London Comment

By HERBERT M. BRATTER

Meeting of International Chamber—The End of Lend-Lease Aid to Britain—UNRRA’s Prospective Resources Exhausted—Lord Keynes Continues as British Treasury Adviser

LONDON, ENG., Aug. 15—Arriving in London for the opening meeting of the International Chamber of Commerce Council, Winston Churchill, chairman of the Chase National Bank of New York, told the representatives of the “Chronicle” that it is very important that this meeting be held now and that businessmen should get together to foster trade and prepare to cooperate with the Social and Economic Council of the United Nations Organization. “Our immediate task here,” he said, “is (Continued on page 723)

Index of Regular Features on page 769.

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In 2 Sections—Section 1

Aug. 2 1945

London Comment by Herbert M. Bratther

Impact of the National Debt Upon Banks and the Capital Market

By SIMON E. LELAND

Professor of Government Finance, University of Chicago

Dr. Leland, continuing his analysis, states that government securities will dominate investment market. As principal borrower, government will be in position to control interest rates, and lower rates on governments may be expected because of banks’ large holdings. Holds that banks, though relying on governments for income, can extend commercial credits because of their liquid position, and that ample credit will be supplied. (See next to last page 722)

London Comment

By Herbert M. Bratter

Full Employment And Government Spending

By HON. ROBERT A. TAFT

U. S. Senator from Ohio

Senator Taft approves feature of Wagner “Full Employment” bill which provides for comprehensive planning and thought by the President and Congress on future economic conditions, but disapproves of the provisions for unlimited government spending to attain full employment. Says “most necessary and immediate step” toward prosperity is to restore freedom to individuals and business, and decry government spending and increase in public debt as leading to centrally planned power without remedying depressions. Wants more liberal OPA policy.

No Congress has done more work in seven months or work of more outstanding importance than the Congress which has just adjourned. But in our absorption in foreign affairs and foreign nations we have almost completely neglected the vital domestic interests of the people of the United States. When the Congress returns, it should undertake a systematic plan to legislate to bring about progress, prosperity, and peace.

“An address by Senator Taft over the Columbia network on the radio program series “Congress Speaks,” Aug. 7, 1945.” (Continued on page 759)

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Cotton Exchange's...
Superintendent of Banks: "Do we have a...
The Capital Levy Plan for the Redemption of National Debts

By A. M. SAKOLSKI

A Champion Needed!


For the public and for the securities industry it was a sad day when the Maloney Act became a law for this gave birth to the National Association of Securities Dealers. The pressure of the Act, during the course of legislative hearings, great doubts was expressed concerning its feasibility and its effect upon our free institutions. It is now plain in the light of NASD performance that these fears were groundless.

We were about to say that the National Association of Securities Dealers had outlived its usefulness. On second thought, we believe this body never had any genuinely useful function.

As now, prior to the Maloney Act, the duty to police fraudulent and manipulative acts and practices and to promote just and equitable principles of trade was within the jurisdiction of the Securities and Exchange Commission.

The partial siphoning off of those duties to the NASD via the Maloney Act and the NASD methods of regemination have been repeatedly criticized by us. Our position remains unchanged and is reemphasized at this time because of the daring and insolent package that the Governors handed the member firms in the vote on the recent amendments to the NASD By-laws.

Emphasizing only the then proposed new article dealing with registered representatives, the Governors hurried in—without a separate opportunity on its part of the members to vote thereon—a new amendment to Article VII, Section 1 of the By-laws permitting the Board to submit in the future to the member firms and their representatives allegale rules of fair practice in being provided safeguards against unreasonable profits or unreasonable rates of commission or other charges.

The failure to afford member firms of the NASD an opportunity to vote separately on the By-law amendments dealing with separate subject matters is an offense which cannot be readily forgiven, an offense which, as we pointed out in our recent editorial, should be regarded as the whole process. This, the SEC still has an opportunity, nay, a duty, to do.

