade and investment are determined by economic and not by political considerations.

"We in the Treasury have been aware of these dangers. In 1941 we began to work on post-war currency and investment problems. We prepared a tentative proposal for a World Fund to set fair currency rules and to help countries abide by these rules. We also prepared a tentative proposal for a World Bank to encourage private investors to make sound and productive foreign loans, the risks to be shared by all countries.

"Our discussions showed that other countries were convinced that our proposals offered a practical basis for the solution of common monetary and financial problems. That conviction explains the cooperative spirit at the Bretton Woods Conference. All the 44 countries were determined to protect their own interests—the United States no less than others—yet all were aware that their own well-being depends on international cooperation. On some points national differences had to be reconciled; and I may add that Senator Wagner and Senator Tobey, both delegates to the Conference, rendered conspicuous service in this delicate task.

"Personally, I take pride in the fact that in spite of all the obstacles and pitfalls, we did get an agreement on the basis of the proposals submitted by this Government. We had to compromise—of course we did—that is the democratic way. But it's one thing to compromise on details, on procedures; and it is quite another to compromise on fundamental principles. That is where we drew the line.

"One aspect of the Bretton Woods Agreements deserves special emphasis, their relation to peace. Peace is more than a political problem. It is a complicated structure that can be built only upon the solid foundation of economic order and prosperity in all countries. Peace and prosperity are two sides of the same problem. We can't neglect one without endangering the other.

"We all know how horrible war can be, and we are all determined to do everything possible to prevent these horrors from happening again. But you and I know that if peace is to endure there must be jobs, there must be hope of economic betterment. Otherwise, men fall easy victim to the rabble-rouser, to the quack with a dangerous nostrum.

"It is much the same with nations as with men. In either case, scuffling, pushing and shoving soon lead to blows. And when blows are struck in a crowd, there is likely to be work for the police riot squad.

"There was no riot squad on duty to prevent World War II. There were no rules of the game to prevent pushing and shoving; and the economic scuffling of the 1930s developed the gangsters who finally discarded their economic blackjacks and brass knuckles in favor of the tanks and bombs that bathed Europe, and most of the world, in blood.

"International monetary and financial problems have been a source of conflict for a generation. We must see that after this war they do not become the basis for new conflicts. That will be possible if international trade and investment are put on a business rather than a political basis. In my opinion the Bretton Woods proposals give us the opportunity to decide whether international trade and investment will be carried on through private enterprise on the basis of fair currency rules or through governments on the basis of bilateral agreements.

"International cooperation is a continuing and difficult task. But we are making progress. The overall job of building a world security organization is being worked out at San Francisco. Despite the obstacles to final agreement, the Conference nevertheless moves on. It will succeed because the people of all countries insist that it must succeed.

"The fact that at Bretton Woods we were able to get representatives of 44 nations to agree on proposals for a monetary and financial program is evidence that with care, patience and understanding, we can get agreement on all international problems.

"The people of this country," concluded Mr. Morgenthau's statement, "have shown that they are eager to have our Government take the leadership in dealing with international economic and political problems. There is no difference of opinion among Americans, no partisan division in Congress on this policy. Action by this committee approving the Bretton Woods Agreements will be an inspiration to war-weary and hungry people everywhere, to people who have faith that the United Nations can and will work together to bring about a better world."

Frederic R. Cox Opens Own Office in New Haven

NEW HAVEN, CONN. — Frederic R. Cox is engaging in the securities business from offices at 17 Shoreham Road. Mr. Cox was previously with J. S. Bache & Co.

The Fallacy of Taxes On Capital Gains

(Continued from page 2631)

spects, forced the investor into higher income bearing securities in order to meet his increased day-to-day living obligations.

Increase in Farm Land Values

How real are some of our concerns as to inflation? What may be the degree of inflation in some quarters? Let us examine whether and to what extent prices for homes, farms and other capital assets are inflated and what the causes are for such a development. Farm prices today are higher than at any time during the last decade. The index for the value of farm land, published by the United States Department of Agriculture, uses a base of 100 for the period from 1912 through 1914. In 1937 this index stood at 85 which was one point higher than the index for 1940. By 1943 the index had advanced to 99 and since then the advance has been at the rate of approximately one point a month. The index is estimated today at about 126. In these figures, we observe a long term recovery of farm values following the decade of the 1930's. The Department of Agriculture records that in 1934 the total value of farm land and buildings in the United States amounted to $31.9 billion. By 1937 this had increased to $34.8 billion. It dropped back slightly in 1940 and by 1943 had advanced to a total of $40 billion. The present index would indicate a current value of about $50 billion. This represents a gain of about 56% over 1934.

There is nothing mysterious about this increase in the valuation of farm lands. The market for farm property is largely governed by the earning power of the property and the return which it brings to the owner. In 1934 farm income amounted to $6.8 billion. In 1944 it amounted to approximately $20.2 billion, a gain of 197%. Compare these figures with the 56% increase in valuation just referred to.

The contrast between price improvement of farm commodities during the war and the prices of other commodities is accounted for largely by the Government's farm policy on the one hand and its relatively satisfactory control of non-agricultural commodity prices on the other hand.

