Silver and Inflation
By HERBERT M. BRATTER

Reported Use of Treasury's Silver for Issuance of Silver Certificates Seen as Inflationary Move. Silver Bloc Appeared for Support of Bretton Woods.

WASHINGTON, July 17—A report that the President of the Senate, Mr. Lasker (now the President pro tempore of the Senate), had directed that Treasury silver certificates be issued for the first time since the beginning of the year, was greeted by some economists as a threat to the stability of the international monetary system. Mr. Lasker, they said, was using the opportunity of the Senate's summer recess to get an investigation of the possibility of using silver certificates to finance the war effort.

Mr. Lasker has been a strong advocate of using the silver certificates as a means of financing the war, and his move is likely to be welcomed by those who believe that the use of silver certificates will help to prevent the rise in prices that has been occurring in recent months.

The use of silver certificates is likely to be opposed by those who believe that the use of silver certificates will lead to a loss of confidence in the dollar and to a decline in the value of the dollar.

The use of silver certificates is likely to be opposed by those who believe that the use of silver certificates will lead to a loss of confidence in the dollar and to a decline in the value of the dollar.

How to Get More Employment
By DONALD R. RICHBERG


There is an ancient prayer, "Dear Lord, save me from my friends and I will take care of my enemies myself!"

Several million hard-working men and women in the United States might wisely every night think about how to be saved from some of the most vocal, aggressive, and powerful personal friends of labor. A large number of these "friends of labor" are now engaged in promoting three recovery and post-war programs which, if carried out, would insure less earnings, more unemployment, and more difficult conditions for the banks.

"An address by Mr. Richberg at a dinner of the Rotary Club, Roanoke, Va., July 12, 1946. Mr. Richberg has been an Attorney for many labor organizations in lawsuits and arbitrations in the last 25 years. Co-author of the Railway Labor Act, the Anti-Injunction Act, the National Industrial Recovery Act, and the pending Federal Industrial Relations Bill."

(Continued on page 322)

Index of Regular Features on page 238.

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How the Food Problem
By HON. CLINTON P. ANDERSON*
Secretary of Agriculture

Asserting That He Has Recently Taken Over One of the Most Difficult Jobs in Washington, Secretary Anderson, Upholding Full Publicity Regarding Food Supplies, States That We Can't Feed the World and That the Demand for Certain Foods—Exceeds Supply, But There Is Enough Nutritional Food for an Ample Diet. Denounces a Bare Shelf Policy and urine of Prices to Farmers. Sees Difficulties in Removing Subsidies and Declines Separating People Into Conflicting Groups, or of Conflict Between Government and Business. Praises Work of Advertisers.

Mr. Chairman, Ladies and Gentlemen: In this audience there is probably the person responsible for the advertising campaign which is based on the theory that something can be wrong with a fellow and even his best friends won't tell him. Contrary to this assumption, my best friends all assure me that I have recently taken over one of the most difficult jobs an American public official ever had to tackle. It touches the life of every man, woman and child in the nation, for it has to do with the production, preservation and distribution of the nation's food.

*An address by Mr. Anderson before the Advertising Federation of America, New York City, July 11, 1946.

(Continued on page 315)

State and Municipal Bonds
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An Opportunity for Investment Brokers

By HON. FRED L. CRAWFORD
U.S. Representative from Mississippi

Congressman Crawford, Asserting That "Government Agencies or Legislative Forces That Stand in the Way of Ample Production Will Run Into Difficulties Through Economic and Social Chaos," Urges Investment Dealers to Educate the People About the Enterprise System and Those in the Business Are BET Equipped for This, and Recommends That Brokers and Dealers Consult Continuously With Legislators. Calls for Free Markets and Says That If People Fail to Invest in Private Enterprises "There Will Be Unemployment and Social Unrest."

I appreciate all that has been said today about my work in Congress and I hope that my conduct demand your respect and confidence.

There are such things in this world as spiritual and moral forces, and I have such a high respect for our enterprise system, for the inventors of this country, who put their risk capital in it, for common stockholders and brokers and exchanges, both stock and commodity, that I came up here today to get a little inspiration from the home front firing line. We members of Congress should sit in Washington, entirely dependent upon such information as you may give us from time to time, find it very necessary to get out into the field now and then, contact those who make the wheels go around, and get a clearer understanding of what the momentary situation is about. That is my object in coming here today.

It is the thirsty people of the United States who put their risk capital in American enterprise who provide the keystone, the foundation, which has led to the American industrial worker and pay-rollers having the tools in their hands with which to turn out the highest percent of goods produced in the world.

"An address by Congressman Crawford before the Investors' Fairway League, New York City, June 30, (Continued on page 320)"

Breton Woods Dangers to Britain

By ROBERT BOOTHBY, M.P.
Member, Monetary Policy Committee (Great Britain)


It is of vital importance that the British people should understand the great economic issues which now confront our country, and not be confused by the technical jargon in which much of the discussion about our future trade and monetary policy is dressed. I am often asked these days what the Breton Woods Agreement means. Does it put us back on the gold standard? Does it prevent us from negotiating favorable trade agreements with other countries, including our own Dominions? Does it subject us to the economic power of the United States? Would it prevent us from acquiring full economic security? In my view the answer to all these questions is in the affirmative.

Let me try to explain, in simple language, what the Agreement means.

First of all, I would invite the reader to think about money as something with an independent value of its own, but as nothing more than a convenient medium for exchanging real wealth, which consists of goods and services, and of measuring the value of these goods and services. It is, in fact, the oil which lubricates the trade of the world. It is not petrol, in the sense that petrol is by itself, cannot start or drive the wheels of production, but in that there isn't enough of it, the machinery grinds up.

The second thing to remember about money is that it can be created out of nothing. For credit is money. And to quote the words of the Macmillan Committee) "by granting loans, allowing money to be lent, or purchasing securities, a bank can create a credit in its books which is the equivalent of a deposit."

Must Be Kept Steady

The third thing to remember about money is that it is to fulfill the functions of:

(Continued on page 313)

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James S. Todd will open an office in the First National Bank Building, conducting an investment business under his own name.

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And It Came to Pass
Vote of NASD Member Firms on By-Law Amendments Proceeding. District Committee Chairmen Contacting Non-Voters Urging Ballots Be Cast and Attempting to Influence Result. Would Register Traders, Salesmen, Employees, Partners and Officers. Vast Cost of Such Plan a Problem of the Membership. Should Be Defeated.

As our readers are aware, in recent editorials we have opposed proposed amendments of the NASD by-laws under which the registration of salesmen, traders, partners, officers and other employees is contemplated.

Last week, we summarized a number of the grounds which actuated our opposition.

We inquired into the purposes of the Governors in circulating these proposed amendments, and voiced our displeasure with the absence of frank discussion and the failure to apprise the non-voters before member firms.

We thought the method used in circulating the ballot did not lend itself to secrecy.

Pointing out that the identity of those who voted would not be kept secret, we expressed the fear that pressure would be brought to bear upon the non-voters.

It has come to pass!

We are in receipt of a communication from a Portland, Me., dealer in which he says:

"Relative to your statement in the 'Chronicle' of June 21, 1945. I have a firm with a number of District committee members and the non-association's headquarters in Philadelphia."

"With the above, there was enclosed a letter addressed to "The Members of District 14" and signed by the Chairman of that District."

We quote in part from that letter:

"On July 6 there had not been received in Philadelphia headquarters your ballot on the proposed amendment to the By-Laws and Rules of Fair Practice re registration of members' employees, and certain officers of member firms. Your co-operation as a member of the Association in voting on this important proposal is expressly requested in order that as full an expression of Opinion as possible should be obtained.

"If you have lost or misplaced your ballot and related material, please advise the Secretary promptly."

"There has also come into our possession, a letter sent to the non-voters in the current poll who are attached to District

The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office

William D. Dana Company
31 Park Place, New York 8
Telephone 2-3578

Thursday, July 19, 1945

Published twice a week
every Thursday

The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office

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Thursday, July 19, 1945

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The International Bank

By HON. ROBERT A. TAFT*
U. S. Senator from Ohio

Senator Taft, in Asking for a Postponement of Senate Consideration of the Bill for Approving the International Bank for Reconstruction and Development, Asserts That This Institution Involves a More Important Decision than the International Monetary Fund. Holds That (1) Foreign Lending on Scale Contemplated Is Wasteful and Dangerous; and (2) That It Has Little Relation to Permanent Peace, and (3) That a Large Scale Policy of Foreign Investment Even by Private Capital, Is Open to Serious Question. Says Foreign Trade Produced Solely by Credit Is Inflationary.

The bill which provides for the participation of the United States in the International Monetary Fund and the International Bank for Reconstruction and Development is assigned for consideration next week. I am speaking today to urge on the Senate, its majority leader, and its members the desirability of postponing action on this bill, at least until we return from the recess. A new Secretary of State has just been appointed. The appointment of a new Secretary of the Treasury has also just been announced. While it is true that these gentlemen have formally endorsed the Bretton Woods plan, I do not believe either of them has had time to consider the sweeping implications of the permanent financial policies we are asked to endorse. These two institutions are only fractions of the whole foreign economic policy of the United States. They should be fitted into broader plans, and I have been urged by the immediate needs of European governments growing out of the war. Neither the International Fund nor the International Bank is likely to be of permanent service unless there is a lasting solution to the economic problems of the whole world. The solution lies not in international finance but in economic development. It is not difficult to understand why the United States is the only country that can afford to finance the world at present so far as economic development is concerned. But we have no right to use our preponderance of economic power to glut the world with American goods.

By An address by Senator Taft in the United States Senate, July 12, 1945.

(Continued on page 324)

Calls for Clarification of Terms to Japan

Senator Capehart Says Present Policy Is Prolonging War, May Promote Suicidal Unity of Japan and Cause Fatigue in That Land.

Senator Homer E. Capehart (R., Ind.) on July 12 addressed the Senate on the meaning of the amendments to our peace treaty with Japan which had just been announced. While it is true that these gentlemen have formally endorsed the Bretton Woods plan, I do not believe either of them has had time to consider the sweeping implications of the permanent financial policies we are asked to endorse. These two institutions are only fractions of the whole foreign economic policy of the United States. They should be fitted into broader plans, and I have been urged by the immediate needs of European governments growing out of the war.

Thrice a week we bought new things, but we bought only as much as we thought we might possibly want in the future. It was not because we were not sure of the future, but because we thought that the future would be better than today, and we did not want to make our future poorer than it might be.

We want to make America a better place to live in, not just a better place to live in America.

By An address by Senator Taft in the United States Senate, July 12, 1945.

(Continued on page 324)

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Public National Bank
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Here Are Some More Expressions Regarding Competitive Bidding

In our issue of July 12, on page 188, there appeared the first group of the large volume of letters received in response to a request made previously for comments by readers on the subject of competitive bidding. The sole purpose in mind was to obtain the views of dealers in corporate securities as to how this method of marketing railroad and public utility issues had worked in actual practice, and now that the procedure has been in effect for some time. In asking for opinions, attention was called to the reported intentions of proponents of the auction bid principle to bring industrial offerings, along with rails and utilities, within its scope.

In giving herewith some of the letters received on the subject, we wish to note that others already in hand will be given in subsequent issues and that we shall be pleased to receive the views of others who have not yet acted on our suggestion. Communications should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York City 8, N. Y. Naturally, in no instance will the identity of the correspondent be revealed if a request for anonymity is made.

R. W. COURTS
Courts & Co., Atlanta, Ga.

We have recognized there was some justice in competitive bidding for railroad and public utility securities. Operating results and earnings are available periodically on pretty much standardized forms and is easily possible for any investor to follow results. As to railroad securities, bidders could always call for an engineering report. Therefore, competitive bidding might be considered practical and would be based on the money market, institutional buyers, etc., which information is generally available to prospective bidders.

The above conditions are not true in the industrial picture. Accounting practices are not standardized. There is wide divergence in operations and problems. Many companies by the nature of the business have larger inventories, larger accounts receivable, operations are much more prone to fluctuations both seasonal and for other reasons. Competition is terrific and therefore tremendous emphasis must be put upon management not only for ability but for stability in the particular enterprise in which they are engaged. The very nature of the business of industrial companies changes rapidly and some companies may change management to meet the situations, others may not.

It appears to me that industrial companies need bankers that will work with them continually, knowing their pictures and problems and having the feel of their situation. Most industrial companies were left at the mercy of competitive bidders, I would feel that they would be in a highly precarious position, and I am therefore very definitely against any law that would require such competitive bidding in financing industrial corporations. If any industrial corporation is in sound and good and that it wants competitive bidding, all they have to do is to ask for it.

A CHICAGO DEALER

I believe competitive bidding in connection with public utility and railroad securities has resulted in:

1. A low and fixed price of new offerings to the public.
2. Second. Reducing the profit to investment bankers to an unreasonable degree.

Anyone’s opinion as to the results mentioned above depends, of course, on the point of view. It seems to me the emphasis has been placed, and properly so, on protecting the investor who is placing new money in an enterprise. Clearly the new investor is not being protected.

Competitive bidding for the high grade industrial issues would in my opinion show identical results.

