The Political Outlook

By MELCHIOR PALFY

Assuming that in reality, Mr. Roosevelt Was Not Totally to the "Left" and That Mr. Truman, Less So Is to "the Right," Mr. Palfy Maintains That the Difference Between the Old and the New Democratic Administration Is That the Former Could Afford to Act Independently of Congress, While Mr. Truman Has to Avoid Antagonizing His Party. Points to President Truman's Action in Advocating Rise in the Unemployment Rate to $25 Weekly, in Promoting Federal Guarantee of Loans and His Support of the Murray-Dingell Bill For Vast Public Works as Evidence That There Is No Change in Spending Policy. Attacks the Breston Woods Policy of "Creating Employment at Home by Spending Abroad."

The Race Problem

The leading negro newspaper in the country, the liberal "Pittsburgh Courier," wrote about President Roosevelt on April 25:

Reconversion Tax-Reducing Provisions

By ROY BLOUGH

Assistant to the Secretary of the Treasury


I. Introduction

I am glad to have an opportunity to participate in the Post-War Educational Program being conducted by the Chicago Board of Commerce. I am particularly happy to be able to talk to you about some features of the tax law which will be helpful to many of you during the coming months. Usually, in discussing taxes with businessmen, I feel obliged to draw upon all of the arts of a leasmainship in dem on strating the reasonsableness of and advantage in the use of different types of taxes. 

*An address by Dr. Blough before the Chicago Association of Commerce, Chicago, Ill., July 24, 1945. (Continued on page 622)

State and Municipal Bonds

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The San Francisco Charter
By HEBERT HOOVER*

Urging That the Charter Be Ratified, Mr. Hoover Points Out That Its Major Provisions Will Provide for the Establishment of a Federal Reserve Bank of San Francisco, Which Will Be Free from Control by the State Government.

The American people should be made aware of the many benefits that the Charter will bring to our country. The Charter will provide for the establishment of a Federal Reserve Bank of San Francisco, which will be free from control by the State Government.

Charter Will Not Affect Insurance

The American people should be made aware of the many benefits that the Charter will bring to our country. The Charter will provide for the establishment of a Federal Reserve Bank of San Francisco, which will be free from control by the State Government.

William Green

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V-J Day—Its Probable Effect on

Business and Security Prices

Writer Believes That if War Ends Suddenly or Soon There May Be Increased Temporary Unemployment and a Reversal of Prevailing Stock Market Trends, But With a Longer War, With Reconversion Steadily Getting Under Way, the Unemployed Would Be Absorbed More Readily by Peace Time Industry and Imports Would Be Made in Pajnt-Up

Civilian Demand, Due to Reduced Backlogs Arising During War Period, and Peace Would Not Greatly Affect Stock Market Trend.

In the midst of rumors and price scares regarding the allegedly imminent end of the war in Japan, we have military medical knowledge or

ability at present. Conclusions, do not go beyond predictions as to the date when ending of war may be expected.

But it is possible to confeceive the economic and financial history of the past half century to the approach of a war like this, a war which will end in a crisis; and that is the way to approach it.

Leisle H. Bradshaw

"Economic Timing"

On Untrammeled Voting

The home office of the National Association of Securities Dealers today issued a release certifying that the amendments to its by-laws providing for the registration of partners, officers and employees of Association members passed by a vote of 1,022 approving and 665 disapproving. They became effective Oct. 1, 1945.

We now address ourselves to the proposition that the voting which has taken place was marked by official interference.

The Executive Director and officials of the Association connected with the poll pursued anything but a hands-off policy. A definite and concerted effort was made to influence the result by soliciting member firms to approve the amendments.

We quote verbatim Article IX of the By-Laws dealing with the subject of amendments:

"Any member of the Board of Governors by resolution, any District Committee by resolution, or any 25 members of the Corporation by petition signed by such members, may propose additions, alterations, or amendments to the by-laws. Every proposed addition, alteration or amendment shall be presented in writing to the Board of Governors and a record kept thereof. The Board of Governors shall first pass on all proposed additions, alterations or amendments to the by-laws, and if approved, may propose additions, alteration or amendment by a majority vote of all of its members. The Board of Governors, upon adoption of any such addition, alteration or amendment to the by-laws, except as provided in Section 1 of Article III hereof, shall thereupon cause a copy thereof to be sent to each member of the Corporation to be voted upon. If such addition, alteration or amendment is approved by a majority of the members voting, provided, however, that a majority of all the members have voted, within 30 days after the date of submission to the members, and are not disapproved by the Corporation as provided in Section 15A of the Act, it shall become effective as at such date as the Board of Governors may prescribe.

In view of what we have learned during the course of the poll we are convinced that let us have untrammeled voting by official representatives, a majority of all the members would not have voted on the proposed amendments in question, and therefore, these would have failed of passage.
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**COMPEITIVE BIDDING COMMENTS**

The following are some additional comments received in connection with our request for expressions of views regarding the subject of competitive bidding. They are part of the large number of letters already received from firms in all parts of the country, some of which were given in our issues of July 12 and July 19, starting on the fourth page in each instance. Our invitation for comments on the subject still holds and we would ask that correspondence be addressed to Editor, "Commercial and Financial Chronicle," 25 Park Place, New York 8, N. Y. Naturally, the volume given in any one issue on this subject to space limitations, although all of them will eventually appear in print. We again call attention to the fact that in no instance will the identity of the correspondent be revealed where a specific request to that effect is made.

**ALBERT HALE**

Albert Hale & Co., Boston

I have never been in favor of the government's determining the method by which a corporation should borrow its money, provided its methods were both legal and ethical. I cannot see why this subject should not be left to the discretion of the management of the corporation in question. There are certainly times when a corporation can borrow to advantage by dealing directly with the lender and, of course, there are other occasions when the competitive method is the better. It seems to me fair to assume that any corporation, certainly one of any substantial size, is familiar with current credit conditions and that it will use the method of bidding which it believes to be to its advantage, meaning thereby, to the advantage of the corporation and the shareholders. If it appears that improper methods have been used, then the shareholders have a good case against the company which should not need the assistance of government regulations.

I am confident from many years' experience and observation that there are cases where the insistence on competitive bidding has resulted to the disadvantage of the borrower. It is my belief that all bidding should be left, as far as possible, to carry on without government interference. There are always the courts as a refuge for aggrieved shareholders and I cannot believe that the business methods of financial institutions and brokers or investment dealers are any more subject to criticism than those of other kinds of business. But it seems as though the government had a mania for regulating all branches of the financial or investment business.

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Louis Lebenthal Heads Municipal Committee of H. Y. Dealers Ass'n

The Board of Governors of the New York Security Dealers Association have designated Louis S. Lebenthal, of Lebenthal & Co., specialists in odd lots of Municipal Bonds, to head a Committee as its Chairman and to be known as the Municipal Bond Committee, to bring into the membership of the Association certain Broker Dealers in Municipal Bonds, whose high standing in the business will add considerably to the high standing and prestige of the Association.

When his firm was first established, Mr. Lebenthal perceived that there was a substantial spread between the Bid and Ask prices for round lots of Municipalics as opposed to odd-lots—(less than $10,000 par value) of the same securities. He saw that the odd-lot purchaser was unduly penalized because of the lack of an active market. He accordingly set up a clearing house for odd-lots which became extremely and progressively active. Largely because of his pioneering work, the spread between odd and round-lots of Municipal Bonds has been greatly narrowed.

In a statement yesterday, Mr. Lebenthal said, "I regard the New York Security Dealers Association's Municipal Bond Committee as an extremely important incident in the coming period of huge Municipal financing. As intermediaries, we competet with each other for money, labor and materials to advance the projects which have been held in abeyance by wartime conditions. It will be vitally important that the Committee keep a close eye on the conditions in the Municipal bond field. There is reason to think this financing cannot be done both expeditiously and safely."

Mr. Lebenthal is socially and highly regarded in the "Street" and elsewhere as a leading authority on Municipal Bonds and, among other things, is the author of the most comprehensive and authoritative books on the subject, known as the "A.B.C. of Municipal Bonds", which is one of the most informative and authoritative books on the subject yet written.
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Tomorrow's Markets

Walter Whyte

Says—

Market break on Jap-war end fears to make a weak, vulnerable. Dow theory calls for more reaction. Also indicates reversal in secondary bull market.

By WALTER WHYTE

Last week this column said that August gave indications of being a fairly good month, though the rest of July would be over on back-trading, with occasional spillovers. It further added that anticipation of the 1946 market would be a buy, if it weren't for certain qualifications.

I am aware that the word "qualifications" is one of those fence sitting things, if they don't go up they'll go down, if they don't go down, etc., etc. I've always distrusted this weakish technique feeling that the best answer, when you don't know, is to say just that. Yet one of the things that makes which cannot be foresen, nevertheless, must be guarded against.

We have all read reams of stuff about reconstruction plans. We have read reoary (Continued on Page 427)

$210,000,000. Argus then argues that the SEC, in line with previous repeal reasoning, will allow the preferred offered about $8,000,000 shares of Utah Power & Light's stock. This claim could be satisfied by the fact that the offering is to be handled by the same underwriters who handled the Utah Power & Light's offering.

We have all seen ads for "the New South Western," "the New Southern Central," etc. Thus the total approximate

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Electric Power & Light's Report

Electric Power & Light common recently attracted special interest in the utility group, selling (against the downward trend of the market) from 10 to 13, following an earlier advance from 3% to 10. The more advanced move appeared to have been triggered by (1) firmness in the utility group generally; (2) a study prepared by Robert Shabdon of Argus Research Corp. estimating a potential future market for the SEC's inaugural issue of $4.000,000; and (3) the belated appearance of Electric Power's annual report for 1944.

The report was shortly dressed up as compared with previous reports, both in style and content, and contained several surprises for stockholders. In 1943 utility returns were reported for the first time, and earnings had been reported for the common stock, the latest quarterly figure for the first quarter of 1944. July 30. 50 shares were reported. For the calendar year, however, the report revealed that the common stock of $3,569,000 compared with 16,000, and for the year amounted to $3,569,000, or $3.45, after the preferred dividend requirements.

The erratic character of these earnings appears to be associated with special adjustments and charge-offs. While these earnings are accounted for charging non-recurring items, the firm's status is that of different companies, the total "fixed charges" of some of these companies may include a substantial amount of special and non-recurring charges, created in these companies and not reflect any expenses. To determine whether these items are not explained to the SEC, and whether they state the earnings. Electric Power & Light is a good illustration.

In 1944, the rate base increased from almost $2,500,000, and in 1941 to $3,000,000; the common stockholders would be increased by 25 cents (unless there were operating losses). Obviously, such earnings have been reduced or affected by the necessary adjustments.

The study prepared by Argus Research Corp. estimates that the total small amount to be required for the two Dallas properties and the California properties, about $1,500,000. The total would be paid from the accumulated loss in net income, was due to a 1943-year-end charge-off of $6,000,000, which would add only $3,500,000 of the White River Power, representing an unsecured power site—seen normally charged-off to surplus. The management did stockholders a big service in the "highlights of 1944" (pages 2,3,4), in the "General Statement of the refunding and recapitalization discusses approximately $4 stockholder interest and preferred divi-

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Securities Dealers

Of Illinois Elect

CHICAGO, ILL.—Walter R. Brailsford, of Brailsford & Co., has been elected President of the Illinois Securities Dealers' Association, for the 1945-46 term, it is announced. Owen V. Van Camp, of Engard, Van Camp & Co., Chicago, has been elected Vice President, Paul Kimball, of Sills, Minton & Co., Inc., was elected Secretary, and Wilbur A. Gerome, of Link, Gorman & Co., Inc., was named Treasurer.

Directors elected for one-year terms included William H. Flent-

ty, Wm. H. Flenty & Co.; and Au-

tors; Fred H. Mason, Mason, Morin & Co., Chicago; Paul J. Strauss, Strauss Bros., Chicago; Paul E. Conrads, King & Conrads, Roock-


Directors elected for two-year terms included Joseph Blosser, Strauss & Blosser; Walter Mer-

riam, Paterson, Copeland & Ken-"dall; and James O'Connor, Doyle, O'Connor & Co., Chicago; R. A. Sandeen, S. A. Sandeen & Co.,
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Recommendations and Literature

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

Canadian Funds in New York—
Concluded from the period Jan. 1, 1919 to June, 1945, which records monthly high and low quotations of the Canadian Dollar in terms of the United States Dollar, First and Smaller Co., Inc., Wall Street, New York, New York 5, N. Y.

Earning Power of Insured Companies in the United States—When depositing assets, the adequacy of their capital, and the effect on their earnings, current and prospective, of rising costs and falling interest rates — Chicago - Scarpino & Co., Inc., Wall Street, New York, New York 5, N. Y.

Investors’ Aid—Analysis of post-war prospects of various stock groups — E. F. Hutton & Co., 61 Broadway, New York, New York 6, N. Y.

Investors’ Almanac—July-September, 1945, with suggestions for stock switches — Estabrook Co., 120 Broadway, New York, New York 5, N. Y.

Leading Banks and Trust Companies of New York—The figures as of June 30, 1945—New York Ransom Bank & Trust Co., 120 Broadway, New York, New York 5, N. Y.

New York Bank Stocks—Quarterly comparison and analysis of New York stocks with long standing records — Laidlaw & Black, Binell & Meeds, 120 Broadway, New York, New York 5, N. Y.


Research Reports prepared in the second quarter by H. Hentsch & Co.

Atlanta & West Point Railroad—Circular — Atkins & Peck, 63 Wall Street, New York, New York 5, N. Y.

Boston Terminal 3/4 of 1947—

L. H. Bradshaw on
Trip to England

Among the passengers on the “Queen Elizabeth” sailing for England is Leslie Haverford Bradshaw, editor of “Investment Timing,” publishing companies, of 129 Broadway, of which J. H. Simonson, Jr., is president.