Let me give you a few interesting figures on another point. In 1934, 78 out of every 1,000 farms changed ownership. Of the total sales 18 exchanges were voluntary; 39 represented forced sales; 12 farms were transferred as the result of inheritance and gifts; seven were sold by administrators and executors; and the remainder were sold for other reasons. In 1943, 65 farms out of every 1,000 farms changed ownership. Of the 65, 44 were exchanged voluntarily and only six were forced sales; five changed hands as the result of inheritance and gifts and eight represented administrators' and executors' sales. Farm indebtedness dropped from $7.9 billion on Jan. 1, 1934, to $6.4 billion on Jan. 1, 1943. This reduction has continued at an accelerated rate during the last two years, and total debt is now estimated at around $5 billion. This is a total reduction of over 36% since 1934.

An over-all view of what has happened to agricultural properties since 1934, therefore, discloses a reduction of more than one-third in mortgage debt; an increase of almost 200% in income and the aggregate value of farm land may be estimated today at approximately 50 to 60% above the 1934 level. It can be reasoned that the long term six months holding period and maximum effective capital gains rate of 25% have acted as a barrier to the resale of many farm properties acquired at lower than current market prices. My point is that the most effective brake on rising prices is the increased offering of property for sale.

In urban real estate, fundamentally the same factors determine the current market price. During the war, many dislocations have developed as a result of the housing shortages generated by the concentration of labor in war production centers. In general, residential real estate sells at prices which are based upon the cost of reproduction. Higher wages and higher material costs will inevitably be reflected in the market for urban real estate and this is especially true at the present time when there is a scarcity of residential facilities in many areas throughout the country.

Only under the war economy has the real estate market recovered from the depression of the early 1930's. The National Association of Real Estate Boards reports that a survey of the urban real estate market reveals that most of the buying is for permanent holding and for investment. In Chicago, several large properties have recently been sold at a price which, reportedly, represents amout 50 cents on the dollar of the present construction costs. Apartment houses are not selling at figures that equal replacement costs because of rent ceilings. Good homes in the higher brackets are still selling well below reproduction costs because of the element of upkeep and the inability to obtain the service essential to this type of establishment.

Current Level of Stock Prices

It is not my purpose to express any opinion, by implication or otherwise, as to the current level of stock prices, much less to embark upon a forecast of market movements. It is, however, appropriate to comment upon the results of a survey prepared by an independent source which deals with the changes which have taken place in the relationship of earnings, dividends and stock prices over the 15 years to the end of 1944. This survey reveals that at the end of 1944, industrial stock prices were 19% higher than the average price for the preceding 15 years. As against this, average earnings for the same group of companies were 33% higher than the average of such earnings over the preceding 14 years, while dividend payments were 2% higher.

In the same report, as a measure of speculative activity, it was pointed out that the reported volume of common stock transactions on the New York Stock Exchange for the year 1944 was only 68% of the average reported volume for the years 1930-1943, inclusive. I leave you to draw your conclusions as to whether this comparison is indicative of excessive speculation.

While I am on this subject it may be well to point out that the amount of credit used for the carrying of securities is relatively small today. Moreover, under margin requirements put into effect by the Exchange itself a purchaser is obliged to pay in full for securities selling at $10 a share or less. The most that a purchaser can borrow on any security is 50% of its market value. It would seem to me that these requirements are entirely adequate under present-day conditions.

Tax Exemption of Non-Residents

There is a condition which may be an important influence in our markets and to which I would like to draw your attention. The provisions of the Internal Revenue Code exempting non-resident aliens not engaged in business in the United States from tax on capital gains have worked well in practice and should not be disturbed in so far as they apply to persons actually residing outside of the United States. Due to the extraordinary conditions which have prevailed during the war, many aliens physically reside in the United States although they technically are non-residents since they are here on visitors' visas. Under the Internal Revenue Code such persons are now exempted from tax on capital gains and the question arises as to whether such exemption should be continued.

The proposed tax Conventions between the United States and the United Kingdom, designed to avoid international double taxation and thereby encourage the free flow of foreign commerce and capital, are awaiting ratification or rejection by the Senate. I am in hearty agreement with the broad objectives of these Conventions, but I question the freezing, by the Convention, of the tax-free status granted nonresident aliens while actually residing in this country. This subject seems to merit consideration by Congress at a time of extreme sacrifice on the part of our own people in pursuit of the war effort.

I have no knowledge of the number of people from abroad presently residing in this country under visitors' visas; neither do I know the length of time they have been here. Further, I have no personal knowledge of the amount of capital which they have to their account in this country. This information, I presume, is a part of the Government's files. It is common knowledge that they are operating in our markets on a wide scale. There is no good reason why these visitors should not be similarly subject to the provisions of the capital gains law which distinguishes clearly between short and long term commitments and imposes heavy taxes upon the realization of short term profits. The present provisions present a strong deterrent against this type of operation and it is only where these exemptions exist that uncontrolled speculation may occur.

In conclusion, may I say that the six months provision of the capital gains law adequately distinguishes between the short-term trader and the investor. A lengthening of the holding period or any increase in rates applicable to long term gains would not serve any purpose as a brake on inflation, but would be a serious hindrance to the free flow of necessary venture capital. A great responsibility rests with Congress to accelerate those necessary steps which will pave the way toward assured success in meeting the problems of the post-war period. I have every confidence that this country can look forward to a resumption of peaceful progress, given the encouragement that can come only from a realistic and sound tax policy.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 2612)

The Cross Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available a memorandum on **San Carlos Milling Co., Ltd.**, including a reprint of an article on prospects for those desiring an interesting speculative situation.