(Continued on page 506)
We Suggest

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Calendars of Milking Events

July 20, 1945—Twin City Rod & Gun Club Annual Field Day at Milday Hills Club

August 17, 1945—Bee Club of Delaware Annual Field Day at Greenfield Farm

August 24, 1945—Cleveland Rod & Gun Club Annual Summer Meeting at Olmsted Falls Country Club

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

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The New Columbia Gas Plan

The three principal issuers forthwith for the Gas & Electric's integration program (one official, and two tentative proposals by stockholder interests) have been superseded by a fourth plan, major details of which were released by the SEC last Friday. The managing officers of Columbia and of United Corporation, its principal stockholder, have agreed on the revised program, which may be summarized as follows:

(1) Columbia will sell to Cincinnati Gas & Electric for cash its investment in several small electric subsidiaries but will make a capital contribution of almost an equal amount. The small subsidiary will be transferred to Dayton Power & Light.

(2) Following these corporate changes Cincinnati will refinance its bonds and corporate structure. The refinancing steps will also be taken to improve Dayton's capital structure.

(3) Columbia will then sell its holdings of common stocks in the Cincinnati and Dayton companies, an initial offer being made to its own common stockholders.

(4) Columbia will sell $80-$85,000,000 new debentures and its subsidiary United Fuel Gas will also sell some $55,000,000 bonds, totaling the book debt to Columbus with the proceeds.

(5) Using preliminary offering cash, proceeds of the Cincinnati-Dayton stock sale, and $110,000,000 more to be realized by the two bond sales, Columbia will retire all of its preferred and common stock outstanding.

Columbia will issue two issues of debenture 6% total (at call prices) about $70,000,000 and the three issues of preferred and common stocks at their respective call prices of about $120,000,000. To retire the five issues of preferred stocks, Columbia has decided to go together with incidental expenses, would require about $200,000,000; $50,000,000 in purchase price, $15,000,000 "free" cash in its own capital budget, $110,000,000 from bond sales by dayton and $6,000,000 more to be realized by the two bond sales. This will indicate an estimated valuation for the Dayton and Cincinnati stocks of about $180,000,000.

In the twelve months ending March 31, 1945, Dayton, after paying $3,019,000 excess profits taxes, had a balance of $63,000,000. If excess profits taxes were added to this balance, the income tax rate substituted, Dayton's earnings would aggregate about $2,600,000 and Cincinnati's to $3,270,000, or a total of $5,870,000. With this amount at $1,891,000, if excess profits taxes were added to the balance of $63,000,000, the new tax rate substituted, Dayton's earnings would aggregate about $2,600,000 and Cincinnati's to $3,270,000, or a total of $5,870,000. With this amount, the corporation's profits would substantially increase the excess profits taxes, and other capital rate cuts, possibly tax increases due to sale of electric properties.

and revenue losses due to industrial recession might reduce earnings. Thus the two companies might have expected post-war normal earnings of around $5,870,000. 

This tally, with the Stone & Webster estimate of about $2,600,000, obtainable indirectly from the table on page 7 of the original plan dated December 20, 1944. Sale of the stocks to average 15 times the estimated post-war earnings (the recent average for 50 electric, energy-electric stocks was $9,000,000) and a debt of $3,270,000 should therefore net around $75,000,000.

The new plan appears much more likely to succeed than the old one, since it avoids the two issues as to valuation of total assets, and division of those assets between the three kinds of stock (preferred, preferred and common). It is using preliminary offering cash, proceeds of the Cincinnati-Dayton stock sale, and $110,000,000 more to be realized by the two bond sales, Columbia will retire all of its preferred and common stock outstanding.

Columbia will issue two issues of debenture 6% total (at call prices) about $70,000,000 and the three issues of preferred and common stocks at their respective call prices of about $120,000,000. To retire the five issues of preferred stocks, Columbia has decided to go together with incidental expenses, would require about $200,000,000; $50,000,000 in purchase price, $15,000,000 "free" cash in its own capital budget, $110,000,000 from bond sales by dayton and $6,000,000 more to be realized by the two bond sales. This will indicate an estimated valuation for the Dayton and Cincinnati stocks of about $180,000,000.

In the twelve months ending March 31, 1945, Dayton, after paying $3,019,000 excess profits taxes, had a balance of $63,000,000. If excess profits taxes were added to this balance, the income tax rate substituted, Dayton's earnings would aggregate about $2,600,000, and Cincinnati's to $3,270,000, or a total of $5,870,000. With this amount, the corporation's profits would substantially increase the excess profits taxes, and other capital rate cuts, possibly tax increases due to sale of electric properties.

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Railroad Securities

New York Central Common

Of all the major Class I carriers, technical action of New York Central common has been most disappointing in the past six months, having been held down in part by the threat of D. H. Hadley, whose liquidation of the remaining sizable holdings. As the last reported date, D. H. held some 200,000 shares or approximately 3% of the total amount of stock outstanding.

Some of the reasons for the relatively unsatisfactory technical position, however, lie in several unfavorable fundamental factors. Because of the strength of the carrier has considerable parallel traffic investment, together with lighter traffic in many smaller companies which usually operate at a deficit. Second, New York Central has considerable branch mileage, formerly a source of strength in traffic, since branches are often a feeder to main lines. Third, branch mileage is a source of weakness due to the element of truck competition. Third, New York Central has a substantial amount of passenger business operating as it does a number of crack trains between New York and Chicago as well as the two important western termini of Chicago and St. Louis. Under the new plan of operating an ICC jurisdictional formula, this passenger traffic will be affected at a loss. During the war period, because of the sizable increase in passenger revenue, the company has been quite profitable. Postwar, however, most of the war-time advantages seems to be lost and additionally its high class passenger will be subjected to the effect of airplane competition between New York and Chicago as well as St. Louis. This is also a major source of passenger traffic which is likely to be retained to some extent. The So. Dep., and through the expenditure of many millions of dollars for new passenger cars, the company is still maintaining service. Lastly, the area primarily served by the Central, namely the industrial belt of states such as New York, Ohio, Indiana and Illinois has lost considerable industrial activity of the South, Southeast, and West Coast. The reduction in the earning power of the ICC altering class rates to the disadvantage of the eastern carriers, will further accelerate this trend.

Despite these elements of weakness—their property in evaluating the investment merit of New York Central equity—the outlook for this company over the next four to five years appears very bright, owing to the strategic advantages. It can be generally conceded that the re-

conversion of the consumer goods industry will result in industrial activity at a rate hitherto unknown in the United States. Forecasts have indicated more than 6 million automobiles per year for a period of five years; building boom, of 15 million radio, 3.8 million refrigerators, 9 million of washing machines, etc., are frequently heard. Obviously, if such estimates are realized New York Central’s traffic will be very heavy for a period of years. Secondly, New York Central has taken advantage of the war period to build up its financial position to a state of virtual impregnable. Throughout 1945-1946 inclusive, New York Central had a working capital deficit of some $30 million. Even in 1938 working capital had been reduced to only $15.7 million. However, by the end of 1944 working capital had been increased to over $118 million, despite a reduction of funded debt of over $4 million. The redemption of capital from $625 million. This is seen in the reduct- tion of 51 shares of stock from 60.5 million prior to the inauguration of the policy to $43.5 million current.

The year 1944 year-end working capital figure of $119.9 million is somewhat of an understatement in that New York Central had $255 million more in working capital than in the previous year and receivabes,§74.5 million and in 1944, $309.5 million. This cushion will result in the maintenance of earnings power at a satisfactory level during the reconversion period of a minimum of approximately $3.50 per share. However, for a period of approximately five years during which the accumulated deferred demands of the war will be reflected in manufacturing activity at a unprecedented rate, earnings should average $3 per share.

There has been criticism in some quarters of New York Central’s handling of its affairs. Several years ago when their junior debt was available at 4-6s on the dollar, the management, instead of concentrating on open, (Continued on page 312)

Atlanta & West Point Railroad

Circular on request

Adams & Peck

63 Wall Street, New York 5

Circular on request

Author: Unknown

The text is a financial analysis of New York Central common stock, discussing its weak technical position, unfavorable fundamental factors, and the company's potential for recovery as postwar industrial activity increases. The analysis projects a brighter outlook for the company over the next four to five years, despite some strategic disadvantages. The company had reduced its working capital deficit from $30 million in 1938 to $15.7 million by the end of 1944, and it had increased its working capital to $118 million by the end of 1944, despite a reduction in funded debt. The analysis notes the company's need for financing during the reconversion period, with earnings expected to average $3 per share over five years. The text also mentions criticism of the company's handling of its affairs, with opportunities for expansion during the reconversion period.
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(Park Central Hotel)

N. Y. Athletic Club 2-5's

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New YorK

Business Man's

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Post-War Warnings

Roger W. Babson Advises Parents of Service Men

BAISIN PARK, MASS.—Too many returning servicemen want to go into business for themselves at the center of an initiative of independence and enterprise; but let me warn such that starting a business of one's own is a most hazardous business; — if possible one in which one's family is now engaged.

Pioneering Very Difficult

Pioneering is possible, if possible, when it succeeds, but such success requires patience, hard work and sacrifice. Besides, one should have sufficient capital to carry his business through the several years of struggle. It is believed that over 90 per cent of all businesses fail. This statement applies not only to developing new kinds of business, but also to starting new businesses, or opening new stores in competition with existing factories and stores.

The great mass of people are actuated by their own interests. They tend to purchase at the same store, year in and year out, although other stores may give better service. They buy the same kind of food, shoes and house products, and are in the market for less novelties. They read the same newspapers and magazines, making it very difficult for a new enterprise to get a foothold. Established habits make it especially hard for new concerns.

Need of More Education

Of course, there are enough exceptions to the above rule for one who tries to do like wise. The enterprising newsman, like the few winners in a lottery, keeps people continually starting new businesses, and is strongly in favor of helping the small businessman who is giving operating a small factory or retail store. But I do advise parents of returning veterans to warn their sons against trying to be pioneerers. They have great patience, good health and sufficient capital.

Returning servicemen should go to school to learn the basic principles of business or else get a job which will enable them to learn such principles. It is a great mistake to go out into the post-war business world without first studying Economics, Accounting, Distribution and Production whether you are to have a business of your own, some day, or are always to work for some one else.

Analyze Your Sons

Every returned service man should analyze himself and determine for what he is best fitted. Here are the six main groups:

(1) The Professional, such medicine, law and the ministry.
(2) Engineering, including chemistry and electricity.
(3) Real Estate, building and construction work.
(4) Agriculture, forestry and horticulture.
(5) Manufacturing, designing and assembling.
(6) Merchandising, advertising and promotion. But to succeed under competitive post-war conditions, in any one of these groups, a man should have a year's education in business.

To help returning service men get such a business education the U. S. Government will give $50 per year for tuition and $50 a month for board and lodging, with an additional aid for men with children. Certainly, every returning service man who has the money to go to school in years to come is likely to work back to save enough to buy under the most valuable year of his life.

Play Safe

Just one more word to service men. They are those lapped in the idea that you should go into electronics, plastics, aviation or some other "new glamorous industry." Don't go back on the established industries. That of the 886 concerns which he is to men, and following World War I, only 141 came back. Remember that by the end of 1945, the rate of business failure is 10 per cent lower than the current average.

Only super government handling of employer-employee relations can prevent great increased labor difficulties.

Official government figures show that labor contracts decided upon by military chieftains in May totalled 776 billion. The Army Service Forces $3 billion, and the Navy $32 billion.

These figures lead to the conclusion of 8.3 billion in May, which compared with 13.1 billion in April, as 13.1% less than the two-front-war schedule of $60 billion on March 1, WPB operates, Distribution and Production whether you are to have a business of your own, some day, or are always to work for some one else.

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Federal Reserve Bank of St. Louis

Thursday, July 19, 1945

THE COMMERCIAL & FINANCIAL CHRONICLE

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MARGIN FOR ERROR

(Continued from first page)

"Margin for Error"

(Continued from page 360)

I would prefer that my name be kept confidential as it would add nothing beyond the opinion that one investment officer is
desirable to competitive bidding for industrial issues.

W. A. HOMAN

President, Jones, Opposition, & Co., Portland, Maine

Is competitive bidding good or bad? We recognize that conditions prevent dogmatic answers. Theoretically we would say yes, but with some qualifications. It matters considerably in what form underwriters take part in underwriting securities. It matters what proportion of the bonds or common stock sold are actually purchased by underwriters. It matters in what form competitive bidding actually takes place. It matters to what extent competitive bidding is done, and how much it actually raises or lowers the price. It matters what proportion of the total amount of securities offered is sold at the underwriting price. It matters how competitive bids are requested, and how much they are demanded. It matters how much competition there is in the underwriting market in the issue of securities. It matters whether competitive bidding is real or apparent. It matters what the results of competitive bidding are. It matters whether competitive bidding is used to the advantage of investors or to the detriment of investors.

I would prefer that my name be kept confidential as it would add nothing beyond the opinion that one investment officer is desirable to competitive bidding for industrial issues.

ARTHUR L. WRIGHT

Arthur L. Wright & Co., Inc. Philadelphia

We are opposed to the practice and for reasons which are many, but specifically for two reasons:

1. We feel definitely, in the light of observation, that corporate securities are being offered at a premium, and that the investor is paying too much for corporate securities.

2. The competitive bidding practice is actually forcing a large percentage of the security out of the market.

One of the securities is almost impossible to execute unless the deal is very small and, therefore, unable to participate in the original Underwriting Group.

This factor is perhaps unimportant now with so much money available for investment and with interest rates very low and perhaps going lower, but we feel that the practice of competitive bidding is putting a strain on the market which we will eventually have, the distributing ability of say 5000 smaller dealers could be extremely important in securing the prices.

We would expand this subject but we do feel the two reasons mentioned briefly above are the principal objections, so far as we are concerned. It is our opinion, not a theory.