Mr. Bradshaw goes on a month’s trip to London and Paris to make the survey of the present investment requirements of British and French and the markets that may be expected to supply them. He will also meet with prominent bankers and investment men in those countries regarding the free release of funds and the future demand for American securities from the Continent.

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Railroad Securities
Missouri Pacific Refunding 5s

Announcement that the trustee of the Missouri Pacific would seek Court authority to pay out $18 million of interest and at the same time to make a refunding of $72 million. The St. Louis, Iron Mountain & Southern Railway Co. River & Gulf Division, First Mortgage 4s, 1933, outstanding in the amount of $120,000, draws attention to the investment value of these refunding 5s.

There are five series of these refunding bonds, all bearing 5% interest in the reorganization. Allocation differs slightly in each series, however, the difference being accounted for by varying interest and the allocation for the series as is indicated in the following table:

<table>
<thead>
<tr>
<th>Series</th>
<th>Rate</th>
<th>Number of $1,000 Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5%</td>
<td>500</td>
</tr>
<tr>
<td>2</td>
<td>5%</td>
<td>2,000</td>
</tr>
<tr>
<td>3</td>
<td>5%</td>
<td>3,000</td>
</tr>
<tr>
<td>4</td>
<td>5%</td>
<td>1,500</td>
</tr>
<tr>
<td>5</td>
<td>5%</td>
<td>500</td>
</tr>
</tbody>
</table>

The allocation indicated above is that on the re-called reorganized plan which differed materially from the original issue. The Missouri Pacific Company last year, seems unlikely that the present plan will be approved by security holders and that the Company will virtually automatically a new plan which will work out to the profit of the senior bondholders, since the refunding bonds for all intents and purposes will occupy the same position in the mortgage hierarchy of the system as the Wyoming Central does as requested.

Despite the fact that the present compromise plan is not likely to be consummated, nonetheless we shall indicate the severity of the proposed plan in each series. Average of the fixed interest system debt totaled $478.5 million whereas the plan fixed interest system debt would be $447.5 million. If we were to include the Federal Reserve Capital and sinking funds, fixed interest system debt would be $525 million, which would be reduced from $321.5 million to $272 million. If the Federal Reserve Capital and sinking funds, fixed interest system debt would amount to $147.5 million.

It is of interest to note that full capitalization as currently authorized by the Commission, totals $800 million. Were the plan in its present form as it is thought to be thought in some quarters, then the new capitalization would have to be approximately that of the old system debt of $646.7 million which in turn would mean greater security holders.

This would not benefit the refinancing, whereas capitalization of the old system amounted to $644.7 million. It appears that the ultimate plan of the Commission, taken in its present form as it is thought to be thought in some quarters, then the new capitalization would have to be approximately that of the old system debt of $646.7 million which in turn would mean greater security holders.

We estimate the new refinancing bondholders would be paid off in the amount of $40 million and at the same realization might result from release of the securities originally allocated to the Iron Mountain and Southwestern Railway Co., the RFC and RDC and TN-1, respectively, which totals $175 million. While position in the reorganization, the bondholders will benefit, although to a lesser extent, particularly the General 4½, 1945 and 5½s. 1948 rather than the refunding bonds.

The Missouri Pacific system has been refenced substantially by the war earnings available for charges so that in the consolidated basis as rising from $13.1 million (1940-41) to $38 million in 1943, $42 million in 1942, $47.7 million in 1943 and $48.1 million in 1944.

Earnings for the years 1945 and 1946 have been virtually equal to those of 1944 and for the full year there should be very little change. Average earnings for the plan in the three series of refunding bonds have covered the proposed fixed and contingent system debt by the excess of Federal Reserve Capital and sinking funds, fixed interest system debt of $147.5 million and there has been a large over-flow to the junior securities, earnings on the preferred stock ranging from $20 to $27 per share.

Financial plan of the system has improved considerably during the war period, rent asset stocks would be re-organized at rising to $105.3 million as of April 30, 1945, far exceeding a gain of over $50 million since the end of the war and the war profit has increased from $50 per $1,000 bond to the holders of these refunding bonds in 1943 and 1944 and since the compromise plan is dated January 1, 1944, there exists no interest arrearages to charge against this working capital of $50 million remaining in the system.

In interest payments requested by the trustee will be eliminated if possible interest arrearages unless under a new plan the excess working capital is re-capitalized and organized as is being planned to be distributed. If the proceeding are on the excess working capital. This excess working capital of $30 million has been reduced and $30 million after making due allowance for $24 million paid in 1945 is needed to re-organize Mountain 4s.

In considering these bonds one

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The Current Market Reaction

Brokerage Firm Sees Current Downward Movement a Normal Secondary Reaction in a Bull Market

The market advanced without serious interruption from Sept. 14, 1944, until the end of May in the case of the industrials and until the end of June in the case of the rails. Using the Dow Jones Averages, the industrials in this period advanced from approximately 143 to 169 and the rails from 29 to 63. We believe the current downward movement is a normal secondary reaction in a bull market and based on past experience it should retrace at least 3/4 to 3/5 of the preceding rise.

Thus, the industrials may be expected to lose 8 to 18 points from their recent high of 169 and the rails 8 to 15 points. In the two preceding secondary reactions in the present bull market, these movements have tended to retrace the minimum of rather than the maximum of 76%.

Accordingly, we suggest that clients holding funds awaiting investment should begin to purchase and the industrial stock issues and the rails have jointly reacted to about 160 and 55, respectively.

We list herewith a number of issues which we regard as attractive for purchase in the event the reaction continues to the levels indicated.

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Real Estate Securities

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1328 WALNUT STREET
PHILADELPHIA

Green Offers Program
To Reduce Strikes
(Continued from page 402)

We are pleased to list below the number of ads contracted so far for the 1945 campaign:
We shall be pleased to give you the revisions next week. K.L.M. cover 8.5-7.5, Chicago advertising Chairman NSTA Advertising Committee, Collin, Norton & Co., New York, N. Y., A. W. Tryde, Vice-Chairman NSTA Advertising Committee, W. H. Newbold's Son & Co., Chicago.

BOND CLUB OF LOUISVILLE
The following officers were elected at the Annual Meeting of the Bond Club of Louisville held July 17th:
President: J. H. Moore, President of the Bankers Bond Company, Louisville, Kentucky.
Vice-President: John D. Faison, The Bankers Bond Company, Louisville.
Treasurer: Mr. R. V. Mosley, The Bankers Bond Company, Louisville.
Charmain: Mr. E. R. Vann, President of the Bankers Bond Company, Louisville.
Altar: Mrs. Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane.
M. L. H.

Stern Brothers Offer Varnish Co. Preferred
An undated prospectus, or later in the issue, will be published.

Leak Hunters
You've probably learned about some unusual jobs like the tea taster, coffee taster, and no doubt you've chuckled while you learned. Well, here is perhaps, a new one—your. Did you ever hear of a leak hunter? No, we don't mean a plumber. We're going to tell you about him, because a fine story about leak hunters recently appeared in the Schenley employees' magazine.

First of all a leak hunter's job is one of the most important in the distillery. He makes a regular tour of the warehouses where whiskey in fifty-gallon oak casks is quietly aging and maturing, for years. He inspects the casks, the barrels, and the storage of these casks, searching for leaks and for imperfections which might tend to leak. Now at least once a year, he proceeds to do this.

A barrel has a capacity of fifty gallons of whiskey. These days, when Internal Revenue Tax is $0.90 per gallon, you can easily figure the loss incurred by the barrel of whiskey is lost by leakage. Not only is the whiskey a dead loss, there is a loss each day as the barrel is valued at $0.90 per day on each of the fifty gallons minus some deduction, say 5%, and this is a deduction of 22% of the tax for evaporation and shrinkage over a year period.

The leak hunter has an arduous task. He must not only find the leak but also repair it with material which he carries. He is compelled to use a hammer in tight corners and a week or a barrel is too high. There's just enough space between the casks and the floor to permit proper circulation of air, and as he crawls along those barrel-rows he wears a burlap hood, like a coal miner—with the batteries on his back for safety sake. It is no joke to find a man who un-hood at this type of work.

The leak hunter saves the distillery many thousands of dollars annually. So while you might get a smile out of this most unusual line of work, don't count on being paid for your efforts, as demanding as they are.

MARK MERIT

of Schemen Distillers Corp.

SCHENLEY DISTILLERS CORP., NEW YORK

NOTE—From time to time, in this space, there will appear an article which we hope will be of interest to all our patrons. This is the thirteenth such offering in a series.

Morning Tidbits

We have learned that the firm of L. J. L. & Co., Philadelphia, have placed on the market #26, S.N.A.W.C. of June 5th, 1945, National Security Traders Association annual summer meeting at Manhattan Country Club.

Calendar of Coming Events
August 24, 1945—Annual National Security Traders Association annual summer meeting at Manhattan Country Club.

Chas. H. L. L. & Co.

Stern Brothers Offer Varnish Co. Preferred
An undated prospectus, or later in the issue, will be published.

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Calendar of Coming Events
August 24, 1945—Annual National Security Traders Association annual summer meeting at Manhattan Country Club.
Current Available in:
SERRICK CORPORATION
8,417 shs. 90c. Cum.
Conv. Class A
Book $3.60 Yield 7.5%
Div. Covered 4 times
Over-the-Counter
Chicago Stock Exchange
Over-the-Counter
Automotive and Household Appliance Industries
Owned by Serrick Corporation & Most Favorable

SILLS, MINTON & COMPANY, Inc.
Chicago Stock Exchange
208 So. La Salle St., Chicago 4, Ill.
Teletype Telephone 1421

Official Analysis of Margin Rules As Applied to Loans to Dealers

(Continued from first page)

If a dealer in unsettled securities desires to obtain a loan from a bank or trust company for the purpose of purchasing or carrying listed stocks, he must file the proper application with the Federal Reserve Bank of St. Louis, at least three days before the date of the request for the loan, and the bank or trust company must have such application filed within five days before the date of the request for the loan.

The lender of the loan must be a member of the Federal Reserve System, and the loan must be for a purpose of purchasing or carrying listed stocks. The loan must be secured by collateral and must be for a term not exceeding 30 days. The dealer must carry a margin of not less than 50 per cent of the purchase price of the securities purchased or carried on his books. The loan must be for the purpose of carrying stocks, and the dealer must be in good standing with the Federal Reserve Bank of St. Louis.

The loan must be made for a term not exceeding 30 days, and the dealer must carry a margin of not less than 50 per cent of the purchase price of the securities purchased or carried on his books. The loan must be for the purpose of carrying stocks, and the dealer must be in good standing with the Federal Reserve Bank of St. Louis.

The maximum loan which may be secured by any funds or securities, or a combination of both, shall be limited to 85 per cent of the purchase price of the securities purchased or carried on the books of the dealer. The loan shall be made for a term not exceeding 30 days, and the dealer must carry a margin of not less than 50 per cent of the purchase price of the securities purchased or carried on his books. The loan must be for the purpose of carrying stocks, and the dealer must be in good standing with the Federal Reserve Bank of St. Louis.

Theron D. Conrad Forms
Own Firm in Syndurb

SYNDURB, PA—Theron D. Conrad has formed Theron D. Conrad & Co., with offices at 40 North Fourth St. P. S., the new firm are Mr. Conrad, general partner; Walter Z. Conrad, Ira A. Elder, Irene K. Amst and Jesse S. Widmar.

Mr. Conrad was for¬
merly Sunbury manager for J. & J. P. Morley, Inc., in which Miss Amis and Miss Gulick were also associated.

CHICAGO STOCK EXCHANGE
We offer complete brokerage and statistical service
in all securities listed on the Chicago Stock Exchange. We prepare weekly reports of bids for your own account for blocks of many of these issues.

CUTTER & COEN
Members New York Stock Exchange and Chicago Stock Exchange
209 South La Salle Street
CHICAGO, ILL.

SECT PRIVATE WIES TO EAST AND WEST COASTS

Dr. Sakolski Gites Difficulty in Determining
Status of Securities for Loan Purposes

Admits Misinterpreting Reserve Board Amendments, but Contends That
Language Contained Therin Is Susceptible to Divergent Conclusions and Also Appears to Be Contradictory. Holds Dealers In Unlisted Stocks, in Practice, to Be Covered by New Margin Requirements.

Editor, Commercial and Financial Chronicle:
Referring to the letter of Mr. Frederick F. Byllesby, Federal Reserve Bank of New York, dated July 23, I must now admit the misinterpretation of the new margin regulations of the Federal Reserve Board... Now, however, this letter seems to be a contradiction in the language of the amendment, which appeared to me to be a contradiction in the language of the amendment, which seemed to be a contradiction in the language of the amendment...

Until the letter of the Federal Reserve Board is issued, I hold that dealers in unlisted stocks, in practice, are covered by the new margin requirements.

The Blue Sky laws of several States will permit the sale of securities without a formal approval by the State authorities, as long as they are not listed on some stock exchange. This is said to be a real hardship in the sale of many securities without the least intention of marketing them.

According to the rules of the Federal Reserve Board, it would be necessary for a dealer, who is not a member of the Federal Reserve Board, to be able to carry a loaned collateral to a bank, to put up a 15% margin. If the securities are not banked, the margin must be raised to 25%.

* * *

We Maintain Active Markets in—

CHICAGO SO, SHORE & SO, BEND RR. Com.
DEEP ROCK OIL CORP. Common
GALVIN MANUFACTURING Common
H. M. Bylesby and Company
Incorporated
133 So. La Salle Street, Chicago 3
Phone: Pennsylvania 2732
Philadelphia
Chicago
Pittsburgh
Minneapolis

Announcements

of personnel and office location changes of the American Bankers Association, would be glad to suggest appropriate forms suitable for such advertisements.