Delaware Lackawanna & Western—Discussion of first mortgage A 4s due May 1, 1993—Contained in the current issue of **Railroad Securities Quotations**—B. W. Pizzini & Co., 25 Broad Street, New York 4, 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 Industries Co.—Recent report — **Mercier, McDowell & Dolphyn, Buhl Building**, Detroit 26, Mich.

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

Globe American Corporation—Report in detatil on the post-war prospects which are considered outstanding by Kneeland & Co., Board of Trade Building, Chicago 4, Illinois.

Guaranty Trust Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

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

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

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

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

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.—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 Automotive Fibres—Market comment memorandum—Bennett & Palmer, 165 Broadway, New York 6, N. Y.

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.

Also an analysis of **Mississippi Glass Co.**

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.

Puralator Products, Inc.—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; Hartford-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; Interstate Power Co.** and **P. R. Mallory.**

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.

E. H. Scott Radio Laboratories, Inc.—Letter on post-war distribution plans—Brailsford & Co., 208 South La Salle Street, Chicago 4, Illinois.

Also a comprehensive Trustees' Report on **Chicago North Shore & Milwaukee RR.**

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & 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.

Warner Brothers Pictures, Inc. — Special detailed review — Wechsler & Co., 120 Broadway, New York 5, N. Y.

Winters & Crampton Corporation—Memo on current situation —First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Business Man's Bookshelf

Business in Two War Periods—Leonard P. Ayres—The Cleveland Trust Company, Cleveland, Ohio —paper.

Model Bilateral Conventions for the Prevention of International Double Taxation and Fiscal Evasion—Report of second regional tax conference in Mexico, D. F., July 1943—League of Nations—International Documents Service, Columbia University Press, New York City—paper—$1.00.

Calendar Of New Security Flotations

OFFERINGS

EUREKA VACUUM CLEANER CO. on April 30 filed a registration statement for 122,500 shares ($5 par) common stock.

Details—See issue of May 10.

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

Underwriters—Hornblower & Weeks and Kebbon, McCormick & Co. are named principal underwriters.

Offered May 31 at $14.375 per share.

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.

SATURDAY, JUNE 16

UTAH OIL REFINING CO. on May 28 filed a registration statement for 198,828 shares of common stock (par $5).

Details—See issue of June 7.

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.

Underwriters—None named.

SUNDAY, JUNE 17

FAIRMONT CREAMERY CO. on May 29 filed a registration statement for 60,000 shares of preferred stock, 4% ($100 par) and 62,773 shares of common stock (no par).

Details—See issue of June 7.

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.

Underwriters—To be supplied by amendment.

TUESDAY, JUNE 19

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

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.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

SATURDAY, JUNE 23

LIBERTY LOAN CORP. has filed a registration statement for 65,000 shares of cumulative preferred stock, 50-cent convertible series (par $5).

Address—209 North La Salle Street, Chicago, Ill.

Business—Lending money under the provisions of State "small loan laws."

Offering—Price to the public is $10 per share.

Proceeds—For additional working capital. The company will receive $9 per share after underwriting discounts and expenses, and an amount equal to $4 per share, being the excess of such proceeds over the par value, will be credited to capital surplus.

Underwriters—Sills, Minton & Co., Inc., Chicago, is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5755. Form S-1. (6-4-45).

SUNDAY, JUNE 24

E. R. SQUIBB & SONS has filed a registration statement for 150,000 shares of $4 cumulative preferred stock (no par). Stockholders will vote June 25 on authorizing the issuance of the new preferred stock.

Address—745 Fifth Avenue, New York City.

Business—Manufacturing chemist, etc.

Offering—Company is offering to the holders of its 56,894 shares of Series A preferred and 42,012 shares of Series B preferred the right to exchange such shares, on a share for share basis, for the new $4 preferred, with adjustment of dividends of 20 cents on each share of Series A and 5 cents on each share of Series B stock exchanged. The remaining 51,094 shares and the unexchanged shares will be purchased by the underwriters and offered to the public at a price to be filed by amendment.

Proceeds—A part of the proceeds from the sale of the preferred will be applied to the redemption at $107.50 and accrued dividends on Aug. 1, 1945, of the outstanding shares of each issue not presented for exchange, and the balance will be added to working capital, to assist in carrying increased inventories and receivables, for the construction of additional manufacturing and warehousing facilities and for other corporate purposes.

Underwriters — Union Securities Corp. and Harriman Ripley & Co., Inc., head the group of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5756. Form S-1. (6-5-45).

STERLING DRUG CO. has filed a registration statement for 125,000 shares of 3½% cumulative preferred stock ($100 par).

Address—170 Varick Street, New York, N. Y.

Business—Manufacture and sale of pharmaceutical products.

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

Proceeds—Net proceeds will be used to retire $9,500,000 of bank loans incurred in the acquisition of the Class B common stock of Winthrop Chemical Co. from General Aniline & Film Corp., and for additional working capital, a substantial part of which is to be used for expansion of plant and equipment. Company now owns all of the capital stock of Winthrop Chemical.

Underwriters—Eastman, Dillon & Co. heads the list of underwriters, with names of others to be filed by amendment.