A NEW YORK DEALER

While I do not feel that I am0 completely with this phase of financing nor do I understand the subject too well, I do wish to express my opinion as to what I believe.

"We have always tried to carry on our business on a competitive basis. We never entertained or made social contacts or bought business. It has proven its value to us in the past and we are doing very well with a limited amount of capital.

I recall one situation which I think might be worth of relating to you. In the early twenties certain large industries were unable to collect their accounts payable from customers and in one industry there were several large units which went into receivership. There was one leader in this industry which did not go into bankruptcy because it was able to secure financial aid. Two very expert statisticians were brought in to find a list of the lowest dollar bills on the balance sheet of this company which had just financed for the first time in several years. They were all paid off. They did not state it. Rather, they wrote their opinions on a piece of paper and exchanged notes. They both had written that the bank was paid off as exactly by the bankers. It seems like a big price to have to pay in addition to a fixed charge, but I recall an old banker saying that it was worth what it was when the security was issued.

I feel that the officers and directors of a corporation should have the interest of all their security holders and not the interest of the company. If we are to get the best possible terms. It also permits the company to compete more effectively with other industrial and financial issues, and promotes competition. Competitive bidding is essential when financing industries regardless of the type.

Allan J. Hene

Allan J. Hene & Co., Inc., Wilmington, Delaware

I believe that the banker or investment banker (whatever term is suitable in the present instance) should be in a position to serve as an advisor to the corporation and to the underwriter as a banker. Under competitive bidding which would be apt to change the character of a corporation's banker, this would not seem to be possible. Moreover, I do not think that competitive bidding as a rule saves money for the corporations in the long run, and does

MARGIN FOR ERROR

(Continued from page 360)

mand a wider margin profit in their transactions, and acting merely as brokers in transactions. Underwriters, there will not be adequate means of escape in many securities. There will be no proper agencies for creating and maintaining market prices for small or local business concerns. The need for competitive bidding is to establish an equity value for their capital stock, which is not handicapped to the nth degree.

A Hit at Free Enterprise

Nothing more damaging to business confidence, encouragement of independent business enterprises, and the economy received. At a time when New Deal and Administration spokesmen are widely calling for "protection and encouragement to small business," one would think that Congress is passing or considering legislation to help small concerns in this competition with large "monopolistic organizations." Federal Government deals a knock-out blow to small and local concerns in a need of cheap capital. It is almost like offering a child candy and at the same time putting its fingers in its mouth and covering its mouth so it cannot eat the candy. It is like offering a child candy and at the same time putting its fingers in its mouth and covering its mouth so it cannot eat the candy. It is like offering a child candy and at the same time putting its fingers in its mouth and covering its mouth so it cannot eat the candy. It is like offering a child candy and at the same time putting its fingers in its mouth and covering its mouth so it cannot eat the candy. It is like offering a child candy and at the same time putting its fingers in its mouth and covering its mouth so it cannot eat the candy. It is like offering a child candy and at the same time putting its fingers in its mouth and covering its mouth so it cannot eat the candy.

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for expansion by furnishing them adequate markets for their outstanding securities. Dealers in listed and unlisted securities, particularly those who have profited by the recent marketing of bank securities held on the security of issues handled by them sold as at enormous NYS and NASD regulations.

The Necessity of Bank Loans
The relation of collateralized credit with business expansion is common in modern industry. Particularly is this true in a conspicuous feature of the new industrial and commercial expansion which was permitted under the old national banking system and which has continued under the Federal Reserve System. Because of it, banks have been able to conduct sound business with small cash reserves, maintaining their interest in and promotion of the purchase of amounts of securities which they hold, both directly and indirectly, as securities of industrial and commercial enterprises — as has been common in European countries. Banks have thereby greatly contributed to growth of capital in modern industry. In addition, however, they have been able to enjoy the bulk of the nation's banking business today—dealing in both listed and unlisted securities. It comprises not the granting of so-called "corporate loans" based on current excess of assets and earning power in keeping the nation's productive wealth in a fluid and continuous channel, but instead the psychologi- cal atmosphere of "liquidity preference" which is the essence of the credit of modern industry.

If the steady growth of marketable securities as a form of bank invested capital has continued and is as far-reaching in the past, there should be a corresponding growth in the future. It is probable that banks would tend to restrict banks from making sizable speculative investments, or would tend to make loans to dealers who specialize and maintain a steady market in their collateral values. They should, at least, be given special consideration in discharging their "floor specialist" who performs the same functions on the listed market as these dealers do in the unlisted market. The "floor specialist" has a "corporate market" and a safe loan margin is a matter of necessity in this field. The trained judgment of individual banks, their motive, and their ability to guard against any strain against the definition given in a general sense or to a bureaucratic order.

Unlisted Securities as Loan Collateral
It has been a false belief that only listed securities would qualify as collateral for loans, and it is a highly technical and artificial view that listed securities are not readily marketable. Examine the nature of the collateral that listed securities are not always the most readily marketable. Examine the nature of the collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most readily marketable. Examine the nature of collateral in which listed securities are not always the most ready-
Michigan Brevities

Top piece of news in the banking industry was the entrance of a firm’s only billion dollar institution into the Detroit area.

Charles A. Parcells & Co.

Established 1919

Members Detroit Stock Exchange

Michigan Markets

659 Pensacola Building

DETROIT 26, MICH.

Telephone: Randolph 2625

WASHINGTON—Michigan’s banks, which amounted to $11,160,000 on Thursday,

F. L. Jacobs Company, manufacturer of automotive parts, has notified the banks in the state which is to be submitted to holders to issue $5,000,000 in preferred stock and $5,000,000 in common stock from 750,000 to 1,000,000.

The proposed preferred shares will result in an oversubscription and cumulative convertible. President Rex C. Jacobs said the proceeds would be used to pay off the company’s $5,000,000 V loan.

- - -

A record attendance was reported for the recent meeting of the Board of Directors of the Bank of Detroit last week, which was held at the American Lake Country Club, more than 30 miles from Detroit.

The Commonwealth Bank declared a semi-annual dividend of $2.90 a share on its common stock, an increase of 50 cents which was expected to bring the annual rate to $5 from the $4 previously paid.

Confirmation of the oft-touted Atlas Corporation purchase of Willys Overland stock came as

General Industries Co.
National Stamping Co.

Reports furnished on request

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TRADE MARKETS

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2nd Preferred

Common

Moreland & Co.

Member Detroit Stock Exchange

1651 Pensacola Building

DETROIT 26, MICH.

Personal Items

(Typical of The Financial Chronicle)

CINCINNATI, O.—Edwin C. McLaughlin, President of the National Broadcasting Corporation, and Mrs. McLaughlin, have announced that they are leaving the city.

(Typical of The Financial Chronicle)

INDIANAPOLIS, IND.—Joseph Williams, Jr., President of the Williams-Petersen & Co., has announced that the Williams-Petersen & Co., at 625 South Spring Street.

(Typical of The Financial Chronicle)

LOS ANGELES, CALIF.—Bernhard Guile has become connected with the Pacific Company of California, 625 South Hope Street, with William C. Gallager.

(Typical of The Financial Chronicle)

SAN FRANCISCO, CALIF.—Jesse A. Landgards, a new director of the San Francisco Union Bank and Trust Company, which was formerly associated with Wm. Calaver & Co.

(Typical of The Financial Chronicle)

With Ames, Emerich

CHICAGO, ILL.—James S. Walters has joined the staff of Ames, Emerich & Co., 105 South La Salle Street. Mr. Walters has been with the United Air Forces. In the past he was with Midland Securities Company, and with Benjamin Lewis & Co.

scribed were $26,568,000 and $262,500 and 122%, respectively, he said.

"Our outstanding achievement was the leadership of the enthusiasm and the unremitting work put forth by the staff, with the turn-out on the lines, business, industrial, finance, and the professions.

Corporations, churches, clubs, and labor unions of government united to help the war effort in every way possible.

And more individuals than ever before attended the bringing the current totals to over one million important objectives of the drive," Mr. McLaughlin stated.

The stockholders of the North and South Industries Company have approved a pro-share plan for the year ended Dec. 31, 1944, which is to be printed in the preceding year, the Federal Reserve Bank of St. Louis, 1944.

The consolidated income accounts of the Bank of Wolverine, Inc., for the year ended Dec. 31, 1944, showed net sales of $32,833,477 and net income of $51,390, for the preceding quarter, the Federal Reserve Bank of St. Louis, 1944, respectively.

Earnings per share on the capital stock including preferred stock with $102.50 in 1943, and $2.50 in 1944, respectively.

For the six months ended June 30, Underwood Corporation had a net profit of $65,500, 513 which compared with $65,830 for the corresponding period in 1944. On a per share basis, earnings were $2.75 and $1.50, respectively.

Bausch & Lomb

Issues Offered

Stone & Webster and Blodget, Inc. headed a group of underwriters that were expected to sell $5,000 shares of Bausch & Lomb Optical Co. at a price (par $100) at $104 per share and accrued dividends, and between 500 and 500 shares of common stock (par $25 at $33 per share, subject in all to a 10% discount) at 75% of the offer, offers to present stockholders of the company, and with cash adjustments, for the new holders also may subscribe for an additional 1/4 of the total common stock, after the exchange and subscription offers expire July 31, 1945.

Net proceeds from the sale of the common will be added to working capital. Proceeds from the sale of new preferred shares and the proceeds from the underwriting offer will be applied toward the redemption at 105, of any additional preferred shares outstanding after July 31, 1945. Outstanding capitalization was comprised of the new preferred, and 473,735 common shares, and the new preferred is redeemable at prices ranging from $101.50 to $104 on and after July 1, 1945.

Ensign Geo. King Cited

DETROIT, MICH.—Cyrus King, chairman of the Chicago Board of Trade, was named yesterday by the U.S. Department of Justice to receive a citation for his efforts in the Chicago livestock's case. Captain William King, U. S. C. M. C., received a similar citation some months ago.
Here Are Some More Expressions Regarding Competitive Bidding

(Continued from page 306)

COAL AND TEXTILES

The two most critical products essential to the rehabilitation of Europe

Descriptions available on a number of attractive securities of coal companies, those coal and their related industries

SCHERCK, RICHTER COMPANY

Landmark Building
St. Louis 2, Mo.

MISSOURI BREVIDIES

ST. LOUIS NATIONAL STOCKYARD Stock Rehearing

John J. Curry, Examiner for the U. S. Department of Agriculture, has been holding hearings in St. Louis regarding the reasonable rates of charges by the St. Louis National Stockyards. This is an outgrowth of an order issued Dec. 1, 1943, whereby rates were drastically reduced. This order further increases the differences between the old and new rates and has been imposed, whereby new and old amounts to about $50,000. The capital stock of the company has recently recovered sharply, from the low of 2%, established shortly after the Department of Agriculture order was issued, and is now selling at $1.20.

Hyde Park Brewery Stock Split

A special meeting of the stockholders of Hyde Park Brewery Association, Inc., will be held on Aug. 23, 1945, to act on a proposal to amend the Company’s Articles of Association to so as to increase its authorized capital shares from 200,000 shares of $10 par value to 500,000 shares of $1 par value and to provide for the issuance of 21% shares each for each share of old stock. Stock reached an all-time high of 65 on the St. Louis Stock Exchange following this announcement.

Annual report for the year ended March 31, 1945, showed a net profit of $165,805, or $4.82 per share, compared with $325, 686 and $5.23 per share in the preceding year. As of March 31, 1945, shows current assets of $3,782,855, including $83,551,361 cash and government bonds, compared with $4,032,572, Company has no funded debt, preferred stock or bank loans outstanding.

Security Traders Club

The Security Traders Club of St. Louis has appointed, by unanimous summer party today (July 19) at Seibert’s Grove. Entertainment includes several red-hot horses, horseback, and softball games in addition to the activities which are conducted on top of the tables.

ST. LOUIS BANK Appointments

United Bank & Trust Company has elected John W. Minton, President.

A CHICAGO DEALER

Many years of experience in the business has taught us that the dealer who always gets his contacts is much to be sought after; as contacts with your own plumber, doctor, grocer, etc. do not work well. It certainly sounds to be competitive bidding, because in many cases it brings into the picture bankers who have had no experience or control with the subject railroad, utility or industrial companies mentioned and as we view it many times of late it has caused Investments that have never had contact with the company before to over bid their competitors, forcing them to sell the securities for more money than they are actually worth.

A BOSTON DEALER

Speaking from the point of view of the dealer who is interested in new issues as a member of a retail selling group, competitive bidding has worked out very much to our disadvantage. There are strong arguments from all directions that we hesitate to go into detail, but in a few words, we are priced and compelled to accept these new issues. The small profits are so small, and the cream of the market is in most cases limited by direct participation of large buyers, and of course where the large buyers bid for the entire issue, the small dealer is hopelessly defeated.

But when the full range of the less desirable issues are available, with participation the profit is so small and the number of bonds to the extent of our participation is so small that competitive bidding has almost totally eliminated our interest in new issues.

Competitive bidding for industrial issues would not work any less to our advantage in public utilities and railroads.

There will unquestionably come a time when both issuers and banking syndicates will not be able to do without the services of a small dealer. In the meantime, we move on in the selling groups, where we go out and comb the bushes for orders. Those who wish to stay solvent will not do this work at a loss. The labor should be worth its hire.