Consultation invited

Albert Frank • Guenther Law
Advisory Office and branch
131 Cedar Street New York 6, N.Y.
Phone Oelton 7-5050
Boston Chicago Philadelphia San Francisco

A. M. SAKOLSKY.
BONDS

Public Utility
Industrial
Railroad
Municipal

ACALYNN AND COMPANY

NEW YORK BOSTON MILWAUKEE MINNEAPOLIS OMAHA

INTEGRATED

CHICAGO

$175,000,000 American Telephone & Telegraph
Issue Bought and Sold Within 2 Hours

The American Telephone & Telegraph Co. sold July 23 a new issue of $175,000,000 2 1/2% debentures, said on Aug. 1, 1960, to a national-wide underwriting syndicate headed by Morgan Stanley & Co., whose bid was 99.5599. On the basis of this price the interest is 5 7/16. The company, comprised 102 investment companies, buying the bonds.

Proceeds from the sale of the debentures, together with other funds of the company, will be used to retire its $31 1/2 debentures, due Oct. 1, 1961.

Earl J. Woodward to Manage Detmer Dept.

CHICAGO, ILL.—Earl J. Woodward will become associated with Howard F. Detmer & Co., 103 South La Salle Street, in charge of the publication and sale department. The company was formed under the firm of the municipal department of the company.

Chas. Scheetz Co. Opens

New York City

Chas. D. Scheetz & Co. has opened the 1st stock and investments firm in New York City. The firm is being in business for itself in Newburgh, N. Y.

We are active in
Galvin Mfg. Corp.
Central Saya
Des Moines Ry. 8t 555
O’Gara Coal Co. 5t 555
General Telephone Pfd
New England P. 8t 56 Pfd
Iowa Ill. Tr. 3.5-4% 1940

ADAMS & CO.

231 South La Salle Street
Chicago 3, Illinois

DIRECT WIRE TO NEW YORK

Hickey & Co.

Field Bldg., Chicago 3

Rochester 8000

CO 15348

Direct wire to New York

STROMBERG CARLSON COMPANY

Memorandum on Request

KITCHEN & CO.

135 South La Salle Street
Chicago 3, Ill.

Tel. State 4905

Teletype CO 973

We have prepared a memorandum on:

MIDLAND REALIZATION
and
MIDLAND UTILITIES COMMON

Copies available upon request

DOYLE, O’CONNOR & CO.
INTEGRATED

135 SOUTH LA SALLE STREET

Telephone: Dearborn 9600
Teletype: CG 1200

Sees Importance in Controls
To Support National Debt


In the July issue of "The Investment Bulletin" of C. F. Childs and Company the importance of a sound program of government debt management was noted. The program will make it possible for the government to

"At present the United States faces problems which are the after¬
erglasses of international relations but also national adjustments," says the bulletin. "A year ago, and a year before, investors worried about national debt and paid for it. Now, reconciled to its growth, investors advance tax reductions, which would lessen the revenue needed to pay the national debt. "Funds the government now uses to pay people for maturing bonds, the interest on which is "must be obtained from other people. The funds must be provided by the government from either taxpayers or lenders. In lieu of paying taxes, the government must properly borrow to account for the gap between the present and future gener¬

ations, but the "plumbers" of 1965 cannot fill the "plumber's burst pipe." If there is little fear of paper money deflation and a hope for moderate tax reduc¬
tions, then it is possible that the Army which has no pride in its ancestors and no hope in past victory..."The size of the war debt and supporting taxation call for pro¬
gressive debt management more than for rapid debt reduction in the near future. Management im¬
plies some continuing government controls, a cooperation of the banking system, super¬
vision of foreign credit, and a short¬
term upon sales, requirements for public expenditures. Nationaliza¬
tion of banks, control of consum¬
mer's money, or political handi¬
caps on private enterprise may not be necessary or considered. Management also recognizes the need for maintaining public con¬

fidence in the instruments of na¬
tional credit, including currency as well as the market value of government securities. Every American citizen has a stake and a part to play in the Treasury's debt problems for national welfare. Only genuine cooperation by the people can hasten the problem of private enterprise and free competition. Respect for the natural laws of supply and demand should remove unrealistic war¬
time regimentation and the har¬

This advertisement is not, and is under no circumstances to be construed as, or offering of the following securities for sale or an offer to buy any of such securities. The offering is made only by the Prospectus.

150,000 Shares

Admiral Corporation

Capital Stock

$1.00 Par Value

Price $12.50 Per Share

Dempsey & Company

Ames, Emeric & Co., Inc.
Burr & Company, Inc.
First Securities Company of Chicago
Hirsch & Co.
Van Alstyne, Noel & Co.

This advertisement is not, and is under no circumstances to be construed as, or offering of the following securities for sale or an offer to buy any of such securities. The offering is made only by the Prospectus.
Ohio Municipal Comment

By J. AUSTIN WHITE

The Ohio Municipal Market model (including municipal revenues) of the vacation that is at hand. How- ever, one hears of several other

soundness of the credit of many municipalities. Mr. Frederick L. Birler, a prominent old hand in the field, believes that if every municipal investor pur- chased a copy of this recent study every month, he would be in a position to get a much better idea of what the market prices of municipal bonds are. Among these points emphasized, the greatest improvement in tax collections in the various communities, but unfortunately, there are many investors who do not realize the importance of this point.

Mr. Birler also mentioned that the price of tax levies that is collected, and the stability of its income for one or two years——or for any two of the last tax years, preferably since 1922, or at least, including the depression years of 1929-32.

Of course, one should consider the market status of the bonds of the Cincinnati School District, an entire industrial self-sufficient community, that are in no other market or in any other city, appears to be in need of all such contributions which benefit a city.

The outstanding sale of Ohio bonds on Friday, July 18, 1945, at $35,000,000 Cincinnati School District unlimited tax bonds due in 1946-49, at a price of 101.08 for $100. This is the first instance of a new issue of Cincinnati bonds in some time. On July 15, Hamilton County will sell some $2,975,000 due 1946-49, at a second bid of 101.675, also for $100.

Moreover, it may very well be that some Ohio City bonds will be offered for public sale, since the investment authorities have indicated that funds are running off at the rate of about $25,000,000 a year. Cleveland Graphite Bronze five banks for large aggregations of stockholders approval of outstanding $5,000,000 of notes under a bond of this date or before Dec. 31, 1945.

It is pointed out by Mr. Birler that Dr. B. J. Brown, of the fund has been exhausted.

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It is pointed out by Mr. Birler that Dr. B. J. Brown, of the
The San Francisco Charter

(Continued from page 402)

methods of peaceful settlement of conflicts. Ecologies will insist on 100% cash purchases in his efforts to curb stock market speculation.

Whether it will accomplish something fruitful or that the FIFB margins from 40% to 50% in early February the stock market seemed to thrive on the treatment. Speculation, once is gathered momentum, is hard to stop--more especially so when there is a great plenty of cash. Many a broker expects even more speculative activity in low-priced stocks as the direct result of this latest margin increase.

Our own answer to the problem of high leverage shares are the perfect trading substitute. This is just another and safer way of trading on stockholders--the only difference is that investors own the shares outright and let the investment company provide the extra money to put to work for their common shares.

The extremely bullish investors can load up with these shares that will move from four to ten times faster than the market. These surly bears can be sold short because they can be expected to drop very sharply. The intended purpose is highly to any market recession. The uncertain 75% of the funds in cash or governments put 52% of these shares with the same chance for appreciation as if they were 100% invested in other market issues.

We predict that as the investing public and dealers become more aware of the speculative potentialities of high leverage shares the demand in a rising market will expand the supply and push prices up to a premium. The supply of low-priced high leverage shares is very limited--only 415,000 shares outstanding. Trading volume for 1944 in these shares was less than 6,000,000 shares with total dollar volume of about $38 million at current market prices.

Here is a list of all the available high levege investment companies that are trading together with 1944 trading volume and the total average dollar price for each.

<table>
<thead>
<tr>
<th>Company</th>
<th>Trading Volume</th>
<th>Average Dollar Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlantic Corp.</td>
<td>1,815,000</td>
<td>340.000</td>
</tr>
<tr>
<td>Mutual Corp.</td>
<td>4,950,000</td>
<td>681.000</td>
</tr>
<tr>
<td>Arizona Corp.</td>
<td>6,000,000</td>
<td>340.000</td>
</tr>
<tr>
<td>World Corp.</td>
<td>2,000,000</td>
<td>681.000</td>
</tr>
<tr>
<td>Ohio Corp.</td>
<td>1,000,000</td>
<td>340.000</td>
</tr>
<tr>
<td>California Corp.</td>
<td>300,000</td>
<td>1,221,000</td>
</tr>
<tr>
<td>Pacific Corp.</td>
<td>681,000</td>
<td>1,815,000</td>
</tr>
<tr>
<td>Eastern Corp.</td>
<td>1,234,000</td>
<td>4,950,000</td>
</tr>
<tr>
<td>Western Corp.</td>
<td>76,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Northern Corp.</td>
<td>1,000,000</td>
<td>681.000</td>
</tr>
</tbody>
</table>

From "Notes and Comments" issued by Sun Short Line Co. & Company, New York, N. Y.

Trade Winds

Trade winds in the radio industry are blowing in all directions. Promises of miracles and magic "to come" will, without doubt, be fully realized in the not too distant future. But Halliburters have found a drastic break from their present and past. As the recognized world leader in the development and manufacture of short wave communication equipment, Halliburters have been building the foundations for new markets and massive sales. The present and future market for short wave radio is in the hands of the innovative, creative minds of the country. The future is bright for the company, and a bright future is ahead for our country.

Kauf in St. Louis

ST. LOUIS, MO.—Otis Martin Kauf is engaging in securities business from office at 5200 Zephyr.

Stratus Bros. Install Wire to Pacific Coast

With the announcement of the installation of private wire service to Los Angeles, Cal., through its correspondent Pledger & Co., Inc., New York City have now inaugurated a coast-to-coast wire service, with other private wire service to its own Chicago office, and to St. Louis, Mo., and Kansas City, Mo.

This marks another step forward in the firm's specialized service to dealers all over the country, which has been the backbone for the expansion of its various trading and statistical facilities.

Ever since the firm was founded in 1853 by Abraham and Robert Strauss, who gained their financial training with the firm of Logan & Bryan, it has devoted itself to the furnishing of primary markets to dealers, together with statistical data and pertinent information on unlisted securities. In keeping with the idea the firm began in 1853, began issuance of the Strauss Bulletin, "Geared to the News," by Frank Ginzberg, who joined the firm in 1898.

To expand its service to dealers in the Middle West in 1944, Stratus Bros., through their office in Chicago, in the Board of Trade Bldg., and installed wire service to St. Louis and Kansas City, Missouri. The line of service to Los Angeles adds another milestone in its more than twelve years of service to dealers.

From "Notes and Comments" issued by Sun Short Line Co. & Company, New York, N. Y.
Insurance & Bank Stocks

Bought — Sold — Quoted

ANALYZED REVIEWED COMPARED

Special Bulletin and Booklet Service to Dealers & Brokers

Thursday, July 26, 1945

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

There are a surprising number of commercial banks in the United States which have passed the century mark in age. In New York City alone there are at least seven institutions that have outlived the century mark by as much as a hundred years. The oldest is Bank of New York, which was first chartered in 1784. It was the first bank to be started in New York City, and for fifteen years it was the only bank. Prominent in the group of founders was Alexander Hamilton, and for many years he was active in its affairs. It is now in its 161st year, and according to the record, the bank is paying dividends on stock in each year since 1784. Fifteen years after, Alexander Hamilton's political enemy, Aaron Burr, was instrumental in organizing what is now the Bank of Manhattan. It was extremely difficult in those early days to start a new bank in the state of New York. Burr's group, consequently, started in the guise of a water company, but through pressure Burr's plan was carried out. The bank became its own way, was incorporated, and then the company to use its surplus in any way it saw fit, so long as it was legal. Thus, the bank company was enabled to put in operation a department of discount for banks and discounts for its customers. When, in 1812, the bank was reorganized, it augmented its own water department. Since then it has been a department of the Manhattan Bank, banking business and the insurance business.
**OUR REPORTER'S REPORT**

Marketing of American Telephone & Telegraph Co. stock at $175 per share and a $1,000,000 of new 2 1/2% debentures this week made a big profit for the company and a large dividend for the investor. It was not the only large single corporate issue recently brought to market under the auspices of competitive bidding but what was more important, it passed from the issuer to the investor in a remarkably short space of time.

**Banks Stock Offered**

With common stockholders having exercised their rights to purchase some 311,000 shares, or about 4% of the 422,500 shares of the common stock of Manufacturers Trust Co. of N. Y., at $58 a share, the bankers who had a standby agreement to underwrite any unsubscribed shares, put the balance on sale yesterday.

This gave the public the opportunity of picking up some 101,500 shares of the issue which were being sold to provide funds for the retirement of the bank's preferred stock and for additional capital.

Meanwhile it was indicated that stockholders of Pan American Airways have subscribed for almost 95% of the 3,000,000 units of stock and purchase warrants offered by the company, thus obviating the likelihood of any public offering.

**Recent Issues Moving**

Bankers report an improved subscription volume in some of those issues which were brought out recently and which proved a trifle slow in moving.

**Louisville & Nashville Railroad**

Series G bonds were reported to be attracting noticeably more interest and the same was true in the case of the Texas & Pacific's recently marketed new issue.

**Wellington & Co. to Admit**

Wellington & Co., 120 Broadway, New York City, members of the New York Stock Exchange, will admit Herbert G. Wellington Jr., a member of the Exchange, to partnership as of Aug. 1.

**Philipson Co. to Have Three New Members**

UTICA, N. Y.—Max Philipson, Benjamin Philipson and Ruth C. Philipson will become members of Philipson & Co., 219 Genesee Street, joining Meyer Philipson, formerly sole proprietor of the firm. Both Max Philipson and Benjamin Philipson have been associated with the firm for many years, the latter recently having been on war duty.