In the matter of "The Rules of the National Association of Securities Dealers, Inc.," certain issues were raised by the petitioner, the Securities Dealers Committee, which are par

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The Capital Levy Plan for the Redemption of National Debts

By A. M. SAKOLSKI


After each of the long and protracted wars of the last two centuries, there have followed broad and controversial discussions of the national debt that have arisen from the conflict. After the Napoleonic wars the British national debt was regarded as a serious economic problem. Following the renowned classical economist, David Ricardo, it is argued that means should be taken to reduce its drastic reduction, and he even went so far as to recommend a sort of general lency on wealth to eliminate it. After our own Civil War there were some dire forebodings regarding the accumulated national indebtedness, but scattered patches of political comment there were even recommendations for some form of repudiation. It was proposed that the "hated bondholders" should be forced to forego payments of interest and principal in gold as they had been promised, and instead, depreciated "greenbacks should be forced down their throats." In 1869, Isaac Butt's, an upstate New York politician, and one-time editor of the Rochester "Daily Union and Advertiser," wrote a possible title for what is sometimes termed "Brief Reasons for Repudiation Applicable..." (Continued on page 744)
British Elections and The Stock Market

Mr. Babson Discusses Importance of Churchill's Defeat on Stock Prices

BARDON PARK, MASS.—When Churchill's defeat was announced by radio, the stock market started to control prices. When, however, voters began to realize that it would take years for England to get its socialist plans into effect and perhaps then would fail to materialize, the demand for stock securities began to fall. There are several reasons for this.

England is in a direct struggle for survival. I have long thought that a socialist state is inevitable, and if anything is inevitable it is the fact that it is going on every day. Nothing can stop it except a great spiritual awakening which will cause us to put the good of our own selves before that of any system. Whether or not there will be a success, no one now knows. Russia is still the test tube, notwithstanding what her friends say. But if the next few years prove this experiment is being tried, jobs should be plentiful and money should flow like water. Stocks should sell higher, not only because of their individual merit, but because Englishmen will start from their English stocks into American stocks.

Billions Awaiting Investment

Fifty-five years ago there were only about one or two billions of "toose change" in pockets and cash drawers. It took about fifty years to build this up to seven billions. During the past five years this loose change has jumped from seven billions to twenty-eight billions! This means it has quadrupled in five years. During this same five years bank deposits have doubled and are now over $100,000,000,000.

This nearly equals the assessed values of every acre of land and every building of every kind in the entire United States. When one considers that there are no more securities available for purchase than there were five years ago, it seems as if higher prices for stocks and land are inevitable. Sooner or later this loose change will mean an investment. Churchill's defeat should hasten the day.

Low Interest Rates

Let us consider interest rates. It was not long ago that government bonds paid 3%; sav¬

Toons Bank accounts paid 313%; when we got 3% on our checking accounts. Today these interest rates are down to 2%, 1% and sometimes 1/2% below the history of the world.

Yet anyone can buy today good corporate bonds at yields of 4% and good stocks to yield more. People should soon get tired of leaving their money idle in the banks at 1/2% to 1% interest when they can get so much more from good securities. When the public realizes this, the demand for good dividend-paying stocks should greatly increase.

Advice to Young People

One thing which I must mention in closing is this: The British elections will cause much of Europe to follow Britain and socialist ex-

One of the outside investors who must be present will be the American investor. The movement will temporarily cast its shadow on the United States. This means that every family should own a little British stock and every young per-

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Stations—Memorandum

Villas & Hickey, 49 Wall Street,

New York 5, N. Y.

News Review—Current discuss-

ion of certain bank and insur-

ance issues—Huff, Geyer & Meich, 67 Wall Street, New York 5, N. Y.

122 Non-Callable Preferred—Statistical tabulation—Street & Company, 122 Broad Street, Philadelphia 9, Pa.

Preferred Stock Guide—Data on

unlisted public utility preferred and common stocks—G. A. Sexton & Co., Inc. 70 Pine Street, New York 5, N. Y.

Railroad Situations—Three at-

tractive situations contained in the current issue of Railroad Securities Bulletin—B. W. Pizzini & Co. 23 Broad Street, New York 4, N. Y.