H. P. CARVER

H. P. Carver Corporation, Boston, Mass.

I myself, am opposed to competitive bidding knowing that there is a very intimate balance between supply and demand in the market. Therefore, he is able to obtain a far higher price than is probably far from being in competition.

In other words, the buyer today is not being protected by the regulations of competitive bidding. He is being forced to pay probably more than the market will bear.

Questions of price are always difficult when the transaction takes place immediately, as it does in buying and selling securities through a broker. It seems to me that the former method of buying and selling both positions, that the position of the seller and the buyer was more satisfactory than competitive bidding.

KANSAS CITY, MO., DEALER

When lenders compete with other lenders, many lemons are sold as oranges.

Herbert F. Schroeder

Opening Own Inv. Firm

Herbert F. Schroeder is forming H. F. Schroeder & Co., with offices at 115 Broadway, New York City, to act as dealers and brokers in beholden business, utility and industrial bonds and stocks. Mr. Schroeder, who was assistant manager of the Bond Department of Clark, Dodge & Co., and more recently was corporate bond trader for Blair & Co.

STIX & CO.

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*Mid-Continent Airlines

*Rohr Aircraft Corp.

*Ampro Metals Inc.

*Picking-Lumber Corp.

*Radio Corporation

*Telephone Company

*Christian and Union Bank

*Banzinger & Co.

*Henry Stimson Co.

*Owen & Co.

*International Securities

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Mississippi Valley Trust Bldg.

ST. LOUIS 1, MO.

St. Louis 611

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Mississippi Valley Trust Bldg.

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First National Bank

St. Louis, Mo., Stock

Metropolitan St. Louis

INVESTMENT SECURITIES

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Saint Louis 1, Mo.

Central 3-200

L. 208

ST. L. 409

FAIRWAY

*Gaming Corporation

We are interested in investments of:

Management of Investment

St. Louis 9, Mo.

Central 9-320

L. 445

ST. L. 101

Tausig, Day Company, Inc.

Established 1924

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ST. LOUIS.
United States Government Securities

Our Reporters on Government Securities

By JOHN T. CHIPPENDALE, JR.

The Government bond market is once again dominated by the need for income which is stated in the publics and other institutions being large buyers of the longer term high coupon obligations. Many of the bonds and prices are better than 56% and up prices, and the market has been relatively strong.

Substantial improvement has taken place in all of the restricted issues, with the 56s of June and December 64 remaining into new high territory. The 31s of 65/67 and the 21s of 65/67 were in demand in 1956/58.

The new issues, the 21s of 66/67 and the 2's of 6/s/72 were at tops, since trading started in July 2nd.

MARKET OPINION

The 114's of 1950 seem to be well taken at present levels. Some demand has been appearing for these bonds, although these bonds have moved away from their highs due to selling by institutions and individuals, who are in the market for the proceeds in the restricted issues.

The market followers put forth the opinion that the 2's due 9/15/55/56 and the 21's due 9/15/55/56 are cheap at these prices and are recommending their purchase instead of the 114's due 9/15/60.

They point out that the selling of these 2's by the institutional holders, gives the banks an opportunity to acquire these bonds, at bidding up prices. The lower maturities of the 2's are also considered attractive at present levels.

LONG 2% HIGHLY RATED

The 2/s due 9/15/66/67, have been well bought and despite some weakness, have moved up. It is expected the 2's due 9/15/66/67 will be held and the 2/s due 9/15/66/67 will probably be sold. The 2's due 9/15/55/56, have not shown the same movement as the 2's due 9/15/66/67, and are considered at present levels, cheap at these prices and are recommended for purchase at these prices.

Exempts vs. Taxables

The partially exempt obligations have been steady, with only minor fluctuations throughout the longest bonds of this group appearing to be underpriced when compared with the taxable issues.

The following study shows the position of the partially exempt as compared with the taxable bonds.

<table>
<thead>
<tr>
<th>Security</th>
<th>Recent Price</th>
<th>Bid-Off</th>
<th>Call Due</th>
<th>Yield to Tax Free</th>
</tr>
</thead>
<tbody>
<tr>
<td>2's due 9/15/55/60</td>
<td>112.29-113.31</td>
<td>1.12%</td>
<td>1.13%</td>
<td></td>
</tr>
<tr>
<td>2's due 9/15/56/57</td>
<td>107.16-107.17</td>
<td>1.17%</td>
<td>1.19%</td>
<td></td>
</tr>
<tr>
<td>2's due 9/15/57/58</td>
<td>103.82-103.83</td>
<td>1.22%</td>
<td>1.24%</td>
<td></td>
</tr>
<tr>
<td>2's due 9/15/58/59</td>
<td>101.13-101.14</td>
<td>1.25%</td>
<td>1.26%</td>
<td></td>
</tr>
<tr>
<td>2's due 9/15/59/60</td>
<td>99.40-99.41</td>
<td>1.28%</td>
<td>1.29%</td>
<td></td>
</tr>
</tbody>
</table>

Partially Exempts

(1/2) Restricted issue.

The partially exempt bond in each instance has a larger tax free yield. The taxable bonds have a larger tax free yield and comparable maturities of the taxable issues shows that these yields discrepancies do not last long... The tendency has been for the tax free yields of these two groups to equalize... This trend will not doubt continue in the future.
The Japanese know they are beaten.

We have destroyed their Navy. We have practically eliminated their army.

We have bombed and substanti-

dally damaged their industrial capitals. Their minor cities are now be-

ing wiped out, one by one. There is no longer a Japan,

Their countries are enormous. As a matter of fact, Japan has been most effectively aided already. Most of its people know what war is at first hand. The de-

struction is being increased daily.

The Japanese will soon know that America is just getting into high gear.

Having personally seen what bombing did to German cities, I feel that I can safely say that a large majority of the Nipponese are fully aware of ultimate defeat.

Mr. President, it is my deep conviction that insurrection on unconditional surrender may pro-

long the war, may prevent an overthow of the war lords of Japan, and promote Japanese suicide,

and must lead to uti-

lize famine in that land. Why should we assume those risks?

If famine results, shall we then assume the task of feeding and rehabilitating a poverty-stricken people? It seems to me that we

now have enough to do along that line.

By reason of the stand I have taken in this matter, I have been subjected to some of falling out now fighting in the Pacific.

It is my deep conviction that to have done otherwise would have been to fall them.

Above all, I do not wish to fail those who may be required to forgo the comforts they have been

uring postponement of de-

cisions, and whose fate may be to mourn their loss, when such insurrection will add nothing to the future of America or hu-

manity, and may, in fact, jeopardize rather than aid the future peace of the world.

I am asking, Mr. President, that shortly following the confer-

enc now about to begin in Ber-

lin, that we might aid a

led allies an ultimatum to Ja-

an, to make Japanese surrender;

Those faith in our leaders to believe that some such action will be taken.

We shall then go forward, with a conviction that we have kept faith with those who died in our

ause, united and unafraid, to final victory.

Goldman, Sachs Offers
Hecht Co. Preferred

Goldman, Sachs & Co. on July 17 offered publicly 50,000 shares of The Hecht Co. 3% Cumula-

ve Preferred stock ($100 par), at $103 per share. Net proceeds to be received by The Hecht Co.

will be used to reimburse the company for the redemption of all the outstanding $3,000,000 shares of 4 3/4% Cumulative Preferred stock at $103 per share.

The sinking fund on the Pre-

ferred will retire 5% of the issue for each year, commencing in 1947. The new preferred is to

omitted, in whole or in part, 

at prices ranging from $100 down to the offering price. Shares are to be callable for the sinking fund at prices ranging from $74.50 to the offering price.

Sales have increased annually in each of the last three years ended January 31, 1940, to $444,957,700 for the year ended January 31, 1945. Net profit in the last fiscal year amounted to $1,698,000 after Federal and state income and excess profits taxes totaling $729,000.

The Hecht Company, whose business was founded in 1874, operates eight retail stores, including branches, in Washington, Baltimore, New York, and Boston.
Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. van Devecer

Holdings of Government securities in the portfolios of insurance companies have approximately doubled in dollar volume since the United States entered the war in December, 1941. Two tabulations are presented which show the changes that have occurred between Dec. 31, 1941, and Dec. 31, 1944, in the figures for 32 representative fire insurance companies, and Table II, for 12 representative casualty companies.

| TABLE I | | | | | |
| --- | --- | --- | --- | --- |
| Date | Total Bonds | Total Debentures | Total Stock | Total Life Stocks |
| Dec. 31, 1941 | $31,194,155 | $6,512,000 | $13,435,000 | $11,037,000 |
| Dec. 31, 1944 | $31,194,155 | $6,512,000 | $13,435,000 | $11,037,000 |

Thirty fire companies, in 1941, held $13,876,927,000 in Governments; in 1944, their holdings were $30,850,240,000. The expansion was $16,973,313,000, or 121%. In 1941, their Governments repre- sented 20.5% of their total assets; in 1944, 31.9%. The average increase in the ratio has been 11.8%.

It is of interest that in two instances the percentage which Government securities out of total assets was lower in 1944 than in 1941. American Equitable's percentage was 40.5% in 1941 and 35.9% in 1944, despite a 7% expansion in dollar volume of the insurance company. The second instance is Globe & Republic, with 34.4% in 1941 and 23.9% in 1944, and an expansion in dollar volume of approximately 25%.

Companies whose percentage proportion of Governments has increased considerably more than the average of 46% include: Continental, 62.3%; Provident, 51.1%; Washington, 80%; Fidelity-Phenix, 11%; Franklin, 87.5%; Security, 171%; Cadillac, 249%; Home, 280%; Great American, 328%; and St. Paul Fire & Marine, 445%. However, many of these, despite a demonstrable increase in their percentage of Government securities at this time, are relatively low in Governments. This is particularly true for Continental, which owns only 13.9%; Fidelity-Phenix, 10.3%; Great American, 9.5% and St. Paul, 12.9%.

Highest percentage is the 39.5% of the New York Central. This is followed by Franklin with 37.0; U. S. Fire, 38.5%; and Arizona Mutual and National Fire, 37.9% and Glens Falls, respectively.

With regard to casualty and surety companies, as presented in Table II, they have always been heavier in Governments than in the fire companies. In 1944, the average percentage of the twelve casualty companies considered was 18.5% of the fire companies. In 1941, the average percentages were 14.3% and 27.6% respectively. Their dollar volume from $14,900,000 to $291,137,000, an increase of 110% compared with the 8% increase shown by the fire companies. The percentage increase of the aver- age of all Governments to total assets was 60% compared with 5% for the fire companies.

Companies which show a percentage increase in excess of the 60% average are: Standard Accident, 168%; Maryland Casualty, 84%; American Casualty, 83%; Sea- board Surety, 78%; U. S. Fidelity & Guaranty, 63%; California & Western, 57%; and United Fidelity, 56%.

In general, increases in this group have been larger than those of the fire group. In the latter, increases in number to have been somewhat more erratic, and in some instances, a decrease in numbers as in the case of New York Central. For example, a change in in- vestment emphasis precluded such a decrease in its case.

It will be observed that six of the twelve casualty companies show an increase of 50% of total assets, while the highest percentage in the fire companies is 27.6%.

It is perhaps elementary to point out that the fire and Frank- lin's companies have a more widespread and diversified portfolio. For example, a selection of companies in the fire and fire companies are, during the same time, they exercise a considerable amount of latitude in their management, a liability or insurance investment. The management of the companies is a more important factor in determining their capacity to make a profit than that of the companies themselves. The management is also concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question. The management is therefore concerned with the management of the companies in question.
Bretton Woods Dangers to Britain

fill its function, its value must be kept reasonably stable in terms of commodities. In the present case, the free fluctuation of the unit of currency must be kept as steady as possible; it would be impossible to conduct trade if the monetary value were changing. No grocer would expect to earn his living if someone came into his shop and loaded his weights. Yet this is precisely what we have been decided to go back to a gold standard.

If more credit (or money) is made available than is required by the needs of the new economic situation, or of the world, then the general price level will be driven upward. This is sharply so called inflation. If, on the other hand, the supply of money is not increased to the extent that the continuing expansion of production made possible by the development of modern science and engineering increases, then prices will fall. This is called deflation.

The effect of deflation is to increase the value of money. It is the desire to transfer wealth from active to inactive investment, to depress the expectation of profit, to check the whole economy, which will work with a uniform price level.

The world went back to gold, the general level of prices depends not on policy, but on the amount of goods and services. As this increased, so would the world standard of living. If we think further and to the gold standard, at the pre-war party of exchange.

What is the content of this mean? Three things. First of all that we gave to make a measuring rod, and therefore to keep its value stable in terms of commodities. Secondly, that the instead of the around which the entire standard of living turns.

Under the old system, the portion of the currency arrangements are explicitly protected. This would prevent that the deficit agreements in terms of money as well as the limitation of the world and without limitation of the area. We have to forego an end to the dollars area as we now know it, despite a quite justifiable hope for the future lies in the recognition.

Creditor Nation of the World

Indeed, the whole bias of the 1929 Act is against discrimination in any shape or form, and in favor of a return to multilateralism. Britain in its multilateral agreements in terms of money as well as in its free convertibility of sterling to dollars. The same system was to forego an end to the Sterling Area as we now know it, despite a quite justifiable hope for the future lies in the recognition.

LIABILITIES

Capital
Cash on Hand, in Federal Reserve Banks, and Due from Banks and Bankers... 
U. S. Government Obligations... 
Loans and Bills Purchased... 
Foreign Securities... 
Stock of the Federal Reserve Bank... 
Other Securities and Obligations... 
Accrued Interest and Accounts... 
Real Estate Bonds and Mortgages... 
Bank Others... 
Total Resources... 