---

**How will you answer THESE QUESTIONS?...**

**EXACTLY HOW would you or your partner answer these realistic questions today, if you had to:**

1. Who will receive your partner's interest in the business when he dies, and how will this affect you?
2. Will your heirs receive full value for your interest in the business when you die?

Some day — perhaps when least expected — these questions will demand an immediate answer.

Today you can answer them in a safe, orderly and businesslike way, through a partnership agreement drawn by a competent attorney and made effective by adequate life insurance.

An experienced Massachusetts Mutual representative will gladly give you helpful information regarding Partnership Life Insurance.

---

**Massachusetts Mutual Life Insurance Company**

**As a Business Partner**

One of the soundest decisions that business partners can make is the decision to insure the most valuable and most perishable asset of their organization — the brainpower that makes profits possible.
Hytron Radio & Electronics Corp.
Common Stock
Prospectus on request

HERRICK, WADDELL & CO., INC.
55 LIBERTY STREET, NEW YORK 5, N. Y.

The Securities Salesman's Corner
by John Dutton

Training New Salesmen

If the securities business is to grow in the future, new blood must be brought into the industry. Experience has proven that additions to the sales organization present one of the most difficult problems in the securities business today.

On occasions we have been asked the question of what we believe will be the final answer as a result of the experience and education the salesman receives in his undergraduate course, the many thousands of dollars invested in the education of the securities business student and the countless hours spent by the individual, who desires to make a career out of the securities business should also be apparent in the individual's attitude toward his prospective job. He should be above the average in ambition. Personality will count. It is also helpful qualifications. Needless to say sound character is a basic qualification. As men are released from the armed services many worthwhile candidates for such positions will be available. Army training which includes a background of clear thinking and decisive action, is certainly a sound foundation. We have seen in the past that many men can build a career in the investment security business. Here is a vast reservoir of manpower that will soon be available to the investment firms that are now faced with such manpower problems.

Second, after you have selected your men with as much care as possible, allow them to see the present attitude toward the job of training them properly and well. Such a program is expensive but it is the most profitable long run. If good men are hired give them good training. Putting men on a sales force with inadequate training, and sending them out to make calls on a list of prospects may be the quickest way to build some sort of a sales organization—but it won't be the best way. A few above average men will stumble along and somehow make successful salesmen out of themselves—but such a plan is going to mean constant turnover and continuity. The firm that plans in the long run will be more expensive than a good training program.

Such a course of training should include instruction in basic economics, salesmanship, -a systematic way of trained—why we have an investment business (its economic justification)—operations of our markets—interest rates, government fiscal policies and how they are related—the meaning of balance sheets and income accounts—the importance of looking hard to determine who is likely to advance and decline—sinking funds—excess profits taxes and other taxes—capital setups of various types of companies and other related subjects of this nature, which are all a part of the knowledge required by a competent securities salesman. You may say this a pretty big order and it is. But such a course of training should be given in a few weeks—it should be stretched out over a period of months and if necessary, every new man should be given such training until the evening hours. Any man who has an opportunity to obtain such an education should be glad to attend night classes if it were necessary—certainly one that is worth while.

Then a practical course in selling securities should be given to the men by someone who not only knows how to do it—but can also explain it in terms that can be understood and carried out in practice.
Esso research develops

A SAFETY HIGH OCTANE AVIATION FUEL...

Now being tested by leading aircraft engine manufacturers

A DEVELOPMENT OF CONTINUOUS PETROLEUM RESEARCH AT ESSO LABORATORIES

Recently demonstrated at a Press conference in New York City
Back in 1930, Esso Laboratories began experiments leading to the first production of a Safety high octane aviation fuel.
Because of certain combat requirements, the fuel has not been found practical for today's military planes, although the Army and Navy conducted extensive tests with it in the early 1930's.
The Navy, however, has made use of this Safety fuel to test fuel systems on aircraft carriers under construction or repair, to minimize danger of flash fires from the sparks of a welder's torch or from static electricity.
But the real story of Safety high octane fuel must wait till after the war. Then—with proper engines ready for its use, and with plants and processes now engaged in war work made available to quantity production of Safety fuel—Safety fuel may prove an important step toward still safer travel in the air.

ESSO LABORATORIES
where constant research produces high quality petroleum products for
STANDARD OIL COMPANY (N.J.)
AND AFFILIATED COMPANIES
Mutual Funds

Nebraska Scores A First

By enacting two new laws to allow trustees and life insurance companies to purchase investment company shares, the State of Nebraska has taken the lead in applying new legislation to the growth of collective investment funds. These laws provide a new outlet for the investment of corporate and individual funds, and are designed to expedite the development of mutual funds, investment companies and insurance trusts.

The new insurance laws permit insurance companies to invest up to 5% of their assets under their control in "stocks or other securities of management-type investment companies" as defined under the Federal Investment Company Act of 1940. And the laws authorizing bank trust departments to do business in securities have been enacted by the Nebraska Legislature. The two laws serve to increase the amount of general funds available for investment in mutual funds, insurance trusts and other investment companies. In addition, the laws provide a means of increasing the general level of activity in the securities market and the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska. The new laws also provide a means of increasing the amount of brokerage business in Nebraska.

Investment company sponsors were quick to publicize this good news. Last week brought bulletins from Lord, Abbott, Selected Investments Co., and Distributors Group, commenting on this action by Nebraska.

Put Your Money Where the Bread is

A new booklet designed for individuals who "now own substantial amounts of corporate assets, or have the opportunity to do so in the future," was received by the author. The booklet is entitled "The ABC of Investing." While it is written in simple language for "new" investors, the booklet will make a strong appeal to anyone with $5,000 or $10,000 now lying idle in the bank. It tells you how you should put your money to work and how you should go about doing it.

National Income and Stock Prices

Kenneth K. Murrill, president of one of the oldest custodians of our economic trends, which we have come to expect in Kansas City, this time the chart compares the Dow-Jones Industrial Stock Average with our national income in the years from 1926 up to the present. Whereas stock prices have been in line with national income in the early years covered by the chart, the situation has now completely reversed.

Keynotes comments on this relationship, which is based on the national level of income is significant because it indicates the general level of business activity and corporate earnings. It also tells about the new money seeking investment employment. The chart indicates that the market has lagged behind the increasing business activity during the past four years.

Future Investment Policy

In a recent publication, Lord, Abbott, selected Investments Co., and Distributors Group, commenting on this action by Nebraska.

American Business Shares have assets of approximately $33,000,000, will follow a policy of full investment in "income-producing securities," with investments diversified at all times among equities and bonds. Common and preferred stocks are held to a maximum of 35% of the portfolio and a minimum of 25%. Individual investments are held to a maximum of 50% and a minimum of 15%.

Affiliated Fund, with current assets of approximately $28,000,000, of which $10,000,000 represents senior capital, will maintain a minimum of 75% in common stocks and the leverage factor will be reduced as the market advances. The Dow-Jones Industrial Average at 175 the maximum percentage of leverage will be 35%, and will be reduced gradually to 10% with the Dow-Jones Average at 275. Should the Average reach 300, all leverage will be eliminated.

Union Trusteed Funds, with total assets of more than $8,000,000, in the five separate funds in this group, will maintain a fully invested policy in each of the individual funds. "In funds of Union," writes Lord, Abbott, "the responsibility is left with the dealer to shift from one class to another as economic conditions change, or as the individual circumstances of the investor require.

Southwest Securities Analysis

Hugh W. Long & Co. has published an unusual type of memo¬ randum on the Southwest Securities. The memo looks like a proof of a future article in the Primary Finance and a page from the "Electric Power Financial Industry." The article which follows elaborates on this title and is based on a 67-page report by the Edison Electric Insti¬ tute.

You can obtain a diversified, supervised steel investment, writes the sponsor, "through the Steel Industry Investment— a new professional folder on industrial machinery stocks; a re¬ print of Barret's recent survey of Investment company performance; "Steel Industry Stock Sales." "Current issue of Journals." -- Distributors Group.—New supplement on Steel prospects, of Kron¬ ston-2. 5, 1 and 3, revised on July 7, 1945.

Dividends


May, Borg & Co. to Admit A. V. Smith

May, Borg & Co., 65 Broadway, New York City, announces to the New York Stock Exchange, adm¬ itted Alexander V. Smith, 54, a part¬ nership in the firm on July 23. Mr. Smith, who is also a Curb member, will be employed as an individual Curb floor broker and will participate in Frank C. Masterton & Co.

Gaines & Co. to Admit

Gaines & Co., One Wall Street, New York City, and the New York Stock Exchange, will announce to the firm of Gaines & Co. to limited partnership on Aug. 2.
At the date of this writing there have been declared and paid, out of the earnings of the year just closed, three dividends, each of which, by the deep and liberal distribution of the funds available, has been out of such earnings, which, we hope, will shortly be declared another dividend. The first of these dividends is, of course, the one that will be paid on the next and subsequent issues of your Company's shares of common stock. It will be distributed, as directed by the Board of Directors, on the date fixed by the Company's management, and will be payable to the holders of record at the close of business on the date specified. In the meantime, the Company's management will continue its active efforts to assure the efficient operation of the Company's financial and business affairs. It is believed that your Company's management can be trusted to make the best use of the Company's funds, and to employ them wisely and prudently, in the best interests of the Company and its shareholders.

Signed by your Company's management, at the close of the fiscal year, 1945.
Canadian Funds in New York

Under this title we have prepared a chart covering the period
1913-19, showing the dividends, which records monthly high and low averages of the
Canadian Dollar in terms of the United States Dollar.

Wood, Gundy & Co.,

Incorporated

14 Wall Street, New York 5

Toronto Montreal Winnipeg Vancouver England

Canadian Securities

By BRUCE WILLIAMS

Exaggeration invariably induces its own cure. The U.S. Gov-
ernment bond market, the most prominent instance, is an important bearer on the
behavior of all high grade securities, including Canadian, has
arrived at a stage of considerable doubt and uncertainty.

The ostensible reasons advanced for this state of affairs are: a
change in the office of the Secretary of the Treasury, the possibility of
an imminent fall of gold, and discussion regarding the desirabil-
ity of raising the Federal Reserve current duties. None of these influencing factors, however, could
alone have changed the technical position of the market
but for the influence of speculation.

Despite the clatter of hard money enthusiasts, which al-
ways follows the pocket of doubt, it is not logical at this critical stage to attempt any
reversal of the low interest trend. On the other hand, the
recent abrupt acceleration of the downward course of interest rates was unexpected, and
the hitherto smooth working of an established policy was inter-
rupted by an excess of enthusiasm
speculation.

From awhile cautious investors and those who properly attached im-
por tance to judicious spacing of securities, provided with a guide to
abandon to replace short terms by bond obligations.
The last-issued 2s rapidly acquired an
In a few months the
1% is forgotten 1.5%. Tem-
porary control of the market pas-
ced into the hands of those who are presumptuous enough to state definitely today what a particular security will be
worth many years hence.

Commonly it is reasonable to expect that a healthy reaction might be induced, which will not only clear the market but will establish a
low interest pattern. It will be remembered that during the
few years ago acquired an ex-
ample of 3% points the market was corrected, as a result of which the short terms were hardened and the controling
authorities obtained a useful example to allow a healthy out crop of liquidation which did not prevent the opera-
tion of the declining interest trend.

Unnaturally for the Canadian market, the recent outburst of yield destruction in the U.S. Gov-
ernment bond market affects the market with the period preliminary to the bond market.
Consequently, investors remain-
Continuing the
yields on Canadian high grade exter-

Canadian Crop Conditions

As a result of the recent cur-

netted $2,977,888. Camellia cigarettes ac-

Fresh work in the market
reached the conditions
in Ontario and British Columbia.

Moseley Group Offers

Standard Oil (Ohio) Ptd.

A new investment banking

company is founded by

Moseley Group, which is

Myers, Moseley & Co. on

July 25. With a capital of

$2,000,000, the company is

offered 34,500 shares of 6% cumulative preferred stock ($10 par) and

150,000 shares of common (par $3).

The preferred stock was "priced" at $10.15 a share and accrued dividends and the common at

$12.50 a share.

For except 15,000 shares of the

preferred, which are being offered by the company, the preferred stock is being sold by the company's five stockholders, including the estate of Jocelyn Ruppert, who also is selling the

150,000 common shares and will retain the remaining shares. Proceeds will be redistributed to other companies who will redeem $2,900,000 of 5% debentures due in 1956.

The Ruppert Brewery Shares

Offered to the Public

The first public distribution of stock by Jacob Ruppert in the

U.S. began on July 25 when an underwriting was launched by

John R. Taylor Corp. and Merrill Lynch.

The Ruppert & Barnes company offered 34,500 shares of 6% cumulative preferred stock ($10 par) and

150,000 shares of common (par $3).

The preferred stock was "priced" at $10.15 a share and accrued dividends and the common at

$12.50 a share.

Markets maintained on all

issues, both internal and

external.

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$12.50 a share.
League of Nations Reports Continued
Rise in World Money Circulation

Recent Bulletin Reports Some Slow Down in About Half of Nations, but a Marked Acceleration in Others, Particularly in Greece, Hungary, Italy, Turkey and Japan. Industrial Prices Show Divergent Movements, but Costs up in U. S., Canada, and Great Britain.

Some of the most interesting features of the "Monthly Bulletin of Statistics" published by the Economic and Financial Department of the League of Nations reports that the monetary situation has been generally improved during 1944. But in many countries this improvement has not been reached uniformly; in others it remained about the same. In the United States, for example, an absolute increase in the money supply did not occur, although the acceleration of the increase took place in 1944.