Registration Statement No. 2-5757. Form A-2. (6-5-45).

MARKET BASKET has filed a registration statement for 42,548 shares of $1 cumulative Series A preferred (par $15) and 85,095 shares of common (par $1).

Address—Pasadena, Cal.

Business—Operating chain food stores.

Offering—Price to the public will be filed by amendment. Of the total registered, 7,188 shares of preferred and 14,375 shares of common are to be offered by issuer, the balance by certain stockholders. The offering is to be made after reclassification of securities.

Proceeds—Issuers part to acquire outstanding stock of Doleshal Bros., Inc. Balance to selling stockholders.

Underwriters—Bateman, Eichler & Co. and Nelson Douglass & Co.

Registration Statement No. 2-5758. Form S-1. (6-5-45). .. Registration statement originally filed in San Francisco.

TUESDAY, JUNE 26

MOORE DROP FORGING CO. has filed a registration statement for 30,000 shares of cumulative convertible preferred stock and common stock. The dividend rate on the preferred, which will be sold for account of the company, will be filed by amendment. The number of common shares to be registered will be filed by amendment. The common stock is being offered by a number of stockholders. The registration statement also covers 20,000 common stock purchase warrants for the purchase of 20,000 shares of common issuable upon the exercise of the warrants and 120,000 shares of common for conversion of the preferred.

Address—38 Walter Street, Springfield, Mass.

Business—Production of drop forgings.

Offering—Price to public will be filed by amendment.

Proceeds—Net proceeds to be received from sale of preferred stock and warrants together with $640,000 from the sale of 2½% serial notes and treasury funds will be applied to redemption on Aug. 1, 1945, at $100 per share of all of the 22,376 Class A shares of the company outstanding, exclusive of 1,189 held by the company which are to be retired.

Underwriters—Lee Higginson Corp. heads the group of underwriters.

Registration Statement No. 2-5759. Form S-2. (6-7-45).

INCORPORATED INVESTORS has filed a registration statement for 1,300,000 shares of capital stock.

Address—One Court Street, Boston, Mass.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriter—The Parker Corp., Boston, is named underwriter.

Registration Statement No. 2-5760. Form A-1, (6-7-45).

COMMERCIAL CREDIT CO. has filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Address—14 Light Street, Baltimore, Md.

Business—Specialized forms of financing and insurance.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Proceeds—Net proceeds will be used for the redemption of the outstanding preferred and to increase working capital.

Underwriters—Kidder, Peabody & Co. and First Boston Corp. are named principal underwriters.

Registration Statement No. 2-5761. Form A-2. (6-7-45).

PORTLAND GENERAL ELECTRIC CO. has filed a registration statement for $34,000,000 first mortgage bonds, due July 1, 1975. Interest rate will be filed by amendment.

Address—621 S. W. Alder Street, Portland, Ore.

Business—Public utility.

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

Proceeds—Proceeds from sale of the bonds, plus a $4,000,000 bank loan and other funds of the company will be applied to the redemption on Oct. 1, 1945, of $39,565,000 first and refunding mortgage gold bonds, 4½% series due 1960 at 102 plus accrued interest.

Underwriters—The bonds will be offered for sale under the Commission's competitive bidding rule and the names of underwriters will be filed by amendment.

Registration Statement No. 2-5762. Form S-1. (6-7-45).

COLGATE-PALMOLIVE-PEET CO. has filed a registration statement for 125,000 shares of $3.50 preferred stock (no par).

Address—105 Hudson Street, Jersey City, N. J.

Business—Manufacture of soap, cleansing agents, dentifrices, other toilet articles, etc.

Offering—Company expects to offer holders of its $4.25 outstanding preferred an opportunity to exchange such stock for the new preferred on a share for share basis plus a cash adjustment. Cash proceeds to be received from the sale of unexchanged shares to underwriters, together with treasury funds of the company to the extent required, will be applied to redeem at $101 per share plus accrued dividends all unexchanged shares.

Purpose—To retire presently outstanding preferred stock.

Underwriters—Dillon, Read & Co., Inc. head the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5763. Form S-1. (6-7-45).

WEDNESDAY, JUNE 27

ELLIOTT CO. has filed a registration statement for 40,000 shares of 5% cumulative preferred stock (par $50) and 86,406 shares of common (par $10).

Address—Jeannette, Pa.

Business — Manufacture of steam turbines, electric generators, motors, etc.

Offering—Price to the public will be filed by amendment. Company proposes to call its 5½% cumulative convertible preferred stock and, to the extent that common shares reserved for reconversion of preferred are not issued for such purpose, company proposes to sell such common shares to the underwriter. Prior to the public offering of any common shares a post-effective amendment will be filed.

Purpose — To redemption of preferred stock and working capital.

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

Registration Statement No. 2-5764. Form S-2. (6-8-45).

PAN AMERICAN AIRWAYS CORP. has filed a registration statement for 3,986,522 shares of common stock (par $2.50).

Address—15 Exchange Place, Jersey City, N. J.

Business — A holding company which owns subsidiaries engaged in transportation of passengers, property and mail.