$556,132,144.00
$2,143,832,238.75
$1,087,247,591.17
$59,250,000.00
$7,800,000.00
$23,435,565.73
$1,816,331.85
$1,524,894.90
$3,902,835,683.24
$90,000,000.00
$170,000,000.00
$47,374,454.58
$307,374,454.58
$35,051,222.67
$3,469,404,579.29
$21,025,571.58
$3,490,934,066.47
$40,000,000.00
$3,777,730.82
$1,961,385.97
$1,816,331.85
$147,732.00
$2,760,000.00
$1,026,324.53
$29,675,679.52
$3,902,835,683.24

Guaranty Trust Company of New York

Condensed Statement of Condition, June 30, 1945

New York June 30, 1945

Classified Balance Sheet:

Assets

Reserve for Excess of Acceptances Held for Investment...
Liability as Endorser on Acceptances...
Receivables on Domestic Bills...
Dividends Payable July 2, 1945...
Invoices in Transit with Foreign Branches...
Accounts Payable, Reserve for Excess of Taxes, etc...
Total Liabilities...

$1,961,385.97
$1,816,331.85
$147,732.00
$2,760,000.00
$1,026,324.53
$29,675,679.52
$3,902,835,683.24

Securities carried at $1,233,090,665.65 in the above Statement are pledged to qualify for excellence powers, to secure public moneys as required by law, to secure Bills Payable, and for other purposes.

Kazee Now Proprietor

STORCKE, WASHINGTON, W. & F. (former Kazee Proprietor, Symons Building.) He was formerly a partner in the firm with George M. Fisher.

Member Federal Deposit Insurance Corporation
Mutual Funds

Continued Bull Market Forecast

Edward P. Rubin, President of Selected American Shares, in a recent speech before Chicago stock brokers stated that stock values will prove over the next few years to have exceeded rather than fallen short of your expectations. "I think that such sell-offs as will surely come should be regarded as opportunities for further buying," he said. Mr. Rubin emphasized the point that there would be corrections of the upward trend and that, while some of these corrections could be serious and perhaps could go into effect soon, they can be absorbed in a long term view. "Stock prices have often reached before breaking higher circumstances," he said. "It is likely that you and we are concerned the best that is come to." 

Lord, Abbott, in the current investment Bulletin on Affiliated Fund, takes a similar viewpoint of the market. In order to gain "perspective," this sponsor pursues the magnitude of the present rise with that of the two bull markets of 1929 and 1932. The first, from 1921 to 1929, lasted for 79 months and represented a price increase of approximately 490%. The second, from 1932 to 1937, lasted for 60 months and the gain was 576%. The present period of the market, as Lord, Abbott points out, has lasted but thirty-eight months and has gained 555%. Just a few weeks ago today's bull market has only reached 270% as much as the last one, but 17% as much as the one before it. 

In the current issue of Abstracts, Walter Scott of Lord, Abbott, emphasizes the note for investment company sales literature by showing the extent of the decline in each of the seven Lord, Abbott sponsored funds in the recent market sell-off. The move ranged from a decline of 83% for Lord, Abbott sponsored Fund B to 55% for Affiliated Fund. The furnishing of information regarding seven funds "serve a distinct investment purpose for those who hold the belief that their volatility is in relation to the purpose for which each one is designed.

Professional Investment Management

In a current investment News, Distributors Group shows the performance of the 18 stock classes of the company in the first six months of 1945. All groups advanced, the year to date gain for both the nation and the 9.1% for Chemical Shares to 31.7% for West Coast is better than the period this year single stock group did better than the market as measured by the Dow-Jones Industrial Average. But how can one help," he asks. "How can all the parties get in the game if one cannot understand that something has been lost by this process?"

"That something is professional investment management.

Better Income

An attractive, well designed little folder on the Diversified Investment Fund Series of New York Stocks, Inc. is the latest issue to come from the sponsor, Wm. H. Long & Co. Particularly well done is the clear picture of what the investor in Diversified Investment Fund gets for his money. Briefly, he gets an interest in 44 different classes as follows: a current average of $1,750 for each $1,000 bond outstanding; 17 preferred stocks with an average net asset backing of $250 each; 100 preferred stocks outstanding; 19 common stocks with a market value of $35.76; 19 shares with a current average price of $41 per share. On the income side the investor receives his share of $139 dividends, which figure gets into quarterly dividend payments.

Diversified is spread over more than 19 different industries in the following categories: 24% in Industrials; 19% in Public Utilities; 18% in Chemicals; 17.8% in Steel; 13% in Textiles; 13% in Oil, Mining and Oil Fields; 12% in Transportation; 12% in Utilities; 12% in Tobacco; 11% in Paper; 10% in Utilities.

Railroad Stock Shares

A Class of Group Securities, Inc.
Prospectus upon Request

DISTRIBUTORS:
GROUP, INCORPORATED

New York, Chicago, Atlanta, Los Angeles

Railroad Stock Shares

A Class of Group Securities, Inc.

Prospectus upon Request

DISTRIBUTORS:
GROUP, INCORPORATED

New York, Chicago, Atlanta, Los Angeles

Mutual Funds

Union Bond Fund C
Prospectus upon request

LORD, ABBOTT & CO.
INCORPORATED
NEW YORK · CHICAGO · ATLANTA · LOS ANGELES

Railroad Stock Shares

A Class of Group Securities, Inc.

Prospectus upon Request

DISTRIBUTORS:
GROUP, INCORPORATED

New York, Chicago, Atlanta, Los Angeles

Railroad Stock Shares

A Class of Group Securities, Inc.

Prospectus upon Request

DISTRIBUTORS:
GROUP, INCORPORATED

New York, Chicago, Atlanta, Los Angeles

Mutual Funds

Continued Bull Market Forecast

Edward P. Rubin, President of Selected American Shares, in a recent speech before Chicago stock stockholders stated that stock values will prove over the next few years to have exceeded rather than fallen short of your expectations. "I think that such sell-offs as will surely come should be regarded as opportunities for further buying," he said. Mr. Rubin emphasized the point that there would be corrections of the upward trend and that, while some of these corrections could be serious and perhaps could go into effect soon, they can be absorbed in a long term view. "Stock prices have often reached before breaking higher circumstances," he said. "It is likely that you and we are concerned the best that is come to." 

Lord, Abbott, in the current investment Bulletin on Affiliated Fund, takes a similar viewpoint of the market. In order to gain "perspective," this sponsor pursues the magnitude of the present rise with that of the two bull markets of 1929 and 1932. The first, from 1921 to 1929, lasted for 79 months and represented a price increase of approximately 490%. The second, from 1932 to 1937, lasted for 60 months and the gain was 576%. The present period of the market, as Lord, Abbott points out, has lasted but thirty-eight months and has gained 555%. Just a few weeks ago today's bull market has only reached 270% as much as the last one, but 17% as much as the one before it.

In the current issue of Abstracts, Walter Scott of Lord, Abbott, emphasizes the note for investment company sales literature by showing the extent of the decline in each of the seven Lord, Abbott sponsored funds in the recent market sell-off. The move ranged from a decline of 83% for Lord, Abbott sponsored Fund B to 55% for Affiliated Fund. The furnishing of information regarding seven funds "serve a distinct investment purpose for those who hold the belief that their volatility is in relation to the purpose for which each one is designed.\n
Professional Investment Management

In a current investment News, Distributors Group shows the performance of the 18 stock classes of the company in the first six months of 1945. All groups advanced, the year to date gain for both the nation and the 9.1% for Chemical Shares to 31.7% for West Coast is better than the period this year single stock group did better than the market as measured by the Dow-Jones Industrial Average. But how can one help," he asks. "How can all the parties get in the game if one cannot understand that something has been lost by this process?"

"That something is professional investment management.

Better Income

An attractive, well designed little folder on the Diversified Investment Fund Series of New York Stocks, Inc. is the latest issue to come from the sponsor, Wm. H. Long & Co. Particularly well done is the clear picture of what the investor in Diversified Investment Fund gets for his money. Briefly, he gets an interest in 44 different classes as follows: a current average of $1,750 for each $1,000 bond outstanding; 17 preferred stocks with an average net asset backing of $250 each; 100 preferred stocks outstanding; 19 common stocks with a market value of $35.76; 19 shares with a current average price of $41 per share. On the income side the investor receives his share of $139 dividends, which figure gets into quarterly dividend payments.

Diversified is spread over more than 19 different industries in the following categories: 24% in Industrials; 19% in Public Utilities; 18% in Chemicals; 17.8% in Steel; 13% in Textiles; 13% in Oil, Mining and Oil Fields; 12% in Transportation; 12% in Utilities; 12% in Tobacco; 11% in Paper; 10% in Utilities.
The Food Problem

(Continued from first page)

I might go further and say that it touches the lives of all the people in the world, for part of the progress of the world has been due to the increase in our food supply. We produce better food because we work hard and want to make the future better. But too often we neglect the fact that we have to produce enough food to feed the people of the world. We are making progress, but we must not forget that we have a long way to go.

In the United States, the Federal Government has taken the lead in developing a national food policy. The Farm Bureau has been working on the problem for many years. They have shown that there is a need for increased production and a better distribution of the food supply. The need is especially great for developing countries. The world is becoming more aware of the importance of food production and distribution.

The Food Problem is a complex one that requires the cooperation of many agencies and individuals. It is a problem that affects the future of the world. The United States has made progress in this area, but there is still much to be done.
Canadian Securities

BY BRUCE WILLIAMS

The current controversy concerning the methods of certain Toronto securities dealers of selling Canadian mining stocks in this country has been bolstered by graphic comparisons of prevailing sensational publicity, both here and in Canada. It has now become a matter of urgent and constructive solution.

The fundamental facts are the following:

1. Canada has already afforded investors in this country immensely valuable stakes in mining developments which, although high speculative at the outset, have now matured into steady producers of revenue and dividends. There is strong evidence that the mining public in Canada is highly prosperous. This stock is still in the formative stage, but it promises to mature into a highly prosperous public stock.

2. The development of air transport, improved geological surveying and modern scientific prospecting have opened up many remote areas of the Dominion, and in particular, the northern portion of the Pre-Cambrian Shield, a vast new mineral empire has been tapped.

3. The development of Canada's tremendous mineral resources is important not only to the Dominion but also to this country. In addition to the investments values, there is a high potential realization that some of the best, cheap copper, iron, and silver are found in these areas and are in the formative stage, and are in the process of being developed and mined.

4. For a similar reason, all prospects in Alberta, the North West Territories and the Gaspé Peninsula have recently assumed a greater importance. Replacements of war-depleted reserves from Canadian sources is acute, and Canada has a vested interest in the development of this important foreign country.

Consequently, it is in the best interest of Canada to find the means to enable capital from this country to pay the proper price in the development of Canada's vast mineral riches.

Instead of indulging in long range speculation, representatives of the S.E.C. and other federal departments of the various interested states should become active representatives of the Ontario Government in a spirit of constructive cooperation, fairly representing the mistakes of the past and to lay a sound foundation for the operations of the future.

One step in the right direction would be the simplification of SEC requirements for the registration of Canadian mining and oil issues in this country.

The flow of capital into the Canadian mining and oil firms of the companies for mining and oil development, and not to permit the Canadian mining stocks to remain on the Toronto Stock Exchange.

Turning to the market for the future, there was as anticipated a stronger tone with higher prices. High grades, however, continued in scant supply and the demand (almost unsatisfied) for California gold, on the other hand, were quite active and registered gains of from 2 to 3 points. There was also a brisk turnover in Montreal and Saskatchewan.

Internal bonds traded on a considerably diminished scale following what little demand for California gold in public issues. Mining issues continued to ride high, and the high-grade material and machinery is available, there should be sharply increased interest in Canadian mining stocks and other results rather than prospects.

With regard to possible future developments, the securities supply of external bonds is in this country. This would assist on the market. High grades, however, are too high, and the demand for external bonds is in the absence of supporting currency differences could develop a reactionary tendency.

Public Utility Securities

(Continued from page 302)

In the calendar year 1944 Colorado reported consolidated earnings on the common stock of $7,258,000 or 50c a share, and this income is expected to around the amount of $7,500,000 after satisfactory figures are compiled from the reports of the individual companies. The company's ability to return a substantial royalty to the government for American Telephone & Telegraph, $750,000, or 50c a share, is quite adequate. There is much question as to whether it will be possible for this corporation to pay a dividend on the common stock.

TAYLOR, DEALE & COMPANY
41 WALL STREET, NEW YORK 5
WHITEHALL 3-1747

2 CANADIAN SECURITIES

Government • Provincial • Municipal • Corporate

California

Provincial

ALBERTA

(Canada)

Markets maintained on all issues, both internal and external.

McNear and Hoelscher in San Francisco

(San Francisco Chronicle)

SAN FRANCISCO, CALIF.—Sherman Hoelscher has been ad¬
nounced to partnership in McNear and Company, Rust Building, and the firm name has been changed to McNear and Hoelscher. Mr. McNear was formerly a partner in Sidney P. Kahn & Co. and prior thereto was with Walston, Hoff¬
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man & Goodwin.
The Food Problem

(Continued from page 315)

Subsidies

That brings up the question of subsidies. I conducted a hearing on meat problems in Chicago not long ago, and I distinctly, but perhaps not fluently in the discussion, recommended to the producer to the feeder, the feeder wanted them paid to the feeder, the packer wanted them paid to the packer. No provision has been made directly to itself. I have already had reference to Will Davis, the fine Director of the Office of Economic Stabilization, as a possible solution of the problem of feed. The metals subsidies were introduced to stimulate the production of metals badly needed for the war. Now we have ample stocks of metals, but the subsidy is still with us. The food subsidies may be as difficult to eliminate as the job must be done, and if it is not to have serious implications for the producer it must be done when the demand is good and the price is abroad.