The war note circulation as a rule has increased more rapidly than deposits and in nearly all countries, sight deposits are rapidly expanding as a form of investment. How great has been the wartime expansion in the means of payment is apparent from a comparison of the data for the end of the fiscal year, 1943, and July, 1945. As the relative importance of note circulation and commercial bank sight deposits, respectively, varies widely from country to country, it is only by considering their sum that the actual expansion in the means of payment can be determined. During the above period, however, the increase in circulation and commercial bank sight deposits for the United States was largest in Greece, because about 80% in Iraq and to such a much smaller extent in such countries as India and India and Pakistan, and somewhat smaller in Germany. By contrast, in neutral Switzerland and Sweden, the increase amounted to 77% and 106%, in the Argentine to 142%, and in Canada to 146% and 148% respectively.

Note circulation alone (corresponding deposit data not available) increased by 100% in Greece, by over 1,100% in Hungary, while in Iraq, it increased by 1,350% in India and Pakistan, and 45% in Germany, 380% in the Netherlands, 260% in Turkey, 200% in France and 261% in Portugal.

The rate of growth in the means of payments slowed down during 1944 in half the number of countries under review and most conspicuously in Iraq, India and Pakistan, Mexico and Venezuela and, in Canada, the United States. In the cases of the other hand, an equally marked or even more pronounced acceleration rate of increase took place during the year just ended, for example in Greece, Hungary, Rumania, Italy, Turkey and Japan. In Germany the circulation, exclusive of Reichsbank increased by approximately 50% in 1944.

In one country shown, namely Belgium, was an actual contraction of the currency effected in 1944. After the liberation recent payments and the circulation of notes then circulating and their replacement by new notes were decreased in October. By February, 1945, the value of bank notes in circulation had reached to some 50 million francs as compared with 100 million francs in old notes outstanding at the end of August, 1944, and 63 millions at the end of 1943.

Industrial Price Changes

The prices of industrial goods showed divergent movements depending, of course, on the position of the exchange market of industrial supplies given in one of the standing Bulletin tables. For the value of industrial supplies in the United States and Canada started to rise fairly consistently from about January, 1944, to a slight re- lapse in the early autumn, as from April, 1944, the total increase up to April, 1945, amounted to 20% in Canada and 21% in the United States; however, the Canadian index stood then 3% under the pre-war average, while the United States index exceeded the pre-war average by 3%. The index for the United Kingdom moved slightly, but the decline in September due to anxiety over industrial re-conversion problems was somewhat sharper and the subsequent recovery slower; indeed, in March, 1945, the index was still one point below the August, 1944, peak, although 12% higher than a year previous and 32% above the pre-war average. The second largest rise for the United Kingdom, which included shipping shares, recovered more quickly, and, in March, 1945, stood higher than in any month of 1944, and was then 40% over the pre-war average.

The restrictions to which stock transactions in Germany have been subjected since 1941 have deprived the German index of true significance. Japanese share values in May, 1944, (latest index number available), were 9% lower than at the beginning of that year, 10% below the pre-war average, and 8% below the average for 1936.

In Denmark and Finland industrial share values reached a peak in May, 1944, and in France, about the middle of last August at levels 54%, 115% and 500%, respectively, above the pre-war average. Subsequent declines in Denmark registered amounting to 11% in October, 1945, and 13% in Finland up to February, 1945, or 30% in France up to the end of 1944.

In Mexico the index of industrial share prices reached a peak of 351% in June, 1944, 381% above the pre-war average, and then dropped 9% in the following three months; however, there was a slight recovery towards the end of June, 1945, and the index, which had been declining slowly since the middle of 1943, stood in February, 1945, 2% under the pre-war level and 9% below the average for 1933. The index for Venezuela is shown to have risen rapidly from June, 1944, to February, 1945, the total increase amounting to 39%, and the index for Colombia (which includes also banking shares) to have risen between May, 1944, and January, 1945, by 24%, but the index for Uruguay was a point lower in February, 1945, than in the same month of 1944.

Among the neutrals, the Swedish index rose from 116 (January-January, 1942) to 135 in March, 1945, whereas the Swiss index rose from 104 in August, 1944, to 138 in March, 1945, which had been rising almost constantly since January, 1944, mounted another 6% during the 12 months ending March, last, and stood 25% over the pre-war level; this index, however, covers also banking, commercial shipping and insurance shares.

The index for Australia remained stationary during the first three-quarters of 1944 and then rose slightly, whereas the index for New Zealand declined somewhat from the peak figure in July; early in 1945 the Australian index stood 15% and the New Zealand index some 30% above the pre-war average.

Basic Production in France and Belgium

The disruption in European industry caused by the war is exemplified by the figures for coal, pig-iron and steel production of France, excluding Alasce-Lorraine, and Belgium, which are given in another of the regular Bulletin tables.

In France, including Alasce-Lorraine, average monthly production of coal rose from 2,838,000 metric tons in 1939 to 3,538,000 tons in 1945; but in October, 1945, only 1,600 thousand tons were produced, while the following December's output amounted to 2,533 thousand tons, or about two-thirds of the monthly average output in 1938. Pig-iron and steel production fared worse. The monthly average production of pig-iron fell from 315 thousand metric tons in 1933 to 117 thousand tons in 1943; in June, 1944, the output in the Netherlands, landings output was only 67 thousand tons, in September, 1944, 7 thousand tons, in November, 12 thousand tons. The monthly average production of steel dropped from 341 to 185 thousand tons, or 44% between 1933 and 1943, in June, 1944, steel production was 75 thousand tons, in September, 110 thousand tons, in January, 1945, 53 thousand tons, and in July, 1945, the average monthly production in 1938.

In Belgium, between 1933 and 1943, the monthly average output of coal had fallen from 2,478 to 1,079 thousand metric tons, of pig-iron from 256 to 133 thousand tons, of steel from 895 to 157 thousand tons. In April, 1944, a further sharp drop in production took place, and by September, output of coal was down to 173 thousand tons, of pig-iron to 5 thousand tons, and of steel to about one thousand tons. A subsequent recovery brought production in December up to 1,092 thousand tons of coal, 30 thousand tons of pig-iron, and 12 thousand tons of steel.

Note: Statistics of gold production in Belgium are subject to variation of some ten tons.

Note Coraline Plus Sights Deposits

July, 1945

<table>
<thead>
<tr>
<th>Country</th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>170</td>
<td>185</td>
<td>190</td>
</tr>
<tr>
<td>Belgium</td>
<td>110</td>
<td>120</td>
<td>130</td>
</tr>
<tr>
<td>Canada</td>
<td>2,338</td>
<td>2,533</td>
<td>2,700</td>
</tr>
</tbody>
</table>

Note: Employed for note circulation refer to notes (Bank Notes and Treasury Notes) in the hands of the public.

Note: Note circulation plus total deposits. In Iraq, right deposits constitute about 49% of total deposits. India, December, 1940, December, 1943, December, 1944.

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

$750,000,000 American Telephone and Telegraph Company

Thirty-Five Year 2% Debentures

Dated August 1, 1935

Interest payable February 1 and August 1 in New York City.

Price 100% and Accrued Interest

MORGAN STANLEY & CO.
BLYTH & CO., INC.
HARRIMAN RIPLEY & CO.
KIDD, PEABODY & CO.
LEHMAN BROTHERS
SMITH, BARNEY & CO.
UNION SECURITIES CORPORATION
LEE HIGGINSON CORPORATION
Paine, webber, Jackson & curtis
DEAN WITTER & CO.

THE FIRST BOSTON CORPORATION
GOLDMAN, SACHS & CO.
KIDDER, PEABODY & CO.
STONE & WEBSTER AND BLODGET
A. G. BECKER & CO.
F. S. MOSELEY & CO.

July 24, 1945.
Reconversion Tax-Reducing Provisions

(Continued from first page)

the necessity for particular tax provisions. For today, and always, I am sure your appetites are already sufficiently whetted, and I must be on my guard lest the tax-reducing provisions of the Internal Revenue Code available during the reconversion period be made to appear too tempting. I should like to make it perfectly clear at the outset that the tax-reducing provisions with which I am going to discuss this afternoon are those now in effect under existing law. We are, of course, all free to speculate upon the tax reductions which may be anticipated following victory in the Pacific. I would prefer, however, to stay clear of this field of speculation today and to confine my remarks to existing realities.

The wartime revenue acts were, of course, primarily designed to finance the war effort. They were revenue-raising statutes which necessarily cut deeply into the disposable income of both individual and corporate taxpayers. The inhibitory effects which high taxes might have upon consumption, investment, and employment were not matters of great concern at a time when Government orders were keeping industry operating under forced draft. The concern then was over the possibility that there would be too little rather than too little private spending, and the inevitable readjustments which would result in an economic depression. In appearing before the Ways and Means Committee early in 1942, Secretary of the Treasury William H. Woodin stated that after the war there might well be a decline in the rate of expenditure in readjusting in
dustry and maintaining employment. He estimated that corporations in excess of 90 cents on each dollar of profit should be held by the Government to the account of the corporation and be returned following the condition of hostilities.

In giving effect to these and other suggestions for the assistance of business during the reconversion period, the Congress wrote into the wartime revenue act a number of provisions which will result in substantial post-war refunds. These are the provisions which I shall discuss with you this afternoon. Specifically, they include (1) the carryback of unused excess-profit credits or business losses, (2) the post-war credit or refund of 10% of the excess-profits tax, and (3) the rec- 

orization of amortization deductions arising from the issuance of certificats of non-liquidity. I shall not attempt to discuss re- funds arising under Section 722 of the Internal Revenue Code. Al- though many of these refunds will undoubtedly be made during the post-war years and may accordingly facilitate reconversion, this will come about only as an offset to the increased taxes which will be levied in the post-war period if the funds thus set aside would be currently deductible, and that deferred credits would be charged against this reserve rather than be available for offset when they were incurred.

Any unused portion would go back into the taxable income of the year in which the reserve was set up. Upon further consideration of this method by the Senate Finance Committee, it became apparent that in the light of many difficulties the specific re- signifies that during a period too short to meet the maximum funds in the process. It was not until early 1944 that any wide-spread public- ity was given to the uses which might be made of them.

A. The Circumstances Under Which the Carrybacks Were Enacted.

At the time the 1942 Revenue Bill was under consideration there was strong pressure for re- funds of one type or another, primarily to take care of certain costs, incident to the earning of wartime income, which might not be incurred until after the cessation of hostilities. Although interest centered on reserves for deferred maintenance and inventory losses, it was recognized that an equally strong case could be presented for reserves to cover other deferred expenses such as the amortization of the excess-profits tax. These were the important points which were brought before the Ways and Means Committee in its amended version of the 1942 Revenue Bill were carried over into both houses in the final act.

B. The Purpose and Method of the Carrybacks.

The purpose of the carrybacks is to recognize the possibility that they would be required to pay high wartime taxes and allow them to use wartime profits to carryback, unlike the special re- funds provided for in the Civil War, in the carryback of these war-induced losses and credits. Thus, the carryback method is designed to permit all war-induced post-war losses and credits charged directly against wartime income, or, if there should be losses and credits in the following year, and the carryback method is the means by which this is done. The carryback is used where losses and credits are not subject to an excess-profits tax, and the carryback losses and credits are charged against the income to which they relate only to the extent they exceed the excess-profits portion of the income.

The operation of the carrybacks is very simple. Take, for example, a case where a corporation with an excess-profit credit of $10,000 and a regular income of $50,000, 1944, and $40,000 for 1945. In 1946, the earnings of this company is $110,000, or the same excess-profits credit of $90,000, it will have an unused credit of $40,000 for that year which can be carried back to increase the 1944 credit to $110,000 ($50,000 + $60,000). Recom- mending the carryback of credits in excess of $10,000, or $20,000, will be due the company as a carryback. The operation of the loss carryback is much the same, but, given there are no unused credits, the unused credit, refunds may be more relevant. The carryback of losses arising from income may result in refund of both income and excess-profits credits. The corporation used in my earlier example, 1944, will be entitled to a refund of $30,000, its 1944 excess, or 55% of its loss. The carrybacks are applied first to unused credits and then to the first preceding year. If there are any unused carrybacks, these are charged, under certain circum- stances, against wartime income. The great advantage of the carry- back method over other methods

The Uses of the Carrybacks.

I have stated that the purpose of the carrybacks was to permit the refund of post-war losses carried forward. In the case of losses, under certain circumstances, against wartime income. The great advantage of the carryback method over other methods

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Ways and Means Committee.

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

NEW ISSUE

July 25, 1945

101,700 Shares*

Manufacturers Trust Company

Common Stock

($20 per share)*

* Representing the unsubscribed portion of 412,500 shares of Common Stock offered by the Trust Company to its stockholders of record on July 2, 1945, at the rate of one share for four shares held, then, pursuant to rights which expired on July 23, 1945.

Price $58.50 per share

Captions of the Offering Circular may be obtained from each of the following underwriters including the underwriters as are registered dealers in securities in this State.

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

Goldman, Sachs & Co., Lazard Freres & Co.

Harriman Kiley & Co., Lehman Brothers, Smith, Barney & Co.

Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane

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Ways and Means Committee.
accomplishing types tried to calculated about industries, other deals only much during maintenance which have been paid, or could be painted once when the job is finally done. Furthermore, the deferred maintenance which has accumulated during a war is not a burden to be made good before the final cessation of hostilities in areas of danger or possible even the release of a substantial number useful. Nevertheless, amounts will have to be paid for maintenance and repair jobs that couldn't be performed during the war because of material shortages, and to redo those things which have been done badly or cause only inferior materials or inexperienced work were used will be considerable. They will constitute a type of expenditure which the Congress intends to cover in enacting the reparation acts. It is desirable to the advantage of both the Treasury and taxpayers that, in claiming payments for maintenance, it will not be necessary to distinguish between the one and the other. While the meaning of deferred maintenance remains clear, its measurement in all but a few special situations is a difficult task if hopeless task. Indeed, the Interstate Commerce Commission in a recent report has declared that "No satisfactory method of measurement of deferred maintenance has yet been devised. Standards of maintenance for railroad to railroad, and apparently railroad engineering work do not agree as to what may be regarded as a normal standard. As to the extent to which post-war maintenance work requires deviations from the normal or some other standard need be expected as de facto maintenance." *Although the amount of deferred maintenance that will be made good after the war is not likely to be determined with precision, dollars, recovery costs may not be far from 
the mark. This is because the costs are included only those expenses incurred in the maintenance of plant, such as the cost of relocating or readjusting the system of re installment of fixtures which were torn out when work was stopped for that reason. Such costs are clearly war-related and are therefore within the scope of the reparation acts. In making use of the carryback refund, it may not be necessary to distinguish between re mendations which are not so def icit obligations unless they are more or less controllable by virtue of their short term nature. Such a distinction will not always be possible, however, because the Bureau of Internal Revenue has laid down some general rules rel ating to carrybacks and carryovers and which must be complied with by the taxpayer or he may have to pay later.

Another war-induced post-war problem is the question of whether there have been, in a few cases is dispensable compensation. The question has not been a common practice in the past, but the results of industrial pay provisions are understood to have been included some union contracts negotiated since the beginning of the war. The firms which have entered into the inclusion of this provision in their union contracts will incur the cost of earning war time income and so properly to be charged against the repara tions. There are also those situations where income has been overestimated by purely transitory or accidental factors. If, as happened after the last war, the temporary increases are in the decline in value of the hostilities, local defense would be of the same tax consequence as the war effort, but was intended to effect such an adjustment.

While the great advantage of the carrybacks lies in the fact that the deduction of war-induced costs from other post-war expenses, this also their principal weakness. Since, under the carryback acts, all additional wage costs due to this period the emergency is terminated, the tax deductibility of the carrybacks may be eliminated in advance. The treatment of reparation costs which has for some time seriously concerned the Government, not only in its role as a borrower, but also in its capacity as a lender, may be an important factor in making post-war reparation policies, at such time as can be determined with precision. The fact that the carrybacks will be repaid by the government if the present 83.3% net rate of tax will be the rate at which the excess-profits tax is actually paid. Quarter tax installments on 1944 liabilities which have not already been paid will be reduced by the amount of the post-war tax. The tax return forms for 1945 and subsequent years will be designed so that the determination of the deficit may be made immediately after the filing of the claim. The procedure will be very similar to that which will be employed in the prompt payment of carryback refund claims.
Reconversion Tax-Reducing Provisions

(Continued from page 42)

of tax collector, but also in its role of purchaser. In a few cases, the cost of conversion may exceed the cost of restoration of plant to its exact prewar condition. Although the war had made the plants available, the War Department was under no obligation to pay for the improvements. Thus, the costs of improvements made... the costs of the plant to its prewar condition.

In addition to the differences of opinion regarding the extent of the Government's obligation to pay the reconstruction costs of war contractors, there were widely differing views on the amount to be allowed for which adequate compensation had not already been made. Whereas some business men took the position that failure to recognize reconstruction costs as a specific cost item in negotiating war contracts was sufficient non-compensation, representatives of the principal purchasing agencies were of the opinion that this was a question which could be answered only after an examination of the income accounts of contractors to establish the... the costs of the plant to its prewar condition.

But even if the prices paid by the contractors reflected the large and increasing profit... to reduce the costs of the building so removed or dismantled are replaced in the process of reconstruction to peace-time production, so as to restore the building to approximately its original condition, such restoration charges will be fully deductible from current income. On the other hand, the part of the building previously removed or dismantled is replaced with a new and improved type of structure, for which a... the year of reconversion.

I Mimicoegraph 5870, Internal Revenue Bulletin No. 12, June 20, 1946

Price $1 per share
plus accrued dividends from July 15, 1945

200,000 Shares
The Standard Oil Company
(Incorporated in Ohio)
3½% Cumulative Preferred Stock, Series A
Par Value $100

This advertisement is not, and is under no circumstances to be construed as, an offer to sell, or as a solicitation of an offer to buy, these shares. The offering is only made by the Prospectus.

NEW ISSUE

This advertisement is not, and is under no circumstances to be construed as, an offer to sell, or as a solicitation of an offer to buy, these shares. The offering is only made by the Prospectus.

P. S. Moseley & Co.
The First Boston Corporation
Bylth & Co., Inc.
Harriman Ripley & Co.
Mellon Securities Corporation
Hayden, Miller & Co.

The Higginson Corporation
Incorporated
Smith, Barney & Co.
Union Securities Corporation

July 15, 1945.

should certainly go a long way towards removing the danger that they may be dissipated in payment of debts and shortages of cash. The amount of these refunds is dependent upon economic conditions during the period, but it has been estimated that for 1943 and 1944 they might amount to per cent of the cost of all of the post-war bonds issued for war purposes. Thus, the total amount available to corporations which... 1945. It is estimated that the total amount to be received by these corporations amounts to roughly $1.7 billion.

This amount may appear small in comparison with the $4.2 billion of cash and Government securities acquired by the war contractors for their stock from non-compensation, representatives of the principal purchasing agencies were of the opinion that this was a question which could be answered only after an examination of the income accounts of contractors to establish the adequate compensation that had not already been made. Whereas some business men took the position that failure to recognize reconstruction costs as a specific cost item in negotiating war contracts was sufficient non-compensation, whereas other business men took the position that the Government's obligation to pay the reconstruction costs of war contractors, there were widely differing views on the cost of improvements made. However, the original assets were fully written off at the time when the plant was converted to war production, it held that the cost of any replacements should be capitalized.

A. Reconversion Plant Cost

In the case of machinery and equipment, the full... a contractor would be able to acquire such machinery; the use of the machinery was limited to the period for which the contractors would be allowed to carry back... the knowledge of the amount of the tax credit will be determined by the time the contractor... in a number of cases may amount to as much as the contractor's non-compensation.

In the example cited above, if a contractor could... the knowledge of the amount of the tax credit will be determined by the time the contractor... in a number of cases may amount to as much as the contractor's non-compensation.

In the example cited above, if a contractor could... the knowledge of the amount of the tax credit will be determined by the time the contractor... in a number of cases may amount to as much as the contractor's non-compensation.

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Municipal News & Notes

The extent of the high favor enjoyed by the municipal bonds in investment circles was highlighted in the recent purchase of $108,060 of bonds of the City Housing Authority Series A refunding bonds by the Mellon Securities Corp. Pittsburgh, Pa. Mellon is a syndicate that competed for the loan, the Mellon group acquired the bonds at the effective rate of 1.6129%. The purchase prices to yield from 0.25% to 1.70%, the maturities being from 1846 to 1968.

This transaction, as Maxwell J. Goldsmith, president of the New York Housing Authority said, "marked a notable advance in housing authority financing," in that it results in the first instance where 25% of the securities on a low-cost public housing project are owned by private capital.

The significance of this development was emphasized by Philip M. Klotzkin, Commissioner and general counsel of the Municipal Housing Authority, who pointed out that the proceeds of the issue may partly finance the entire capital investment in the project, substantially increasing the working capital of 2 1/2% series B bonds held by the FHA. This increased working capital is statutory and is uniform on all of the 12 series bonds issued.

In addition, the New York Authority will reduce the 1966 property tax rate by 1.1%. Thus the new issue, then, will reduce the property rate covering the entire development cost of the project, except for interest which has already been retired.

The bond issue, the New York Clipper reported, represents indebtedness on its Clason Point Gardens which was constructed in 1941 and is located in the South Bronx. The project consists of 400 family dwellings in two-story row houses, the project unit is priced at $6,000.

As in all similar undertakings, the fact that purchasers of bonds have come to recognize the benefits of mutuality and the difference between the lower cost of mutual operating costs, including provision for debt service, have been made up by an annual Federal contribution in accordance with the U. S. Housing Act.

Terms of the refunding issue will result in an interest saving on the project of about $474,615 over the life of the bonds. A saving of 1.5% of the fact that the effective interest rate has been reduced from 2.4% to 1.9% of the FHA equity means that the last bonds will mature in 1990, or 30 years earlier than in the year 2000.

Thus the refunding eliminates nearly all of the Federal constitutions, which at maximum would amount to 
$6.4 million a year. In the past, incidentally, the longest term outstanding of any housing authority to private investors had a maturity date in 1966. The 40 years contained in the New York Housing Authority refunding is.

In commenting on the recent announcement, Commissioner Philip M. Klotzkin, said: "Financial markets have been confident of the soundness of local housing authority operations and the importance of such an undertaking, and, consequently, their interest and support of the Federal Government makes an annual contribution, up to a certain maximum, to help meet the costs of operation and the amortization of those bonds issued, and the new issuing of bonds is therefore very timely. In the case of City Housing Authority Series A refunding bonds, the price to yield is compared to a yield of 1.6129%.

\*\*\*\*\*\*

American General Corp. Underwrites Morris Plan Corp. Refinancing Plan

Under an announcement July 25 by Arthur J. Morris, the President of Morris Plan Corporation, the American General Corporation has agreed to participate in the underwriting of the purchase of new common stock to be issued by the organization. The equity interests of the Morris Plan Corporation, which owns approximately 96% of the equity outstanding, will be changed from a common stock classification to preferred stock, subject to conversion into common stock.

The new stock of the Morris Plan Corporation will be issued following a recapitalization of the organization whereby the authorized common stock is to be increased to 3,500,000 shares of 100 par value, to cover the presently outstanding 147,791 9/20 shares of value, giving a total capital to split into four new shares.

This is the third time that major companies have bought the securities, and the purchase price of the preferred stock, which the other companies have been at hand. The actual price paid by the companies is not announced, but it is believed that the costs of production, and the reconstruction of the industries to civil-\*


division, will continue to decline the months. As West Virginia industries begin to employ and the most comprehensive in- runs of national income also shows declines in April and May.\n
\*\*\*\*\*\*

Stock Prices

General Exhibition of the current stock market levels, points to prices as high as they were during the boom period of 1929 at the top, but conditions, "measured in terms of their yields are now nearing as high as they were in the average -month of 1929 when the greatest of the bond markets reached its climax. An average for the 12 months of that period shows that the prices of all dividend-bearing common stocks stood on the New York Stock Exchange were 24 times their dividends. In June of this year, the prices were 24 times their dividends. It should be noted in this connection that the 1929 average is reduced below the peak of September of that year by changes in the prices of bonds in the remaining months. Nevertheless it is noteworthy that bond prices at their present levels are now nearly all time highs.

"There have been only a few instances in the past 46 years when stock prices measured in terms of dividends have been at higher levels than those of this present time.\n
\*\*\*\*\*\*

Little Easing of Business Problems

(Continued from page 403)

of durable goods for unit of product have increased in all but two of the industries. Those two ex-ceptions are the making of ice cream and the manufacturing of rayon and cotton. In all other cases, the industries are of the same order in terms of their earnings and the figures were combined by giving to each series an importance that was propor- tional to the value added by the industries in the census of 1936.

If the labor costs per unit of product are taken as being equal to the ratio of wage costs from 1939 to 1940, and that they have increased in each subsequent year with the greatest advance taking place in the years prior to 1944. The figures for the unit of labor of most manufac- tured articles may be expected to be a good deal higher than those in the pre-war post-war period than they were in the pre-war period. For the most part the higher unit labor costs reflect increased wages. Probably they also reflect more overtime pay than would be normal under wartime conditions. They also reflect somewhat reduced national war produc- tion, and the recon-}
Competitive Bidding Comments

(Continued from page 494)

When they have a so-called fast one, the little fellow can't get any; they sell them on the basis that he is in his back yard all the time there stating there is nothing for him. But when they won't walk out the door, and the writer has been quoted with a price of a certain amount, the partner—do as they call it, so he will be given consideration on the bid. There is a lot of that going on. Mr. Big want the negotiated deals when he is in the driver's seat? He will stand the other fellow on it.

Put every one on a competitive basis and you will have a better, more respected investment fraternity.

EDWARD W. JONES

* * *

On competitive industrial having years the risk In or townships By competitive stigma that attaches these stay to effort the country so false—"as Friedman, Stanley & Co., Inc., San Antonio, Texas

Re: competitive bidding for securities By Friedman, Brokaw & Samish, St. Louis, Mo.

We feel that competitive bidding is a good idea for public utilities and railroads. We are not sure if it will work so well in the case of smaller industrial issuers. We would have no objection to industrial issues, and we feel that it might make a fairly high average on the large underwriting houses.

A NEW ORLEANS DEALER

We feel that competitive bidding on high class industrial securities is perfectly logical; however, we do believe it is desirable from the point of view of the underwriter due to a decrease in his margin of profit.

W. S. FRIEDMAN

Railroad Securities

(Continued from page 497)

enable increase of citrus fruit exports, induce more efficient expansion which bids fair to continue and to swell revenues of the MOP. The gross revenues should approximate $150 million a year, and this might well reach a level of between $20 and $25 million. In the event the MOP would support very liberal prices for the various securities, and this would be passed along to the refunding bondholders under the competitive bidding for profit, there is a very high likelihood that the yields will be kept very high.

However, with the probability that the IRR should be paid off and with the further probability that the IRR and bank loan may be paid off, and some additional first mortgage bonds issued, IRR may be considerably reduced, and the yields may be maintained at 120 or more.

The present compromise plan the Refunding 5 can accept, $74 millions of Class A common issues in the cash. Since the Class A stock is $74 per share, as evidenced by the cash, and with a dividend of 10% the cash equivalent will be $87. With a change in the dividend rate the cash equivalent may be doubled.

Business Man’s Bookshelf

Commercial Policy in the Post-War World—Report of the Committee of the League of Nations—Inter-

Sculumbia University Press, New York.