Twelve Speculative Stocks—Selling between 10 and 10 which appear likely to participate in the

return to prosperity—H. G. Brandt, Grunum & Ross, 120 Broadway, New York 5, N. Y.

Also fifteen of the firm in the same category selling between 10 and 10.

Aetna Life Insurance Co.—

Memoranda—Chas. W. Scarron & Co., 209 Church Street, New Haven 7, Conn.

American Forging & Socket Company—An account of the present condition and outlook—De Young, Larue & Torchendorf.


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Direct Wire to Chicago

(Continued on page 752)
Tomorrow’s Markets

Walter Whyte Says—

(Continued from page 734)

On the above-mentioned front was the atomic bomb. And that which effect that will have on security markets is impossible to forecast.

I recall from my college physics how my instructors used to weave fantastic forecasts if, and as when the atom was split. Well, we did it. And now the fairy stories I heard years ago appear closer to realization. But I imagine that either a single corporation or a group of corporations will alone benefit from this atom splitting shows a gross ignorance of what the whole thing means.

The first two bombs dropped on Japan were experimental. Their destructive power was terrifying. Yet, that same power now released in a split second can be harnessed, for peace uses, and released gradually to turn engines, dynamos and other involved mechanisms that make up our modern society. To say that one group or one nation can control a force is flying in the face of realism.

We know that Germany was on the eve of the atomic splitting discovery. We also know that England and Canada have shown experimental research. It is hard to believe that Japan or Russia doesn’t have physicists who are now developing the atomic secret. We just managed to get there a few steps ahead.

All this leads to the belief that the stock market, up against theubby change such as it never had to weigh before, doesn’t know what to make of it. The public’s first impulse is how to profit by it. It immediately jumps on the stock of the companies who worked on it in the belief that only such companies will benefit. I’m just thinking aloud, but I don’t imagine how such fantastic power can be vested in any one company or group of companies. The atomic application makes all present methods completely obsolete. The assembly line will burn itself out and you have lived with and, by now, become extinct. How can the market, which represents mass opinion, gauge its application? In fact, I think that everything the market does from here on will be completely new, with no relation to fact as we know it today.

But before I scare you into paralysis, allow me to point out that all of the above is long-term in character. For the short-term we still have to use the old yardsticks of market action and reaction.

Last week we saw the rails take a nose dive while the industrials climbed up. The end of the Jap war was obviously responsible for the rail decline. From the way they were sold Friday I looked as if everybody thought they were war babies. Well, they’ll be making less from here on, that’s true, but they have such big excess profit taxes that they can take a big cut in gross and still have larger net than they showed up to now.

In any case, you have Chicago & Northwestern at 40½ more than 6,000 lots back on the tax rolls, which you would about $30,000 in taxes. It’s sold, in restoring to the tax rolls all but some 30 of the original total of 6,041 lots which had reverted to the State or the Everglades Drainage District for non-payment of taxes. The town acquired the properties at $1 a piece.

Home building has been going apace in the municipality in recent months, more than 100 new structures with FHA financing having been constructed, with 63 being under offer and subdivision where only one had existed for some time.

With three large items added to the tax-exempt list, including the gas pipe, Bridge, at $34,300, which is now owned by the State, nevertheless, Highway Commission’s 1945 tax roll shows an increase of $4,085,614, over the same period. Increased valuations on citrus groves and properties accounted for the increase, according to County Tax Assessor W. S. Sparkman.

Non-exempt property with tax bills paid advanced in total valuation from $767,922,000 to $76,912,000. Homesteads, however, jumped from $18,224,000 to $17,594,000.

An increase in assessed valuations of 30% and a reduction in the tax levy for the current fiscal year is the intelligence emanating from Lakeland’s Mayor William P. Case, and City Manager Charles Larsson. The present tax levy of 32 mills includes 17 for debt service and six for operating costs.

City officials indicated that the debt service levy for the new fiscal year may be pared down to 13 mills. A 3% additional bonded indebtedness may be contracted for emergency purposes, but it must be retired within five years.

Counties and municipalities may issue revenue bonds to build or acquire electric and gas companies.