When that day comes the Department will need the most valiant efforts of this group, and they will have the responsibility for your assurance.

For the last three years you people have cooperated with the Government in the war-time programs, including various programs dealing with the production and protection of food. In your advertisements you have promoted to the American people to grow Victory Gardens, to preserve food at home, to volunteer for emergency farm work, and to do other things that will help produce food and use it as a weapon of war.

You have done a great job in bringing about better nutrition of the American people. You must understand that the food problems and what the public can do to solve them. The dollar goes up and down and time contributed has been many times greater than any dollar contributed to the Government in connection with food information programs. In your advertisements you have more important than dollar measurements the patriotic responsibility of which you have shown in devoting your outstanding natural abilities to these war-time programs.

I personally am deeply grateful for the service you are rendering in the public interest, and I hope you will continue to cooperate with the government in connection with food information programs. We need to keep on emphasizing the advantages of home food preparation—stating the sugar allowance for home cooking as far as it will, the also and also freezing, and storing such crops as are suitable for these methods of preservation. We need to carry to the public repeated messages on how to use the eating habits to existing food supplies so that we will have the best possible meals with the foods that are available. We need to continue emphasis on the importance of playing square with the rules of war. And I am sure that everyone will have their fair share of food. We are counting on you to get across the basic idea that will arouse interest and stimulate the public to take such actions that will help both you and the war and the country.

Producers Are Consumers

I have spoken of producers and consumers, of the two different groups of citizens with opposite interests. As a matter of fact, the producers are the consumers and the consumers are the producers. I think a man has food, clothing and shelter—which are articles of consumption—he can't produce. And unless he produces—assuming that he is not in a hospital, or in jail, or temporarily out of a job—there is no way under our economy by which he can continue indefinitely to consume. By and large I don't think we'll have any trouble in dividing America into specialized groups or classes-words like there are different kinds of men or women in agriculture. We won't have a country of farmers and a country of laborers; there is hardly a household, hardly an individual, whose interests do not cross and overflow group boundary lines.

I am a typical example. As the owner of an 800-acre irrigated farm I am a farmer; as the owner of a small town insurance agency I am a small business man; as a Past President of Rotary International I am interested in the welfare of the world around us. Since 1933 I have been eligible to call a seat in a small bureau of a half dozen public associations. And now, judged by the number of people in the Department of Agriculture, and the size of its annual budget, I could qualify as one of the biggest bureaucrats in the whole world. How absurd it would be for me to talk about a "conflict" between American business and the American Government. How foolish for any responsible public official to be seen historic precedent for your assistance.

For the last three years you people have cooperated with the Government in the war-time programs, including various programs dealing with the production and protection of food. In your advertisements you have promoted to the American people to grow Victory Gardens, to preserve food at home, to volunteer for emergency farm work, and to do other things that will help produce food and use it as a weapon of war.

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UNITED STATES GOVERNMENT MOBILIZATION COMMITTEE

BUREAU OF MUNICIPAL AND INTERNATIONAL FINANCE

Statement of Condition June 30, 1945

RESOURCES

Cash on hand and Due from Other Banks $297,779,235.89
United States Government Securities 4,655,000.00
Stock of the Federal Reserve Bank 50,156,853.88
Other Securities Loans 5,011,928.21
Loans 7,266,806.62
Accrued Earnings Receivable 2,021,010.37
Total: $13,312,335,490.86

LIABILITIES

Capital Funds Preferred Stock $8,500,000.00
Common Stock 12,500,000.00
Surplus 22,500,000.00
Undivided Profits 4,734,053.89
Total: $55,234,053.89

General Contingency Reserve 3,609,743.93
Deposits: Commercial Bank and Savings $795,934,881.20
United States Government 239,952,148.18
Treasure of State of Michigan 11,413,081.10
Other Public Deposits 24,396,594.24
Total: 1,250,881,728.66

Common Stock Dividend No. 22, payable August 1, 1945 612,500.00
Accrued Interest and Taxes Payable 2,021,010.37
Total: $1,312,335,490.86

The United States Government Securities carried at $271,995,767.86 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

Member Federal Deposit Insurance Corporation

BUY U. S. WAR BONDS REGULARLY OUT OF INCOME

TULARE COUNTY SCHOOLS

Jr. High, Standish Elementary

Tulare County Schools Board of Trustees

Statement of Condition June 30, 1945

RESOURCES

Cash on hand $4,500.00
Due from other banks $68,500.00
Current deposits 310,500.00
Deposits 1,093,780.00
Total: $1,478,320.00

LIABILITIES

Deposits 1,093,780.00
Loans 391,540.00
Total: 1,478,320.00

United States Government Securities carried at $1,095,539.00 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.
The Securities Salesman’s Corner

By JOHN DUTTON

Last week we dropped into the office of a large and successful retail organization in Philadelphia just for a short time. There was about the first thing noticeable when one entered this office was row upon row of empty desks. Walking into the manager’s office in the md, we met our host and his too busy secretary, with the words, “Are they all working, or LOAFING?” We laughed, and said, “You know where the ca’s are loosing.”

Then he told me of his problem—the boys in the sales department have taken a month, or two, three, in fact, as long as there’s going to be in the phone. A heard recently of a New York firm that received several hundred letters and inquiries from its advertising in the Sunday New York papers. The reply, of course, was to call upon these letters that they had enough prospects and customers to keep them busy, and they didn’t care to do this kind of work because the amount of the balance of their earnings for the year, etc., etc. This firm finally hired several dozen for a short time to work on these prospects, just as the leads wouldn’t go to waste. (In our opinion this was a mistake from every angle, but that’s another subject in itself.)

To get at this trouble is the present day tax laws with the percentage on taxes. Upon the estate of the late one, the present tax laws that these progressively higher tax rates work an injustice upon those who are engaged in business, that they may be a salesman to make even a fair living, and in another season (such as 1945) he ordinarily should have a fair income. These laws have been in the way for the aide for the day. Present tax laws don’t leave much for that reason, that they may be the greater the percentage your pay and war or no war, it’s plenty!

As we see it, there is only one thing upon which we would insist in this phase of sales organization where conditions as those prevail. We wouldn’t tolerate vacations IN THE OFFICE. If a salesman had a vacation take a month, or two, three, in fact, as long as there’s going to be in the phone. He wouldn’t have him around the office busting up the morale of the organization who still desire to be in the business. Messrs. in the business, keep them on the job for one reason if for no other—YOU CAN’T DO A HALF-HAND JOB ANYMORE. The returns, dividend and dividend are linked together. So if 2 understandable, being invariant to our invitations will necessarily involve their appearance at the office.

We would welcome these requests to see that they may be all furnished by a correct form or suggestions, furnished will be carefully studied and analyzed for the use of the committee in consideration of proposed legislation.

“A quarter of a century ago, when Congress was in the habit of turning the railroads back to their owners, after 20 months of service, the result was to break up a railroad property. The result was to break up one railroad. In the other hand, a general transportation problem.”

The Problem

Continuing remarks, Congressman Lea added: “Today we are facing the problem of a general transportation system.” (Continued on page 319)

$81,000 in June from $102,000 in May. Outstanding securities in June numbered 5, as the same in May, but liabilities involved have increased from $61,000 in June from $61,000 in May.

When the country is divided into Federal Reserve Districts in it is found that the Richmond, Atlanta, St. Louis and San Francisco Reserve Districts have outstanding emergency or special issues number in June in May.

Business Failures in June

Business failures in June were lower in number but higher in amount than in any month since March a year ago. Business insolventcies in June numbered 51, as compared to 53 in May. Wholesale failures numbered 33, as compared to 22 in May. Retail trade failures numbered 18, as compared to 18 in May. Overall, the business failures were due to the amount of liabilities.

Lisa’s-City is located only the wholesale and construction groups had lower liabilities in June than in May.

Among shipping failures in June numbered 19 with $2,420,000 liabilities against 28 with $1,771,000 in May. Wholesale failures in June were down from 28 to 19 and retail trade failures in June were down to $48,000 in May. Retail trade failures numbered 18, as compared to 19 in May. Wholesale failures numbered 33, as compared to 18 in May.

In June, banks there were 3 failures in June as compared to 7 in May and liabilities were down to

Proposes Post-War
Transportation Survey

(Continued from page 301)

Monday’s Markets

Walter Whyte Says

(Continued from page 302)

The question therefore is, what is wrong? Why, if there is a current of waiting for the motor manufactur¬ers and practically none at all for the plane manufacturers, can this be so? A partial answer will be found in the belief that auto profits will no longer be limited to the Big Three, Chrysler, Ford and General Motors. You can expect that at least two or three firms will be in the fighting for a part of the business. Competition will therefore be keen in the field. But disregarding this opinion the stock market seems to say that the autos will be the winners and are in the right if their highs or are close to them.

In the next few days the Street will be full of stories about the English elections. There are some who believe that Winston Churchill will be defeated and a flood in a bill of radical changes which may be impossible to implement. There are others who believe that the British won’t be asleep if the returns are bad. I don’t, for example, believe our own market will be affected by any English political switch. On the contrary, if the results of the English changes are indicated, it is quite possible that British capital will find its way to the American market with a vengeance. Of course there are exchange difficulties and a regular flight to the Pound from the Dollar. But I have yet to see any regulation so stringent that there are no loopholes. So my advice is to forget the British elections so far as bearish ammunition is concerned.

To get back to our own market, there is, I think, a significant to be noted. Based on the action of the past five market days, it begins to look as if the rest of July will be spent in backing and filling, with occasional spillovers such as Tuesday’s. Some stocks look very good and others look bad. Among the former, the motors, particularly General Motors; among the latter, the steels, with U.S. Steel, continuing to show the best relative performance.

Though July, or what there is left of it, shows little, in the way of advanced to look as if it will be a fairly good month for the bulls. Naturally this opinion is subject to all sorts of qualifications, which this column would advise buying additional stocks at current prices. But if present action continues it is not unlikely you will be advised to do just that.

Meanwhile keep your cash intact and hold positions in the stocks this column is com¬mendable to. These are as follows:

A. M. Byers, bought at 19 July 3 close (current price) with a stop at 12.

White Motors, bought at 31 July 9 close (current price 3294) with a stop at 30.

U. S. Steel bought at 56 July 5 close (current price about 68) with a stop at 50.

Flintkote, purchased at 29 July 6 break of stop on Tuesday’s break. Gross loss was approximately 2 points. This stock leaves you the choice of two stocks mentioned above.

More next Thursday.

Walter Whyte

(These views expressed in this article do not necessarily any view of the editors or the Chronicle. They are presented as those of the author only.)

LAMBORN & CO.

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SUGAR

Exports—Imports—Futures

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BRYNDA

New York New York Orthodox Bank

New York Russian Bank

Commodity Exchange

Commodity Exchange Committee of Chicago New Century Exchange

AND OTHER EXCHANGES

N. Y. Cotton Exchange Bldg.

NEW YORK 4, N. Y.

CHICAGO DROITZ PITTSBURGH OGEBO SWITZERLAND

Established 1856

 infringed
And It Came to Pass

(Continued from page 299)

No. 13. In that letter the Executive Secretary of District No. 13 says, in part:

We should appreciate it very much if you would send in your views in regard to any desirable changes in relation to the proposal of the registration of salesmen and sales representatives."

It is needless to say that both of these communications, in effect, also urge upon the member firms an affirmative vote.

The extent to which the managers of the poll are actively concerned is best evidenced by the extraordinary circumstances that in order to accomplish their purposes, they are even prepared to use duplicate ballots.

Of course, if the votes were truly secret, there would be no way of determining who voted and who didn't and hence, there would be no such thing as a possibility of issuing duplicate ballots because of the inability to ascertain to whom, if at all, these should be issued.

When we asked in one of our editorials whether it was the intention of the Governors of the NASD to get after non-voters, you can readily see, in the light of what is happening, we were not so foolish.

Whilst thus far the only communications which have come into our possession, which try to influence the result, were circulated in Districts Nos. 13 and 14, we have no illusion that these are isolated opinions applying only to those numbers.

Whilst we have no definite knowledge on the subject, we venture the prediction that similar communications will be circulated throughout the country in all districts, to all member firms, so that, if their ballots may be corralled, and an attempted majority for the passage of the proposed by-law amendments influenced.

Nor will this be limited to written communications. As was the case in the past, the telephone will be used extensively to influence voting and the tenor of the vote. This means that the brass hats will be trying to push through approval of their aims to regiment the industry at the expense of member firms.

In the letter addressed to the members who have not yet voted on the proposals in District No. 14, the following statement is contained:

"No increase in fees is contemplated."

Well, perhaps the Chairman of District No. 14 can answer a few questions for us. Assuming that the average member firm, if the by-laws are passed, would be required to register five of its employees, salesmen, traders, partners and officers, isn't it true, since the NASD has over 2,000 members, that this would mean the registration of over 10,000 individuals with the NASD? Would it not also mean the necessary additional personnel to effect such registration, to keep it current, to correspond with the registrants, to assist the data received, etc., etc., etc?