Offering—Company will offer 1,993,261 units to shareholders on the basis of one unit for each two shares held. The unit will consist of one share of common stock and a warrant to purchase an additional share at $18 per share. Rights expire Dec. 31, 1947. The offering price will be filed by amendment. Atlas Corp. has guaranteed that stockholders will take up to $25,000,000 of the units and in event the subscriptions fall under that amount Atlas will take up sufficient units to bring the total to $25,000,000, with the right to take in excess of $25,000,000 if it desires. If stockholders take up to $25,000,000 of the units, Atlas will receive 500,000 warrants. The 500,000 warrants to be received by Atlas are to be reduced by the number of units to be purchased in meeting its commitment. Under the underwriting agreement Atlas is not permitted to hold more than 200,000 shares. It will be necessary to make a secondary offering of any shares taken down by Atlas under their commitment or upon the exercise of warrants in excess of 200,000 shares.

Proceeds—Net proceeds will be placed in the general funds of the company to be used, with other general funds, for the repayment of outstanding bank loans, capital expenditures, including the purchase of flight and ground equipment, and additional working capital.

Underwriters—Atlas Corporation.

Registration Statement No. 2-5765. Form S-1. (6-8-45).

THURSDAY, JUNE 28

HAMILTON WATCH CO. has filed a registration statement for 35,000 shares of 4% convertible preferred stock (par $100).

Address — Columbia Avenue, Lancaster, Penna.

Business—Normal business manufacture of high grade watches.

Offering—Preferred shares are being offered by the company to the holders of its common shares at the rate of one preferred share for each 11 common shares at a price to be filed by amendment. The unsubscribed shares will be purchased by the underwriters and offered to the public at a price to be filed by amendment.

Purpose—Redemption on Sept. 1, 1945, of all then outstanding 6% cumulative preferred at $105 per share plus accrued dividends.

Underwriters — Union Securities Corp., Dillon, Read & Co., Inc., Harris, Hall & Co., Inc., Morgan Stanley & Co. and Reynolds & Co.

Registration Statement No. 2-5766. Form S-1. (6-9-45).

BURLINGTON MILLS CORP. has filed a registration statement for 150,000 shares of preferred stock (par $100). The dividend rate will be filed by amendment.

Address—Greensboro, N. C.

Business — Manufacture of woven and knitted fabrics from rayon, other synthetic yarns, etc.

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

Proceeds—Net proceeds will be used to prepay a 3% promissory note outstanding in the amount of $8,000,000, and to redeem all of the 58,602 shares of 5% cumulative preferred stock at $108.50 per share. Balance of net proceeds will be added to general funds.

Underwriters—Kidder, Peabody & Co. head the underwriting group, with names of others to be filed by amendment.

Registration Statement No. 2-5767. Form A-2. (6-9-45).

MOUNTAN STATES POWER CO. has filed a registration statement for $7,500,000 first mortgage bonds, due July 1, 1975. The bonds are to be sold at competitive bidding, with the successful bidder naming the interest rate.

Address — 236 Lyon Street, Albany, Oregon.

Business—Public utility.

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

Proceeds—Net proceeds will be applied toward the redemption of presently outstanding $7,500,000 first mortgage bonds, 4¼% series due Jan. 1, 1965, at 104 plus accrued interest.

Underwriters—To be filed by amendment.

Registration Statement No. 2-5769. Form S-1. (6-9-45).

SATURDAY, JUNE 30

ED. SCHUSTER & CO., INC., has filed a registration statement for 18,504 shares of 4¼% cumulative preferred stock ($100 par). The total includes 13,679 shares to be sold by the company and 4,825 shares to be sold by certain stockholders.

Address—2153 North Third Street, Milwaukee, Wis.

Business — Operates three department stores in Milwauke..

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

Proceeds—Company's share of the proceeds will be added to its general funds pending specific allocation. The company has in contemplation a tentative program for modernization and expansion the cost of which has been estimated at $3,000,000. It the plan is undertaken the company would expect to provide a substantial portion of the additional funds which may be required through the proceeds of future financing.

Underwriters—Wisconsin Co. heads the underwriting group.

Registration Statement No. 2-5770. Form S-2. (6-11-45).

THE TRAILMOBILE CO. has filed a registration statement for 40,000 shares $2.25 cumulative convertible preferred stock, par $50.

Address—31st. and Robertson Avenue, Cincinnati, Ohio.

Business—Company is the second largest manufacturer of truck-trailers in the United States.

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

Proceeds—The net proceeds will be used to the extent of $395,325 in the redemption of the presently outstanding 3,765 shares of 7% cumulative preferred at the redemption price of $105 on Oct. 1, 1945. The balance will be used in the acquisition of additional facilities and for working capital.

Underwriters—The underwriters are W. E. Hutton & Co., Paul H. Davis & Co. and Bacon, Whipple & Co.

Registration Statement No. 2-5771. Form S-1. (6-11-45).

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 due 1960 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 $7.50 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.

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.

RACQUET CLUB OF WASHINGTON, D. C. on May 25 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.

Details—See issue of June 7.

Underwriters—None named.

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.

OPA Methods Upheld

The Supreme Court, in an 8-1 decision delivered by Justice Murphy, Justice Roberts dissenting, upheld the Office of Price Administration in its practice of basing ceiling prices on deliveries actually completed during the March, 1942, base period rather than on contracts made during that time, according to an Associated Press report from Washington, June 4.

OPA said the issue presented to the tribunal affected forty-seven price regulations on such items as furniture, household appliances, fuels and chemicals.