Opportunities in Retail Trade for Service Men—Dun & Brad-

New York city post-office.

Towards a World of Plenty—The Story of the Food and Agri-


Wartime Wage Control and Dispute Settlement—Bureau of Na-


Stock Salesmen Indicted

A Federal Grand Jury has indicted Stanley Grayson, alias Sam Brown, 56, New York City, and Lewis Franco, Morris Bernstein and Woe N. Mandel, 24, New York, in connection with the sale of oil royalties. Sales were made at prices greatly in excess of the real value of the oil. The defendants were represented as furnishing oil royalties to the government in return for a little actual value. Mr. Mandel, now serving three years in East-

The indictment charges that the defendants took advantage of the situation by selling the certificates on which the oil royalties were based on the promise that they could be resold for a high price. The defendants either received cash or a promise to forward money for the purchase of the certificates.

The indictment states that the defendants were aware of the oil royalties as being worthless and that they expected to make a profit on the certificates by reselling them for a high price. The indictment further states that the defendants should not have been permitted to acquire the certificates in the first place, and that they should not have been allowed to resell them without making full disclosure of the true value of the oil royalties.
### Pan American Airways Corporation
#### Capital Stock

**Stock Purchase Warrants**

| Of the 2,043,361 Units (each Unit consisting of one share of Capital Stock and a Warrant to Purchase one share of Stock at a subscription price at $25.00 per Unit), 1,921,619 Units were subscribed for upon the exercise of the Subscription Warrants which were distributed by the Corporation among its stockholders as of July 31, 1945, and which expired on July 31, 1945. The remaining 121,742 Units have been purchased by the Corporation by the several Underwriters.

**Copies of the Prospectus may be obtained in any State from only some of the several Underwriters, Including the underwriters, as are registered or licensed dealers or brokers in such State.

**The offer is made only by the Prospectus.**

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**Bank Profits and Prosperity**

(Continued from first page)

trivial compensation for the large expenses and the final result of all of it is that it makes you more, oftener and than ever before—and it all makes sense. And think how high political and other quarters there are some who want to make the money in war time and who, it is said, are making speeches and writing articles to keep away a large part of further war-time book profits by at least temporarily non-paying the prohibitory of the profits tax.

Banks are making unusual profits only because of and after the restrictions. They are making and are making unusual profits not only because the powers that be have been wars for war workers and war industries. It was in incidental to the authorities having to set out to get the war work done quickly. The program has been an unprecedented success. The alternative—no program and attempts to freeze, on Pearl Harbor Day, all living expenses—with mass conversions—conscripting labor and capital—have been entirely futile. The program has never been tried. What the final result would have been is still unknown, and probably is not our concern.

is likely that prices will be still lower.

Right now the averages are in the $45-48 range, and that is more than 70% of the July low. According to Dow, this indicates a secondary downtrend. If it adopted would have been to have frozen, on Pearl Harbor Day, all living expenses—with mass conversions—conscripting labor and capital—have been entirely futile. The program has never been tried. What the final result would have been is still unknown, and probably is not our concern.

There is no likely that there will be a sudden demand for compensation for war workers and war industries. It was in incidental to the authorities having to set out to get the war work done quickly. The program has been an unprecedented success. The alternative—no program and attempts to freeze, on Pearl Harbor Day, all living expenses—with mass conversions—conscripting labor and capital—have been entirely futile. The program has never been tried. What the final result would have been is still unknown, and probably is not our concern.

Certainly the banks should be permitted, encouraged, to make unusual profits, if it can be done with the prevailing lending rates. But the banks should be used toward their retaining a substantial part of the earnings, building reserves to meet the next depression. For be sure that if our economic system is given reasonably free play—let us say a liberal depression. But another depression will, in due time, in its appearance. For depressions, like Florida hurricanes, come out of nowhere, and can be predicted with certainty that they will come when.

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**Tomorrow's Markets Walter Whyte Says—**

(Continued from page 496)

forecasts of the world to come. Yet, the sudden belief that the Jap war was ending was enough to push men into the market... If they do this on a rumor, the logical conclusion is to expect a lot worse action. This of course brings us right back to "logical" as expressed in the market.

Two and two makes four in the world of mathematics. It seldom comes out that way in the market. Science, whether it be mathematics, or some other branch, is exact. It has a philosophy; it can be explained logically and is reducible to certain axioms and formulae. All these—howver—have absolutely nothing to do with the market. The money doesn't act on logic no more than it is responsive to the home phrase, "supply and demand." Its best stimulus has always been the fear and hope factor—the kind of stuff which comes from mobs.

To get back to logic and its application, it might be put this way: our logical reasoning is frequent that the pay frequently pays dividends in Wall Street. Last week the market cracked on rumors of a Jap peace. Logic- ally it will break wide open if the rumors are true. Actually it may do very much the same thing. The first crack that you saw may well be the worst if the war was the only thing it had to contend with.

But there are other things for the market to act on. And it is these that the market has yet to get out of its system and by the time it does...

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Blyth & Co., Inc.

126 Wall St.

Judy 26, 1945.
Dealer-Broker Information Recommendations and Literature

(Continued from page 407)

Midland Realization and Midland Utilities Common—Memorandum, American Reinsurance Co., 135 South La Salle Street, Chicago 3, Ill.


Also available is a memorandum on General Telephone and Magnavox Company.

National Gas & Electric Corporation—memorandum, Model, Island & Stone, 76 Bexar Street, New York, N. Y.

National Radiator Co.—Analyses, for dealers only—C. E. U., 81 Broadway, New York, N. Y.

Nationals Terminal Corporation—circulates—Adams Co., 21 Broadway, New York, N. Y.

Also available is a memorandum on Howell Electric Motors.

New England Power Association—study of present company system, J. P. Banigan, Inc., 70 Pine Street, New York, N. Y.

Old Ben Coal Corporation—memorandum, Banigan, Inc., 70 Pine Street, New York, N. Y.

Plaudor Co.—Recent analysis discussing outlook for the company, Banigan, Inc., 70 Pine Street, New York, N. Y.

Palladium Products, Inc.—Study of outlook and possibilities—Brown, 120 Broadway, New York, N. Y.

Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Sears, Roebuck; Eliam Mills, Inc.; American Hardware; Douglas Shoe; Southern Eastern Corp.; Detroit Harvester; Dorem, Inc.; Mohawk Rubber Co.; TACA Airmotive; American WINDOW Glass.

“Rock Island”—study of improved reorganization profit possibilities, 150 South La Salle, New York, N. Y.

Schenley Distillers Corporation—articles they have been running in the Chronicle—series, Chicago, Ill.

Sears, Roebuck & Co., Inc. 209 South La Salle Street, Chicago, 3, Ill.


Stromberg Carlson Company—memorandum, 209 South La Salle Street, Chicago, 3, Ill.

Submarine Signal Company—lately, 209 South La Salle & 72 Federal Street, Boston, Mass.

Thermatic Carbon Co.—Circular on interesting possibilities—Hamburg-American Bank, 50 South La Salle Street, Chicago, 3, Ill.

Wells Fargo & Co.—Lately, Hapal & Hapal, 111 Broadway, New York, N. Y.

Western Union Company on American Bestman Car and a study of analysis on Panama Cocos.

Wells Fargo & Co.—Dealing with the same, 209 South La Salle Street, Chicago, 3, Ill.

On Untrammeled Voting

(Continued from page 403)

A concerted campaign, we believe, was conducted in every district of the United States, during the course of which it was announced, and telegraphed, by official representatives of their respective districts, and solicited to vote affirmatively.

The question and the answer are here. Members and others in the securities field have the right to know what solicitation was used in each district, who contacted the non-voters, how many non-voters were approached and of these how many voted.

An analysis of the above quoted by-law will serve to prove that a double safeguard was intended: (1) approval by the Board of Governors; (2) approval by a majority of the members. We consider, however, that a majority of all members have voted.

In other words, one of the ways of making undesirable proposals in the forms of amendments is to have the return indicate a total vote which is short of a majority of all the members.

The first of these safeguards was exercised without any advice sought or given by the membership at large.

The Board of Governors before approving the amendments did not discuss them with the membership through either oral or written communication.

The Governors' freedom of action was in no wise controlled, advised or interfered with by the members.

We insist that the same safeguards by a parity of reasoning should have surrounded voting by the members.

In our opinion Article IX of the by-laws contemplates this.

The welfare of the public, and of the investment industry is neither served nor protected by having such a poll as the one that has just been gone through censured as it was with the unregulated halo and pressure characteristics.

It was the duty of the Governors and their representatives to make such voting strictly secret.

Secrecy would have insured an independent exercise, or failure to exercise, the franchise as envisaged in Article IX.

Let us see how the current procedure has sullied such independence.

Member X of the NASD received a ballot asking him to vote on the proposed amendments to the by-laws to which he was opposed to the contemplated change, believed that to be the prevalent sentiment amongst his confreres, and being familiar with Article IX, for a moment entertained the idea that he would not vote and many others might adopt the same attitude.

The ballot would be wholly secret he thought, and the whole plan of regimentation might fall because the majority of non-voters had not voted: the majority of the members had not voted.

X deluded himself in believing this was a constitutional method inherent in NASD by-laws of accomplishing his purpose without showing the letter or statement of the Executive Director's letter of transmittal. Ballots although separately sealed, had to be accompanied by a letter indicating the member casting each ballot. Who were the voters and who were the non-voters ceased to be a secret. The non-voters were pressured.

Soon letters came from the Chairman of his District Committee. X was urged to vote pro. For business reasons, because he could not afford to antagonize his Chairman, he did so, against his own wishes and best judgment.

You see there was a good reason behind Mr. X's desire not to show his hand.

From its phalanx Article IX must have anticipated such manipulation of absolute secrecy and total absence of meddling in membership voting on which by-law amendments are predicated.

Having once passed on such proposal, the Governors should not have reconsidered, either directly, or indirectly, or by the vote of the members who should have been permitted absolute freedom of action.

Nasd officials will find these new by-laws and the enforcement of them plenty troublesome.

Accordingly, such manipulation may be expected from all the various Post Office Department at Washington that, effective immediately, the correspondence, it being understood (the postcard registry service), is extended to include all financial and real estate communications, in any kind, between brokers and customers.
Ohio Brevities
(Continued from page 412) to the presidency of Ohio Air
Express Corp. of Columbus, Ohio, fol-
lowing reorganization as a result of an
agreement between the American Mar-
velous Washi.ngton Court House, O. ,
and the Continental Electric Products
Corp. Mr. Lytle is former president and
treasurer of A. C. Sales and Appliance
Mich., and general manager of Anp.

Fifty-five communities are be-
ing surveyed by the Federal Reserve
P'Brien(s) to establish as stops on this pro-
posed feeder line and being given a
complete survey of their traffic. The
fit into the pattern of passenger, car-
riage, and express service contemplated will serve mainly Ohio but will also be of benefit in Indiana, Pennsylvania, and Michigan.

This development, which would speed Ohio's post-war operations and a Recommercial
electrification of the present, through its 2,300 miles of air service, put prac-
tically every community served by it in direct contact with any place in the state and its four neighbors. It will travel, the company said.
The company plans to change its present name to "Great Lakes Airlines."

Don L. McDermott, Columbus, superintendent of air equipment and
staff, reports that the number of mid-
to Aeronautics and prominent in midwestern, states has varied from year
to year in the past, the number of years, continues as vice-presi-
dent in the reorganized system.

The list of presidents and directors is as follows: Hugh M. Bennett, Columbus, president and treasurer; Glen W. Way, Delaware, Ohio, vice-president; William L. Henry; Kenneth Keenan, Mansfield; Carl H. Pratt, Detroit, 

United Artists Building; James H. Morehead, New York; Ken C. Chambliss, New York Stock Exchange; and of Col-
lin, Norton & Co.; Alfred Zerbe, construction engineer, and Roland H. Rogers, travel director are prominent businessmen.

Frank Purnell an-
nounced Youngstown Sheet & 
Tube Co. has declared a dividend of 
$25,000,000 principal amount of its 2½% of the preferred stock stock of the American Bondholders' Association and to the
reorganization which took place in 1970. Sale was private to a small group of purchasers.

Mr. Purnell said Sheet & 
Tube has slashed its funded debt from $75,000,000 in May 1941, to $55,000,000 now, or 
over $20,000,000 in five years. This was accomplished by a refunding through reduced liabilities, a reduction in fixed charges, the cumulation of depreciation, offic-

eis said.

Miles C. McKearney has become associated with Foster & Davies Inc., Clevel and advertising agency which has been national New General Electric Co., national lighting campaign in trade maga-

ine in 112 cities.

native Cleveland Mr. Mc-
Kearney was with the Cleveland Electric Illuminating Co., for 8 years prior to his recent appointment as Admis-

Colonel Mare J. Green was

Continental Industrial Bank of Clevel and has been elected to the
rector before serving about 2 years
in the bank. He retired after 18 months of which was spent in Italy.

Edward O. Warner, district sales
manager for Philadelphia for Na-

tional Washi.ngton, Washington, D. C., has retired from active duty.

For the past 12 years, Col. Green has been closely connected with the development and operation of service stations for railroad cars and other railroad specialties.

J. J. Mellon, who succeeded the late P. C. Clark as president of

Clark Controller Co., on July 14, 1944, has decided to make an
company to take a special assign-
ment for the government.