Would not all this entail a large expenditure? Would it not therefore be necessary to increase the annual budget of the NASD?

If, as the Chairman of District No. 14 says, no increase in fees is contemplated, where will the Governors get the money? Will they use the funds that were heretofore budgeted for other purposes? If they will, doesn't it come to the same thing?

If the increase in fees is contemplated for the immediate present, isn't it true, that the registration of so many individuals and the work that it will entail progressively will require increasing budgets from year to year? Even a cursory glance at fees that no increase in fees is contemplated must be utter nonsense.

If it becomes effective so comprehensive a plan as the amendments proposed would create a large and cumbersome machinery of great cost, on which the member firms, of necessity, will have to finance.

Unless, of course, there is some idea of in some manner assessing the proposed registrants. That is not without the realm of possibility. With respect to this phase, there has been a singular silence.

It is also true that no increase in fees is contemplated is but a half truth. We should know what is intended with respect to fund raising insofar as the same affects the proposed registration amendments.

The more we envisage this intended regimentation, the more insupportable we find it.
An Opportunity for Investment Brokers
(Continued from page 298)

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

New Issue

$75,000,000

Bethlehem Steel Corporation

Consolidated Mortgage Twenty-Five-Year Sinking Fund
2¼% Bonds, Series I, due July 15, 1970

PRICE 100½% AND ACCREDITED INTEREST

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


Harriman Riplcy & Co. Blyth & Co., Inc. The First Boston Corporation


Incorporated

Lee Higginson Corporation

July 17, 1945

THE COMMERCIAL & FINANCIAL CHRONICLE Thursday, July 19, 1945

Federal Reserve Bank of St. Louis
Digitized for FRASER

winning World War II. Our workers have more than two and a half times the necessary tools to turn out products compared to the British, and when you attempt to compare what our group has with others of the world, other than Britain, it is really useless to make the comparison. How did those workers get access to the tools in order to produce the things our people are now turning out? Government agencies or legislative forces that stand in the way of ample production will run into difficulties through economic and social chaos occurring in the United States. If you educate the people of this country about the enterprise system and get the people of this country who have accumulated savings back into an attitude of inventing so that our production will continue, you will render a great service.

Mr. Forbes has spoken about the diminution of people to put their funds in private enterprise and thus create more tools for workers to use. But did they hesitate to invest during the thirties? Why are they hesitating now? Those are questions which you should be discussing as an answer to questions of that kind is what you should get before the people in your opinion.

Since January 1942, our people in the business who have accumulated liquid savings of $124,000,000,000. The last calendar year it was forty billion. The first 3 months of this year it was eight and four-tenths billion and by the end of February it had risen to ten and two-tenths billions. Since 1941, a total of twenty-eight and five-tenths billions has been accumulated.

Suppose I accumulated on my ranch in Texas 500 head of beef steers and had no market through which to trade them. In the first place, I would be foolish if I did not know what the market was. In the second place, an accident might occur and I might die as a result of it—and then what? Who would want the steers? How would they be sold? It is important to have a market for trading. In that connection, I have expressed my admiration for stock and commodity exchanges. They create a means of liquidating my holdings. If I want to do so. I am not interested in holding beef steers or pork on the hoof or wheat in the granary if there is no means of my liquidating it. I am not interested in owning a security, if there is no means whereby I can liquidate that security.

Make the Public Understand

Do our people understand the fundamentals expressed in those thoughts? I am afraid that millions of them do not understand what participated in this accumulation of savings for the last 4 years and do not understand all that is involved. Therein is your job as brokers to make them understand. You implement the market— you furnish the mechanism through which they can liquidate. You make it possible for those wheels to turn around. I do not think you have met your responsibility if your educational work is concerned.

But I think you may say that you do not have the necessary income from your job, from your commission, to enable you to do this educational work. If that is true, then I insist that your remuneration be increased because I want a market. I am a member of the exchange to me this morning that you can let these great difficulties appear momentarily but the people determine their attitudes and equalize the situation, if the public is free to act. If you do not permit this freedom, and attempt to do so by keeping the thing through planned economy, you will create a bad situation which may be perpetuated 10, 15, or 20 years until we go through the stringer and the pressures work it out. Do you get what I mean?

The less our people understand about this machinary of exchanges, the more that public misunderstanding or lack of understanding will be reflected through Federal acts of Congress, and thus circumscribe our activities and take away from us the free, public, flowing educational and generally interfere with the way we take care of these difficulties of this country. If you do not go to Washington from time to time to acquaint yourself with the House and Senate Members and in turn tell them the truth, not only today but tomorrow and next week, you will have a free market. A year and forever after tell it to them, never letting them forget what you say—and if you fail to do that, why do you expect any consideration in either the House or Senate committees? If someone is going down there to poison that committee against your operation of decontrol of those who sit on your committee, if your operation is de- cent and in harmony with American ideals and status you never go there and offer something as a substitute, why should you blame the Members of the House and Senate for following bad leadership? You should go down to Washington, even when there is no up consideration for something that you are particularly in¬ terested in. You should go down there and take an interest in the fellow who represents your dis¬ trict and your State, so that when he thinks of production of foodstuffs, of clothing, or anything else, he will automatically think of someone who will make an in¬ vestment through the stock-ex¬ change machinery so that our ma¬ chinery and tools may be pro¬ vided and also working capital and somebody given a job so that the goods may flow from the production line. If his mind does not go through with the flow sheet, then he does not comprehend the wheels of American enterprise.

Educational Responsibility of the Broker

Who is to do that job? In my opinion, the brokerage man and the commission man are the people who are best equipped to do that. I do not mean there is a committee that has a lot to do with American industry, and an important to the enterprise sys¬ tem, I am entitled to your respect and confidence and to informa¬ tion from you so that at any mo¬ ment I can be in accord with the facts and decisions that come before the committee or in the discussion groups or on the floor. I can defend you with the most up-to-date information available. I can be in accord with what is going on to make you friendly. That is your responsibility. Just say to me that I would excuse any that is un¬ friendly. I do not excuse them. If you do not permit them to do so, you would find out that I do not excu¬ se them because I find out the facts and at times I get very bombastic about it. I have no sym¬ pathy for the man who opposes investment or production. The man who can clearly understand what my position is. But I am depending upon the brokerage industry to do this from the end of the line, and if I do not do that, if I do not take care of those difficulties which opposes investment or production. The man who can clearly understand what my position is. But I am depending upon the brokerage industry to do this from the end of the line, and if I do not do that, if I do not take care of those difficulties which opposes investment or production.
The public doesn't know that. People in the business, business men who are truly technical in their experience do not know how industrial transactions are conducted.

Here you have twelve million million dollars worth of paper notes in the United States. We know there is no real money there. You have got a full employment. You have got an accumulative unemployment you have got a young force coming forward. You have got the government under which we operate, our living. The relations with other countries will break down. The Brest Woods, the Sino-Japan, the boundary of the window are part of the window of the future if we have not got the government. We have got to maintain something of balance in here.

You take any young man or woman. If they can fail in love and build a home and raise a family and have a few pounds, they are then put upon them by a $30,000 mortgage. It is the same with education. There are some hot answers pretty fast. You can put a young man a hundred thousand a dollar in the window. What has he left after living and paying taxes? You say taxes will be reduced. Maybe they will. We are not here to talk about that. "We may increase them," I mean the government. Then you have the job of inducing our people to invest in the capital of the United States. The industrial wealth of the whole economic industry whatever funds are necessary. You have the full employment in the United States. There is your biggest job. You have to do educational work along that line. You have to get the government to pay for that education.

That's fine. That's good. "We are going to bring the standard of living up in the United States. Yes, but in the meantime, what are we doing? We are putting 60,000,000 skilled workers in this country.

I said to Mr. Forbes' man last night, "Mr. Governor, the United States has enabled $124,000,000,000 to be spent or invested. You have to tell them. There is your educational opportunity.

People have been saying to me, "Are you not really changing the position of the money in the United States? Are you not really changing the way we look at our savings?" Yes, but what are we doing? We are not putting the money into the window to give people a better thing.

A member of the House came before me the other day, saying, "We have visited 30 different countries, and he made one statement that was astonishing. He of the speeches I've ever heard on the subject of window, that other people. I was on the floor of the House. I didn't like it. I didn't think there was anything there.

I enjoyed my friend's speech, I love to hear him talk. But, tides and problems in the United States with which I do not expect to work out all the problems of my friend from Michigan. God expects me to work out my own salvation and that of my family. The British and the Russians and the Chinese and the rest of the world have their own problems. There is something to be done in the conservative.

Free Enterprise Needs Investors

If you have the free-enterprise system, you have to build up our productive instruments for the business enterprises and the community. You have to build up the households and get the poor out of the picture. If you are going to make government as the foundation of this country, you are going to build up those obligations or you pass out of the picture from unfair dealing.

The public doesn't know that. People in business, business men who are truly technical in their experience do not know how industrial transactions are conducted.

You have twelve million million dollars worth of paper notes in the United States. We know there is no real money there. You have got a full employment. You have got an accumulative unemployment you have got a young force coming forward. You have got the government under which we operate, our living. The relations with other countries will break down. The Brest Woods, the Sino-Japan, the boundary of the window are part of the window of the future if we have not got the government. We have got to maintain something of balance in here.

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How to Get More Employment

(Continued from first page)

working conditions for the vast majority of American wage earners.

Let me comment briefly on each of these three programs, which I call the "Labor Policies of 1945." They are:

1. The Folly of demanding more pay for less productive work.
2. The Folly of refusing to have a legal obligation imposed on both employers and employees to settle labor controversies peacefully.
3. The Folly of trying to make it illegal for employers and employees to exercise a free and open choice as to their associates and co-workers.

Probably critical these problems will put in the labor doghouse reserved for reactionaries and renegades, despite the long years of service I have given to the cause of organized labor, and despite my deep conviction that the welfare and progress of the entire nation depend upon, and cannot be measured by, the welfare and progress of the wage earner. But, because of this conviction, I feel it necessary to protest as earnestly and as explicitly as the Folly of these three delusive schemes to benefit labor which will have many unhappy results, not only in gold bricks and Japanese bonds.

Pay for Less Productive Work.
The first Folly is to demand more pay for less productive work, with no reduction of earnings. This is supposed to be the way to provide for more workers and at the same time to reduce the number of unemployed, without any loss for any workers. There are two fundamental weaknesses in this program: First, no increase in the amount of money paid for work with increased rates of pay must increase the costs of all labor costs, which are the major costs of all production, so that higher prices will promptly follow. Higher prices mean a reduced buying power of money. Therefore, when the wages rise throughout the country, with the creation of new employment, the cost of living must rise and higher wages must lower the purchasing power of lower wages.

In other words, the policy of higher wages and lower prices can be maintained by increased production, not by increased wages or increased money payments. When the wages are raised, the cost of living will rise as well, and the purchasing power of lower wages will be reduced by much more than the increase of the wages themselves.

There is an elaborate argument in favor of my point of view, and so I have left myself vulnerable to attacks by labor leaders of the old schools of thought. I would only say in closing on this subject, that I have read a great many of the books on the idea of reducing wages, but I have never heard of the kind of proposed legislation that would do anything but increase the cost of living, and I have always felt that unless higher wages mean lower prices— that is, unless the cost of production is lower for more or better goods—the wages of the workers are going to go up. If, on the other hand, when they gain a general wage increase, they find that the goods learned is that borrowed money has to be repaid; and a prosperity based on a free flow of credit is bound to collapse unless the borrowers can and will be provided with enough to pay their debts in addition to earning a decent living.

According to these convictions, I do not see how the American people can expect to enjoy easy times for many, many years; and the effort to delude the masses of the people into thinking that they are going to live better and work less, is a confidence game of massive proportions. Moreover, the yawning and sickening chasm that separates wages and profits and the general welfare is being widened by the increase of the value of money which is required by the government to maintain the value of money which is being maintained by the government.

In order to make the average worker less dependent, or a general wage increase, I have always found that borrowed money has to be repaid; and a prosperity based on a free flow of credit is bound to collapse unless the borrowers can and will be provided with enough to pay their debts in addition to earning a decent living.

Second, the whole proposal of a system of wage and price control, which we are discussing today, is nothing but a scheme for keeping the workers out of work, and the management and labor are inextricably connected with this whole system. The only way in which this system can operate is if there is a complete collapse of the economy, which is an admission of defeat for all those who are trying to prevent an economic collapse.

Without going into a long discussion of the various propositions, I will call your attention to the proposed legislation that is now before Congress, which is in the Senate on June 20th by Senator Hatch, Burton, and Ballard. If you hear out laborers and from organized labor and from organized labor and from organized labor, you will see that it is only right and proper that it should be published as soon as possible.

New Issue

The Hecht Company

56,000 Shares 3 3/4% Cumulative Preferred Stock

(Par Value $100 Per Share)

Price $103 Per Share

plus accrued dividends in the case of share delivered after their date of issue

A copy of the Prospectus may be obtained within any State from each of the Underwriters as may regularly distribute the Prospectus within such State.

Goldman, Sachs & Co.

July 17, 1945.
is practically impossible to draw any legal line between the doing of an injustice, because of an unemployment, of some policy of a large corporation or association. The effort to prevent and to punish such injustices is called "discrimination" and will certainly interfere drastically with the creation of a fully democratic, non-monarchical business organization. It is not impossible for every competent or otherwise independent businessman to claim that his employee to threaten a lawsuit if he is discharged, or if he is not accorded access to his own estate of what is due him.