The agency appealed from decisions by the Southern Florida United States District Court and the Fifth Federal Circuit Court in a case involving sales of crushed stone by the Seminole Rock and Sand Co. of Miami, Fla., to the Seaboard Air Line Railway.

OPA contended Seminole could not charge Seaboard more than 60 cents a ton because that was the price which Seminole got for stone actually delivered to Seaboard in March, 1942—the base period for determining prices. This stone was delivered under an October, 1941, contract. In later contracts, signed in October and December of 1942, the price to Seaboard was raised to 85 cents and then to $1.

OUR REPORTERS' REPORT

Business has slowed to a walk in the corporate new issue field in deference to the Treasury's Seventh War Loan Drive which is now in full swing. But if only a portion of the potential new business, which some observers see in prospect, materializes the approaching summer promises to be one of the busiest in the history of the underwriting industry.

Tucked away in the corner of the desk blotter of one man who keeps continuously in close touch with the overall situation is a pad with a roster of some 52 separate issues which he regards as prospects once the current war loan dirve is consummated.

As he says himself, "not all of these prospects will necessarily develop into actual business. But," he adds, "at least two accounts have been formed in each of the potential issues. "Accordingly, he concludes, "these are situations that are alive and likely to be more actively discussed as the turn of the month approaches."

Topping the list, of course, is the huge refinancing, involving $175,000,000, projected by American Telephone & Telegraph, followed closely by an operation embracing refunding of $45,000,000 of its debt by Southern Bell Telephone Co., an A. T. & T. subsidiary.

But the over-all line-up is a good cross-section of industry generally and includes a host of sizable railroad projects as well as several substantial industrial plans for replacement of outstanding preferred stocks.

Scanning New Fields

Corporations generally have pretty well accomplished the task of bringing their funded debt structures into line with the existing money market, with substantial interest savings, and now are given to looking over the field with an eye to replacement of high-dividend preferred stocks.

Several of those operations promise to comprise a large segment of business in the new issue market during the July-August period. Four such undertakings alone now definitely in the works, involve approximately $100,000,000.

Largest of these is Reynolds Tobacco Co.'s projected issue of $49,000,000 of new preferred; followed by Commercial Credit Co.'s $25,000,000 issue, Colgate-Palmolive-Peet's $12,500,000 and Bristol-Myers Co.'s $7,500,000 undertakings. These are offerings which will be handled by direct negotiation with bankers since they are not subject to the competitive bidding rule of the SEC.

N. Y. State Electric

There are indications that New York State Electric & Gas Corp., may be required by the Public Service Commission to increase its set-aside from earnings for debt retirement and improvements, as the price of approval of its refinancing plan by the State body.

The company plans to seek bids in July for $10,000,000 new bonds and $15,000,000 preferred stock to retire $13,000,000 of outstanding 3¾s, due 1964 and $12,000,000 of 5.1% preferred stock.

At present the company is charging off $1,380,000 against earnings for bond redemption and property additions under an earlier order of the Commission, against $1,500,000 being paid annually in dividends to NY PA NJ Utilities Co., which holds control and is in turn controlled by Associated Gas & Electric Corp.

Railroad Prospects

Well up on the list of prospective refunders in the railroad field is Great Northern Railway which last September sold $100,000,000 of new issues to replace outstanding debts.

The company is now regarded as quite certain to go through with refinancing of its outstanding $50,000,000 of Series I 3¾s, due 1967, subject to call at 104 on nine weeks' notice on any interest date.

This operation would very likely wind up the road's refunding plans for two years ago since the only other sizeable issue subject to call, the 4½s of 1977, cannot be replaced before July, 1947.

Rejects Tariff Cut Power for Truman

On a vote of 10-to-9, the Senate Finance Committee turned down the Administration's request for authority to cut tariff rates an additional 50%, and then reported the reciprocal trade agreement extension bill favorably, the Associated Press reported from Washington June 8, and went on to say that in spite of the Committee's action Senator George (Dem.-Ga.), the Chairman, expressed determination to try to write the additional rate-cutting authority back into the measure when it is called up in the Senate.

The Committee turned down five other amendments, including one sponsored by Senator O'Mahoney (Dem.-Wyo.)—not a member of the Committee—which would have provided for Congressional review of all new trade agreements and rate cuts. It lost by a vote of nine to ten.

By exactly the same vote, the committee rejected an amendment by Senator Taft (R.-Ohio), which would have limited the extension of the trade law to two years rather than three. Also rejected were amendments to freeze the import duties on wool and cordage. The amendment eliminating the additional tariff cutting power also was presented by Senator Taft.

Voting for it were: Senators Walsh (D.-Mass.), Gerry (D.-R.I.), Johnson (D.-Col.), Taft (R.-Ohio), Thomas (R.-Idaho), Butler (R.-Neb.), Millikin (R.-Col.), Brewster (R.-Me.), Bushfield (R.-S.D.), and Hawkes R.-N. J.). Lined up against it were Chairman George and Senators Barkley (D.-Ky.), Bailey (D.-N. C.), Byrd (D. Va.), Guffey (D.-Pa.), Radcliffe (D.-Md.), Lucas (D.-Ill.), McMahon (D.-Conn.) and LaFollette.

(The "Chronicle" reported the House passage of the tariff bill in the June 7 issue, p. 2535.)