Until a successor can be found, H. W. Wilson, executive vice-presi-
dent, will act as the chief execu-

REDEMPTION NOTICE

Atlanta, Birmingham and Coast Railroad Company
Notice of Redemption of Preferred Stock
NOTICE IS HEREBY GIVEN that the Coast Railroad Company by resolutions of its Board of Directors adopted July 16, 1945, has exercised an option under its Preferred Stock Certificate of Incorporation and by-laws to repurchase all of the preferred stock outstanding in the form of 2½% Stock, Series B, Dated January 1, 1928, each share of which is entitled to one vote and has a par
per annum per share from July 1, 1945, to date of redemption and that on said date or time hereafter, the Coast Railroad Company will purchase and pay at the office of The Chase National Bank of New York, 1164 Broad-
St., and if paying in cash, at the said office of the Coast Railroad Company of the Coast Railroad Company for each Preferred Stock by the holders thereof. A form of transcript will be
forwarded to each stockholder of record as of the close of business on July 1, 1945, which transcript shall embrace in full the names and addresses of all the holders of each share of preferred stock shall and may, at the option of the Coast Railroad Company, be redeemed as provided in the Preferred Stock Certificate of Incorporation, or paid in cash at the option of the Coast Railroad Company, or any sum or sums not exceeding the par
of 100% of the principal amount as $24,640,000.

Accordingly, each of said Bonds so called for redemption will become

by our direction, if the Coast Railroad Company shall elect to redeem

Bonds will be paid at 105% of their principal amount as aforesaid, together with accrued interest to the redemption date, said interest to be computed with coupons maturing after October 1, 1945.

The interest coupons maturing October 1, 1945 will continue to be payable to the respective holders of each Bond in the form in which it is held and in the manner prescribed for the payment of interest on the Bonds. Holders of Bonds so called for redemption, whether registered in name or in street, will be entitled to receive the amount of the principal amount thereof.

All owners of Bonds are requested to present their Bonds on said redemption date at said agency of the Company and said Bonds will be paid at 105% of their principal amount as aforesaid, together with accrued interest to the redemption date, said interest to be computed with coupons maturing after October 1, 1945.

Interest earned on said Bonds is accumulated at the time of redemption, neither this interest nor the amount of said Bonds will be credited to the account of the owner thereof as of the date on which said Bonds are so called for redemption.

REMEDY PRIVILEGE

Holdors and registered owners of above-mentioned Louisville and

Railroad Company's First and Refunding Mortgage 3½% Bonds, Series E, called for redemption on January 1, 1945, may immediately, or at any time prior to said redemption date, obtain pay-
ment of the redemption price of said Bonds at the said agency of the Company, said bonds not being taken

October 1, 1945, upon surrender of their Bonds at the above-mentioned agency of the Company. Coupon Bonds must be surrendered together with proper instruments of payment and transfer in blank.

Interest on said Bonds will cease to accrue on and after October 1, 1945.

NEW YORK AND NASHVILLE RAILROAD COMPANY

By: W. J. McFARLAND, Vice-President.


PREPAYMENT PRIVILEGE

Holdors and registered owners of above-mentioned Louisville and

Railroad Company's First and Refunding Mortgage 3½% Bonds, Series E, called for redemption on October 1, 1945, may immedi-
ately, or at any time prior to said redemption date, obtain pay-
ment of the redemption price of said Bonds at the said agency of the Company, said bonds not being taken

October 1, 1945, upon surrender of their Bonds at the above-mentioned agency of the Company. Coupon Bonds must be surrendered together with proper instruments of payment and transfer in blank.

"You can't afford to cash them in. It further urges hold-

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The Exchange will plan to

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The Exchange will plan to

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American, not blighted in favor of Europe—all in alleged conflicts and what it stood for.

The war was not totally to the "left," and still less to the right. The war was not a pure idealist, and the other is not a pure utopian. If there is something certain deriving from that fact, it is that he is an "honest politician." He has managed to pivot in the Pendergast machine to which he owes his power, ever and ever, and, by dint of dis¬missing an Attorney General who was a former boss. If anything can be expected, it is that he will be faithful to those who have put him in power and who are "R.," and "cleared" with "Sidney." What is more, it will not be the Republican party who shall re-elect him. That does not exclude all count, substantial changes of per¬sonnel. But such changes occurred more in the Federal Reserve System, which the board of directors are chosen, than in the administrative chiefs who are selected. There were no pledges for dismissal anyway. The new men are chosen from the old New Deal set. Actually, the responsible men are those that are still acting behind the scenes. It is the same Harry Hopkins, who is, in all probability, acting as a director in the "progressives." The President has always been a master of imaginative approaches. Lacking the familiar personalities, and the public which made his predecessor often indefinitely, he had to rely on conventional political stratagems, a sort of "spinning" the political bosses. There is, indeed, this difference. The new President has a new Democratic administration. That is one of the facts. The New Deal, of course, is dependent on Congress and even to boast, it is not enough to ante up the right checks. To be antagonizing his own party. The difference should be put to the President and the congressmen believing that we shall have a more liberal philosophy of our government than any of them from here on. Mr. Roosevelt took his hat off before the conflict with Senator Barkey, and Mr. Truman in turn asked for his recognition plan for the New Deal; but this is one in tactics only, and even that is doubtful. In the way of "spinning" the public, the railroad the Breet¬ton Woods and San Francisco "charter" is not a new one.

The Truman Myth

But the country is hungry for the same thing that advertises the new President as a return to con¬ventional politics, a return to the older and traditional approach to Americanism, and what have your contemporary propa¬ganda stories from the Repub¬lican side. It has been under¬stood that the average business¬man that the New Deal is de¬livering a different "winning" that would be more to his taste, that radiation from the New Deal on America's interests are well taken care of, the era of extremes is over. The background of the new President is being "spun" by the "farmer" and typical Midwest¬erners, with a sort of philosophical and ideological prejudices, a be¬liever in free enterprise, an

The Political Outlook

(Continued from first page)

Racial problems are due to irra¬tional and emotional debacles, and follow the established rule of thought. But its sentiments are based on the old "constitutional" traditions, and would seem to be a misleading idea of what the race problem is. It is, indeed, a problem that may be the most serious one of our day. The race question is one of the most difficult problems that we face, and the only way to solve it is to face it squarely. We must not avoid the issue, but we must face it and work for a solution.

As for post-war plans, the infla¬tionary trend is the present as¬sumption that the Administration goes far beyond the previous. It is expressed indi¬rectly in a conservative require¬ment that each year, in advance a vast volume of public works to support "full employment." The general Publica¬tion is a business conducted entirely by Federal authori¬ties on construction, and reports about impossible amounts of work, etc., is current. The single objection to the administration is the fact that $3 billion are to be spent annu¬ally by Federal authorities to support the government, and in doing so, the enormous amounts of public works that are now made. The fact is that the administration has been more successful in this plan than any other country in the world.

The President is asking his recent report, summed up the official pro¬gram of "stabilization;" hold prices, raise wages, lower taxes, institute public works, and in¬crease unemployment. Briefly, more spend and take in the form of increased wages, etc. The effects, if any, will come from Congress that has made more grants of public works, and is to be continued. They will continue to be continued, and to eliminate over¬time pay in Federal offices. As under Roosevelt, the administra¬tion aims always justly and usually frustrates such attempts. Promoting free enterprise is the ground on which Mr. Truman earns most applause. Discontent is the war, of the last two months was stimulated in no small degree by the idea that with that respect to regimentation, the people will be freed to act as they will be more free of business than FDR has been. But un¬der FDR, everything was in matters of business "persuade¬ment and force." And under Mr. Truman intends to improve it. "Persuade¬ment is indicated by the official plans to con¬tinue regimentation after the war. In fact, it is a matter of the "im¬munity" speech by flat the boom in real estate and secur¬ity. The President, you see, is as alike in the "im¬munity" speech by flat the boom in real estate and secur¬ity.

Our diplomacy, too, appears to be managed on the well-known pattern: to be Russian, good, and co-operation, cost what it will. The Roosevelt era had been described as one of the most important of the century, and the new President is expected to continue in the same way. It seems to be a change in our pol¬icy in China (in favor of Chiang Kai-shek), but the turning point, if any, is not yet. Above all, the most glorious hallmark of Mr. Roosevelt was that he was fully accepted by Truman, and that FDR, the fallacy, is being put in the right order by the President. Mr. Truman intends to improve it. More "persuade¬ment and force" is indicated by the official plans to con¬tinue regimentation after the war.

What has happened is that Roosevelt, the president of a regime that has been known as the "right'' to pre¬serve the "ecclesiastical'' tradition, if he is still in the White House, they will continue to act as they will. The President is asking his recent report, summed up the official pro¬gram of "stabilization;" hold prices, raise wages, lower taxes, institute public works, and in¬crease unemployment. Briefly, more spend and take in the form of increased wages, etc. The effects, if any, will come from Congress that has made more grants of public works, and is to be continued. They will continue to be continued, and to eliminate over¬time pay in Federal offices. As under Roosevelt, the administra¬tion aims always justly and usually frustrates such attempts. Promoting free enterprise is the ground on which Mr. Truman earns most applause. Discontent is the war, of the last two months was stimulated in no small degree by the idea that with that respect to regimentation, the people will be freed to act as they will be more free of business than FDR has been. But un¬der FDR, everything was in matters of business "persuade¬ment and force." And under Mr. Truman intends to improve it. More "persuade¬ment and force" is indicated by the official plans to con¬tinue regimentation after the war. In fact, it is a matter of the "im¬munity" speech by flat the boom in real estate and secur¬ity.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

Reports of a change in the differential discount rate, as well as unconfirmed rumors of important nearby developments in the war with Japan had an unsettling effect on the market last week. Also, contributing to the nervousness of the market was some uncertainty as to the policy of the New Secretary of the Treasury, and rumbles of dissatisfaction over the results of the Seventh War Loan, from the standpoint of the substantial amount of bank credit that was used and the large number of speculative purchases, and "free riders."

As a result the Government bond market, after several issues had made all time highs, had one of its sharpest recedions of the year. The whole list was under pressure with the largest declines taking place in the 2s due 9/15/57, the 3s due 1956/58, and the 5s due 1956/59 and 1959/62.

The intermediate maturities gave ground, led by the 2s of 1952/54, and the 2s of 1951/53. The short bonds as well as the same maturities were lower. The partially exempted declined in sympathy with the taxables.

THE DISCOUNT RATE

One of the factors contributing to the decline in the Government bond market was the report of an impending increase in the differential discount rate, by the Federal Reserve Bank of New York, from 1/2% below the 1% of 1 1/2%.

The current rate was instituted on Aug. 30, 1942, and has remained in effect ever since. It represents the premium from the Federal Reserve Bank of New York over the 1% of direct Government obligations maturing in one year or less.

The regular discount is 1%, and member banks can borrow on Government bonds and eligible commercial paper at this rate, having a maturity of one year or less.

The discount rate at which York Reserve Bank will no doubt be approved by the Federal Reserve Board. Rumors persist that the change in the differential discount rate will be announced today (Thursday).

OBJECTIVE

The reason put forth for the reported increase in the differential discount rate is a change in the objective of Government bond buying, the price change to some extent the recent trend toward the longer maturities. SHAKEOUT

Whether such a change in the discount rate would accomplish what the objective of the change in the discount rate, must be left to the judgment of the market. As far as the market's reaction to recent events is concerned, the effect of the change in the discount rate has been not too substantial in view of the sharp rise that has taken place in them.

At least the psychological effect that has been to scare buyers away from the longer maturities, since it is the feeling of some, that any change in the discount rate would indicate that Federal Reserve Board want interest rates to go lower, particularly in the longer term obligations.

This has been interpreted to mean that we have reached the plateau of interest rates. Money market experts point out that even if there is a change in the discount rate, money rates of necessity will be lower because of the large amount of deficit financing that must be done, and the fact that debt charges must still be bearable.

With continued low money rates and the technical position of the market improved, prices will not reach much, from these levels, except for psychological reasons, which are generally of short duration.

TEMPORARY EFFECT

Some experts believe that a change in the discount rate can have any permanent effect on the prices of the longer term bank eligible issues, if the Treasury follows its present policy of selling them. It was noted that the Treasury in order to keep down the debt burden and to curtail the increase in bank earnings, has indicated that short term interest rates will be kept short-term low income obligations...

After the initial effects of a change in the discount rate have worn off, it is believed that the demand for the longer term high coupon issues will be felt again and these obligations will move ahead from these levels.

Accordingly this group of advisors to take advantage of price weakness in the 2s and 2½s to pick up obligations that will give them a satisfactory income and will fit into their portfolios.

OTHER VIEW

Others believe that the market are of the opinion that an increase in the differential discount rate, without a change in financing policy, will mean that the commercial banks with higher deposits will hold only those bids and certificates that will be needed to meet deposit changes. The rest will be sold and the proceeds reinvested in the longer term obligations at levels that will give them enough return to meet the cost of their time deposits.

RAISING SHORT-TERM RATES

Suggestions have been made that the short-term rates be allowed to rise proportionately so that the banks would probably be less eager to take for the longer maturities... This would no doubt appeal to the larger city institutions, but not to the smallest out-of-town banks.

The latter point out that they have all of the short-term rates that they need to meet deposit withdrawals, but they must depend on the longer maturities to meet the expense of time deposits.

They believe that they should be given the same treatment as the mutual savings banks, or at least a direct offering of intermediate maturities, which are with a higher coupon rate than 1 ½%... The making available to these institutions of intermediate term bonds would not mean less of a demand for the longer term bank eligible issues.

Pan American Airways

Stock and Warrants Offered by Kuhn, Loeb and Others

Kuhn, Loeb & Co. is today announcing offering of 110,642 units of capital stock and stock purchase warrants of Pan American Airways Corp. The offering represents management's subscribed portion of the original 1,600,000 warrants offered by the corporation to its stockholders this year and are associated with Kuhn, Loeb & Co. In the present offering are Blyth & Co., Inc., Lazard Freres & Co., and Ladenburg, Thalmann & Co.

J. Egan Trading Mgr.

For First California

LOS ANGELES, CALIF.—The First California Company, Inc., 60 So. Spring St., announces that John F. Egan has been appointed managing director of the Trading Department for their Southern California Division. Mr. Egan was formerly with Crutenden & Co. and prior thereto was with Dean Wittner & Co.