Although the law is declaring, such a law will also give to those with employment power a new weapon for driving the workers, as long as any one of the other discrimination had been in practice. To make the law a perfect absolute, it should include a prohibition of discrimination of sex or age or haitisism. A person because of the color of his skin may be deprived of a job because of the misfortune of being a wage-earner, and the color of his skin, and thereby committing a violation of the law.

It is wonderful to contemplate the whole of the workers, the whole of the all new employees, after the law is enacted, are unjustly fired and are not legally hired, despite the protests of demands of others who would be willing to hire them. The only must be discharged at the peril of the employer's employment. The law in "compensation or in any other use of the law's enforcement employment" may be attacked on the theory that it is a violation of the American people.

First, an unbiased friend of labor, who firmly believes that the law by itself will only make more money by producing more. He should insist on the right of management to be productive as much to give the worker an opportunity to earn as much as he wishes to earn, within the extent not destructive of health or living conditions.

If the old idea-such as "strike of labor" could be achieved, wages would fall fast dissapearing because, with so large a percentage of wage-earners organized, there is thus the most part working to produce or purchase goods in the distribution of the wage-earners and the product of their labor. Nevertheless, every large business must be engaged continually in hiring and firing in changing the compensation and conditions of employment of its workers. The workers who will be of complaints from its members which it will prosecute diligently. There will be no end to the complaint of Public Administration, of the National Labor Relations Act. It is the duty of every competent and untrustworthy employee can be twisted to protect the workers.
The International Bank

(Continued from page 299)

solving the immediate problems of it. The economic situation of the Czechoslovakia, the Bank would lend to the extent of 140,000,000 crowns at an interest rate of 2% per annum. The UNRHA has been in solving their relief problems. Direct national aid, such as loans and grants, is usually provided, just as our Army has been in the past.

The International Bank

There has been a wide discussion of the technical features of the Bank's lending. I have argued that there were no important differences between the second of those institutions which was proposed by the Bretton Woods Conference and the Bank. The Bank has been concerned with the protection of the public interest and the development of capital for the benefit of the public. The Bank has been provided with the necessary information and the necessary facilities to enable it to operate efficiently. The Bank has been designed to be a permanent institution serving the international community. The Bank will be a permanent institution serving the international community.

Foreign aid by American nationals is probably desirable, but it is highly undesirable if undertaken by private individuals. If this plan goes much further, it will be in the interests of the United States. The Bank does not guarantee private investments in the United States, and I believe it is desirable to establish a permanent policy of Government guarantee of private investment, and to establish a permanent policy of Government guarantee of private investment.

Description of the Bank

The International Bank to be established is to have a capital of $10,000,000,000. The United Nations have already subscribed for $9,300,000,000, or 93%, of which $3,175,000,000, or approximately 32%, will be subscribed by the United States. This is true to a nor-

This is an offer by the twelve Federal Banks, through Charles R. Dunn, their Fiscal Agent, at: 100% and accrued interest

$176,000,000

Federal Land Banks

1% Consolidated Federal Farm Loan Bonds

Dated August 1, 1945

Not Re redeemable before October 1, 1948

The Bonds are secured jointly and several obligations of the twelve Federal Land Banks.

The Bonds are eligible for investment by savings banks under the statutes of a majority of the States, including New York and Massachusetts. The Bonds are also eligible for the investment of trust funds (60% or more) of public and private institutions.

The United States Government will purchase the Bonds of the Federal Land Banks at par and will make all interest payments on the Bonds in full. These Bonds are not subject to taxation by the United States Government, and they are exempt from taxation by the States and municipalities in which they are issued.

This offering is made by the twelve Federal Banks, through

Charles R. Dunn, their Fiscal Agent, at: 100% and accrued interest

The Chase National Bank of the City of New York

Bankers Trust Company of New York

The National City Bank of New York

Guaranty Trust Company of New York

The Bank of America of New York

Chemical Bank & Trust Company of New York

Continental Illinois National Bank and Trust Company of Chicago

Mercantile-Commerce Bank and Trust Company of Chicago

American Trust Company of Chicago

Seattle First National Bank of Seattle, Washington

Whitney National Bank of New Orleans

The proposed lend-Lease expenditures of the United States Government are estimated to be in the neighborhood of $7 billion. This is not an absolute estimate of the cost of lend-Lease, but it is a reasonable estimate of the cost of lend-Lease, based on the assumption that lend-Lease will be used to finance the war effort. The lend-Lease procedure will be administered by the Executive Division of the Federal Reserve Bank of St. Louis, which will be under the direction of the Federal Reserve Board of Governors.

The lend-Lease program is designed to provide military and economic assistance to the United States and to the United Nations, and to help to prepare the United States and the United Nations for the post-war period. The lend-Lease program is based on the principle that lend-Lease should be used to assist the United States and the United Nations in their war effort, and that lend-Lease should be used to help the United States and the United Nations in their war effort.

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Silver and Inflation

(Continued from first page)

which had been purchased with public funds at West Point, Truman, for political reasons, went back on his word with the Senate "Silver Bloc," buried the report. After doing so, Mr. Truman told Congress that the forecasting was his reason. If this step was, however, to be one more evidence of the inexorable course of inflation, the argument that foreign investment on a sound basis without guarantee with dollars in terms of silver in dollars a year.

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A quarterly dividend of ten cents per share will be declared on Hallicrafters common stock on August 15, to stockholders of record of August 1st.

World's largest exclusive manufacturers of short wave radio communications equipment

CHICAGO GREAT WESTERN RAILWAY COMPANY

Preferred Stock Dividend

A dividend of 6 1/2% a share has been declared on the 5% Preferred Stock of the Company. This dividend is payable September 29, 1945, to stockholders of record at the close of business on September 14, 1945. Checks will be mailed October 10, 1945.

B. F. PARSONS,
President.

Municipal News & Notes

Representative Lyle Boren's recent attack on the circumstances under which the Oklahoma Electric Company, Inc., and the Electric Power Company, and his companion charges of improper corporate acquisition of private utilities generated no interest from the bond market. The Oklahoma Electric's bondholders did not seem interested in the bond market.

One aspect of the matter that makes it seem that those engaged in the purchase and distribution of bonds in the security market were not interested in the purchase and distribution of bonds in the security market. The Oklahoma Electric's bondholders did not seem interested in the bond market.

It is quite possible, nevertheless, that the growing tendency of local governments to authorize the purchase of enterprise.s contains a possible threat to the economic well-being of the municipal debt structure, not to mention the economic health of municipal government generally.

One of the reasons for this behavior stems from the conviction that there should be definitely a difference between the functions of government and business. The case for this line is being consistently presented, whether it be Federal, State, or local, in a manner of record. Actually, as a matter of thinking, there is an ever growing belief that the short and long run effects of short and long run effects are considerable.

This philosophy, it would appear, has appeared for a reason and, unless corrected, could conceivably occasion serious disturbance of the local government and public credit.

A point too infrequently left of the fact that the probability of public funds in the field of local government practically insures the economic well-being of the municipal government. Under the stimulus of wartime conditions, of course, there would appear to be compelling reasons for a municipality to acquire for itself properties previously held under private ownership by local governments, etc., coupled with unusually attractive conditions for purchase, this combination unquestionably represent a tempting combination.

However, it would obviously be so important as to suggest that the present attractive conditions too far into the future. The particular case that concerns the question, for example, would make the amount of indebtedness usually considered in these transactions. Nor is it sufficient answer to say that the municipal unit per se is "in the clear," where these circumstances whereby the debt then would be in the responsibility of the bond author.

The fact is that in the event of serious difficulty experienced by the bond author that would carry out the functions of municipal ownership, the municipal government would likely also feel the impact of such a situation. To stand or fall, not be very difficult, for example, to the extent of municipal ownership to local governments under such conditions.

For our purposes there would be an abrupt halt to the "windfall" previously accruing to the local treasury, and a far reaching impact on the financial income over needs for operating costs, public improvements, and public service. Deprived of these monetary benefits, the activities were performed, in the absence of any income, to make the "deficit" as an experiment, best demonstrates, the first choice

lock thereof, of the Oklahoma Electric's, constitution, will be declared. The House Committee which is committed to enacting the appropriation to Boren's contents.

One aspect of the matter that makes it seem that those engaged in the purchase and distribution of bonds in the security market were not interested in the purchase and distribution of bonds in the security market. The Oklahoma Electric's bondholders did not seem interested in the bond market.

Under such conditions, there is a growing tendency of the debt of the taxing unit itself could ultimately be discharged or absorbed. The mechanisms for discharging burdens, rather than assume a further increase in debt, seem to be the least true of various other avenues remaining.

In short, the need is for both municipal governments and the municipal bond fraternity "to make haste slowly" where the "make haste" might be illustrated by the "slowly" owned projects by public utilities. In this connection, the "slowly" record achieved by facilitated refunding on the part of municipal obligations should not be embarrassed by careless and haphazard procedures in any event involved.

Recent Awards

A syndicate headed by Halsey, Stuart Co., and Lehom Brown, Inc., with an underwriting of 500,000 $1,000,000 bonds for the $16,045,000 traffic tunnel project of the City of Boston, Mass., for a seven-year period, was awarded. This compares with 100,000 for 7, which was the only other underwriting that was entered on behalf of an account by the Brown Company.

The issue from the serially refunding, with bonds due Aug. 1, 1966 and thereafter being subject to optional retire ment beginning Aug. 1, 1966.

Purpose of the financing was to provide the city with funds needed to retire an equal amount of serial bonds. These latter obligations, evidenced in size by the 1951 and 1952 refunding needs until 1950 at the earliest and the early years of the bond issues are the same as the probable dates on the 

The companion issue of $1,000,000 construction bonds, maturing 1951, was sold by the city to the National Bank of New York City, on a bid of 100.403 for 1s. Second high bid of 100.48 for 1s was not entered on behalf of an account by the Brown Company.

As almost coincident with of the city's intention to effect the financing completed yesterday, was a report of a projected investigation by the economic commission of Boston's financial structure. Its purpose was to find, in no wise figured in the bids received yesterday's sale, as the commission would be determined, on the basis of an examination of the city's financial statements, that the requirement of a bond issue for the legislative investigation were completely unfounded.

The high bid effect on Wednesday consisted of the sale of $2,000,000 to a syndicate headed by Phelps & Bax, Inc., New York City. The group paid a price of 100.80 for 1s, which was the minimum bid due from 1946 to 1965 inclusive, and $100,000 1s, maturing from 1965 to 1965.
Breton Woods Debated in Senate

Senator Wagner Calls for Its Adoption. Taft Again Asks Postponement and Queries Regarding Post-War Land-Loan to Great Britain and Russia. White Calls Attention to Depreciation of Currencies of European Countries. Taft Wins Point That International Fund Loans May Be Used to Remedy Internal "Depressions" as Well as for Currency Stabilization.

On Monday, July 16, the Senate Woods bill, favored by the Committee, was marked by bitter queries and retorts between the Republican Senators—Charles A. Tobey (N.H.), who is a delegate to the Breton Woods Conference and Senator Taft, leader of the Republican opposition. Senator Tobey, as the sponsor of the bill that was "on pattern of peace" and would promote the work of the Economic and Social Council of the proposed United Nations Organization. When asked by Senator Taft regarding the statement made in the article by Edward Brown, the Chicago banker who is a member of the American delegation to Russia that Russia did not need the International Financial assistance, because it did not use its currency in external trade, and therefore had no need for fund for capital and reconstruction pur- poses, Senator Tobey replied that he did not agree with this, and that Russia, like other nations, needs a certain amount of temporary loans since it could not always meet its failures and business depressions.

Senator Tobey also defended the good faith of Great Britain in connection with the Bretton Woods set up, stating that she would time in replace the ex- cuese. During the entire debate Senator Taft continued, on his feet and he scored several points by getting the admissions that were his of- fenders. When, in answer to Taft's convention, the Secretary of the Treasury, Senator Wagner stated that it referred to business de- pressions. To this Senator Taft retorted, "Then it seems to me obvious that this bill is a device to avoid currency stabilization, but for nine-year loans to any coun- try that finds itself in currency trouble.

Despite the efforts of Senator Taft to have action on the Bill postponed, the Senate on the third day of the bill (July 15) rejected his amendment to effect a by vote of 52 to 31.

The second day of the debate began the on the Breton Woods favorably by the Committee on Banking and Currency by a vote of 51 to 40. The opposition was headed by Senator Robert A. Taft of Ohio, who was joined by Senators Pat- tonic, Senator Robert F. Wagner (D. New York), the Chairman of the Committee, opened the debate on an address in which he stressed the need of international co- operation in the stabilization of exchange rates, pointed to the pre-war tariff along those lines as giving evidence that the matter cannot be left to one nation. He also laid the passage of the bill on the ground that it would "lay a firm foundation for peace." Senator Taft, who had already expressed a desire for a delay in the consideration of the bill until international conditions were favorable, asked Senator Wagner whether it was true that the United States was the Export-Import Bank, Great Britain, and France had been provided with a billion dollar loan from this institution. He also asked whether the recent President Roosevelt had promised Mr. Churchill at the Quebec Conference that the United States would provide a $1 billion bill on the British.

When the question of the value of foreign currencies was brought up, Senator Tobey, who is a member of the American delegation to Russia, said that he had not been given the word "Silver" and Secretary Morgenthau, who asked for the clarification of the matter and replied by merely saying that the "Secretary was beginning to see the light." There was also con- siderable criticism of the Treasury's campaign against opponents of the bill.


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