Brussels Bourse Opens

There has been a resumption of trading on the Brussels Bourse, which has reopened its doors after a nine months' suspension, according to a special dispatch from there to "The Wall Street Journal" on June 5, which continued, stating:

The first day of the session was animated, though actual trading was confined to Government funds. Prices were considerably below those quoted at the end of last August when the Bourse closed. For example, the 2½% loan was quoted at 77.50, against 83.50 nine months ago, the 3% loan at 85, against 99.65, and issues of Treasury bonds were down three to five points. Numerous buying orders had been placed by insurance companies, but private selling orders were relatively few.

No effective prices were quoted for non-Government bonds or stocks, nor were "bid and asked" prices published. The trend, however, is reported to have been fairly favorable, with small offerings in the established leaders, and with colonials in demand in the expectation of good interim dividends.

DIVIDEND NOTICES

The Chesapeake and Ohio Railway Co.

A dividend for the second quarter of 1945 of seventy-five cents per share on $25 par common stock will be paid July 2, 1945, to stockholders of record at close of business June 2, 1945.

A special dividend payable in common stock of The Pittston Company at the rate of one share of Pittston common for each forty shares of $25 par common stock of The Chesapeake and Ohio Railway Company held will likewise be paid July 2, 1945, to stockholders of record June 2, 1945.

Transfer books will not close.

H. F. LOHMEYER, *Secretary*

International MINERALS & CHEMICAL CORPORATION

General Offices
20 North Wacker Drive, Chicago

★

Dividends were declared by the Board of Directors on May 28, 1945 as follows:

4% Cumulative Preferred Stock
Regular Quarterly Dividend
of One Dollar ($1.00) per share

$5.00 Par Value Common Stock
Fifty Cents (50c) per share

Both dividends are payable June 30, 1945 to stockholders of record at the close of business June 15, 1945.

Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

★

Mining and Manufacturing
Phosphate • Potash • Fertilizer • Chemicals

COLUMBIA GAS & ELECTRIC CORPORATION

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

Cumulative 6% Preferred Stock, Series A
No. 75, quarterly, $1.50 per share

Cumulative Preferred Stock, 5% Series
No. 65, quarterly, $1.25 per share

5% Cumulative Preference Stock
No. 54, quarterly, $1.25 per share

payable on August 15, 1945, to holders of record at close of business July 20, 1945.

DALE PARKER
June 7, 1945 *Secretary*

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

LION OIL REFINING COMPANY

El Dorado, Arkansas

A quarterly dividend of 25¢ per share and an extra dividend of 10¢ per share have been declared on the Capital Stock of this Company, both payable July 14, 1945, to stockholders of record June 30, 1945. The stock transfer books will remain open.

E. W. ATKINSON, *Treasurer*

June 11, 1945

EATON & HOWARD BALANCED FUND

The Trustees have declared a dividend of 20 cents a share payable June 25, 1945 to shareholders of record at the close of business June 16, 1945.

June 12, 1945 24 Federal Street, Boston

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

June 7, 1945

THE Board of Directors on June 6th, 1945 declared a quarterly dividend of 37½c per share on the outstanding Common Stock of the Company, payable on the 30th day of June, 1945 to stockholders of record at the close of business on the 19th day of June, 1945. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

OFFICE OF LOUISVILLE GAS AND ELECTRIC COMPANY

The Board of Directors of Louisville Gas and Electric Company (Delaware) at a meeting held on June 8, 1945, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company for the quarter ending May 31, 1945, payable by check June 26, 1945, to stockholders of record as of the close of business June 18, 1945.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending May 31, 1945, payable by check June 26, 1945, to stockholders of record as of the close of busines June 18, 1945.

G. W. KNOUREK, Treasurer.

Universal Pictures Company, Inc.

DIVIDEND

The Board of Directors has declared a quarterly dividend of 50c per share on the outstanding stock of the Company, payable July 31, 1945 to stockholders of record at the close of business on July 16, 1945.

New York & Honduras Rosario Mining Company

120 Broadway, New York, N. Y.
June 13, 1945.

DIVIDEND NO. 371

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the second quarter of 1945, of Seventy Cents ($.70) a share on the outstanding capital stock of this Company, payable on June 30, 1945, to stockholders of record at the close of business on June 20, 1945.

W. C. LANGLEY, Treasurer.

The brokerage commission for Government paper has been fixed at 5 per mille, against the former rate of 3 per mille, and for non-Government bonds and shares at 7½ per mille, against 5 per mille previously.

UNITED FRUIT COMPANY

DIVIDEND NO. 184

A dividend of one dollar per share on the capital stock of this Company has been declared payable July 14, 1945 to stockholders of record at the close of business June 21, 1945.

LIONEL W. UDELL, Treasurer.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The 2½s due 1967/72, the highest yielding taxable bond that can be bought by commercial banks, is still the bellweather of the Government bond market. . . . Although this issue continues to move into new alltime high ground, it is still considered the most attractive taxable obligation for the commercial banks, especially for those institutions that have savings deposits. . . . Holders of the 2½s due 1952/54 and the 2½s due 1956/58 are being advised to sell these bonds and to reinvest the proceeds in the 2½s due 1967/72. . . .

TAXABLES GAIN

Helped by the sharp demand for the longest unrestricted taxable obligation, the entire taxable list improved with the best showing made by the 2s due 1951/53, the 2s due 1951/55 and the 2s due 1952/54. . . .

A better tone was in evidence in the shorter maturities such as the 2s of 49/51, and the 2s of 50/52, as these issues were taken on by institutions who feel that they give an attractive return at these levels. . . .

It was pointed out by certain purchasers of these securities, that they believe that these obligations at present levels are pretty well adjusted to the new offering of the 5½ year 1½s. . . .

CAUSE AND EFFECT

It is indicated that if the new 1½s due December 15, 1950 go to as substantial a premium as is looked for, the shorter maturities of the outstanding 2s will be very little effected by the new financing. . . .

Improvement was registered in the restricted issues as the 2½s due 1965/70 and 1966/71 moved ahead to bring them in line with the price advance that has taken place in the shorter maturities of these bonds. . . .

WHY A PREMIUM?

For individuals and others who can buy the 2½s due 6/15/67/72, that are available in the Seventh War Loan, at 100, there seems to be no reason why they should pay a premium for the outstanding obligations. . . . The buying that is going on in the outstanding restricted issues is probably due in part to the fact that the older bonds will become eligible for bank investment several years ahead of the new ones. . . . Some profit taking and switching out of the 2¼s due 1956/59 was reported, but this issue held firm and gave up very little of its recent advances. . . .

The recommendation is still being made that these bonds be taken on by those who are in a position to do so, at these levels, with the advice that larger amounts be purchased if weakness should develop in them during the final phase of the drive. . . .

MARKET FAVORITE

The outstanding issue in the partially exempts is the 2¾% due 1960/65, which registered the largest gain in the market, and went to another alltime high. . . . This bond as well as the 2¾% due 1958/63, which also made a new alltime high, were bought because of the favorable "tax free yield" that is available in these obligations compared with similar issues of the taxable bonds. . . . The 2¾% due 1956/59, the 2⅞% due 1955/60, the 2¼% due 54/56 and the 2% due 55/53 also showed substantial advances. . . . The short and intermediate maturities of the partially exempts registered minor gains. . . .

These issues however are not considered too attractive at these levels since in many instances the taxable obligations give a larger "tax free yield" than is obtainable in the partially exempt issues. . . . The last four maturities of the partially exempts are still considered the most attractive obligations in this group. . . .

OPINION

Likewise appreciation possibilities exist in these bonds as long as the "tax free yield" on these obligations is larger than that available in comparable maturities of the taxable securities. . . . The opinion is held in certain quarters that the long partially exempt issues will not be subjected to downward price adjustments despite present high levels, unless there is a recession in the prices of the taxable issues. . . . If there should be a sell off in the taxables and the partially exempts from these levels, the opinion is still held that it will not be substantial and will be very temporary. . . .

Accordingly the recommendation is still being made that on any price weakness the issues that meet the needs of individuals and institutions should be picked up in substantial amounts. . . .

BRITISH POLICY

Although full details are not yet available, reports indicate that the British issuance of 2½% War Bonds will result in a slight decrease in the cost of carrying the debt burden in that country. . . . The adoption by the English of a 1¾% rate instead of a 2½% rate, last year, was given as one of the important reasons for the sharp rise in prices in our Government market. . . . This price rise made it possible for the Treasury to finance with a 1½% rate instead of a 2% rate. . . .

Despite what happened in the past, informed students of the money markets are of the opinion now, that the pattern of financing here is so well set that changes in rates elsewhere would have no effect on our rates. . . .

They point out that our policy of financing meets the needs of the Treasury which is to finance as cheaply as possible. . . . The money markets in this country will be determined by the needs of the Treasury, and the government has the power to maintain rates at present low levels. . . . The Treasury will continue to offer long term 2½% to insurance companies and savings banks, and this rate for long term funds is satisfactory to institutional investors. . . .

POST-WAR

The liquidity of our money markets in the post-war period, particularly once a substantial return flow of currency from circulation sets in, and gold returns, is bound to be great. . . . This in turn will prevent any material increase in rates of interest on short term Government obligations such as certificates and notes, which will be taken by the banks. . . . Medium maturities of Governments are not expected to change much from present levels. . . . The shortage of long term high coupon bonds the commercial banks can buy will mean higher price and lower yields for the outstanding securities. . . .

While the Treasury will no doubt continue to supply the market with restricted long term 2½s, the decline in yield of those outstanding securities which commercial banks can buy tends to pull down the general level of interest rates. . . .

Vernon Brown to Admit

Vernon C. Brown & Co., 71 Broadway, New York City, members of the New York and Philadelphia Stock Exchanges, will admit Thomas J. Brady to general partnership and Gertrude W. Brown to limited partnership on June 22. Mr. Brady, who was formerly a partner in the firm, will acquire the Stock Exchange membership of Arthur J. McKenna.

Georgeson Co. Admits Several New Partners

Georgeson & Co., 52 Wall Street, has admitted Gardner B. Perry, Mary Vail Andress and Florence E. Nye to partnership. Other partners are Richard S. Nye and Dorothy Seitz. Mr. Perry has been with the firm in charge of the Boston office. Miss Andress has been manager of the uptown New York branch.

Arthur Zucker Dies

Arthur Zucker, member of the New York Stock Exchange with offices at 39 Broadway, New York City, died at his summer hame at the age of sixty-four.

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