The State Legislature is authorized to provide methods for merging county and city governments.
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Operations of FHA in Insuring Mortgages Gained in Year Ending June 30
The Federal Housing Administration's operations in insuring mortgages on existing houses was the largest in volume in five years, providing $369,160,000 during the three-month period ending June 30, Deputy FHA Commissioner Earle S. Draper announced on July 14.

REAL ESTATE SECURITIES

Park Central Hotel Should Benefit by Peace
Three-fourths of the 1,000 rooms in the Park Central Hotel are arranged in small suites with semi-housekeeping facilities. This feature, the hotelians believe, should attract patrons.

Lack of housing facilities will be aggravated by returning soldiers and the convenience of a suite of rooms with hotel service will be in great demand.

Dealers-Broker Investment
Recommendations and Literature

(Continued from page 724)

Hanco, 39 Broadway, New York 6, N.Y.

Consolidated Cement Corp.

Also available are circulars on Central Iron & Steel, K Insing & Co., and Riverside Cement Corp.

Consolidated Electric & Gas Co.

Also available are circulars on Consolidated Gas Utilities and the Chicago Circular--Circulars Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Crompton & Knowles--Descriptive literature on the American Brokers, 1925 Walnut Street, Philadelphia 2, Pennsylvania.

Also available are memorandums on Gruen Watch and Textiles, Inc.

The Cross Company--Analysis of conditions in the export and re-export markets--F. H. Koller & Co., Inc.

Also available are Circulars of Liquidometer Corp., D e l a w a r e Laboratories, New York, and Great American Industries.

Dunnncolor--Descriptive circular--F. R. Reilly & Co., 40 Ex-

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dow Glass.

Riverside & Dan River Cotton Mills, Inc., Mississippi's interesting situation--Scott, Horner & Munn, Inc., Law Building, Lynch-

burg, Va.

H. H. Robertson Co.--Memo-

randum on reorganization outlook--Shaw, 35 Broadway, New York 4, N.Y.

Also available on a memo to Saxon-Carlin and a list of general market comment.

"Rock Island"--study of improved reorganization profit possi-

bilities--McClughan, Baird & Co., 1 Wall Street, New York 5, N.Y.

Schenley Distillers Corporation--Brochure of articles they have been running in the Chronicle--Saxon-Carlin, in care of Schenley Distillers Corporation, 39 Fifth Avenue, New York 1, N.Y.

Seafair Lines A"--Memoran-

dum--J. W. Gould & Co., 120 Broadway, New York 4, N.Y.

Serric Corp.--Current analysis on interesting outlook--Sills, Minton & Co., 309 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on the outlook for H. K. Porter Co.


Standard Fruit and Steamship Corps.--Discussion of interesting prospects of company operating profitably under war conditions--Pittman & Co., 375 Madison Avenue, New York 16, N.Y.

Strumberg-Carlson Co.--Statistical memorandum--White & Strumberg Building, St. Louis 1, Mo.

Also available is a supplement on Continental Airlines, Rohr Aircraft Corp., Ampco Metals, Inc., and Pickering Lumber Corp.

Strumberg Carlson Company--memorandum--Kitchen & Co., 135 South La Salle Street, Chicago 3, Ill.

Vacuum Cleaner Corp.--Memo for dealers only--Pullum, Dowling & Co., 25 Broadway, New York 7, N.Y.


Also available is a circular on Fashion Park, Inc.


York Corrugating Corp.--Memo to dealers--K. L. Corrugating Corp., 70 Pine Street, New York 7, N.Y.
Urges Caution Against Boom in Farm Prices and Adherence to a “One Crop Program.” Points Out Six Tasks Ahead.

In its July circular addressed mainly to farmers in its region, the First National Bank of Clarksville, Tenn., gives advice regarding the transition period from war to peace, and urges its clients to stay within the trend developed until a new one is established.

"We who live out here in the countryside, with our hogs rooting, plowing and seeding and harvest, run the circular, "are giving serious thought to the question of a market, and likely take place at the close of the war. Not only is the farmer faced with uncertainty, but our farms, furthermore, with the abundance of those the country will have to meet.

"Farm prices of products of any kind that may go down. Income in the form of profits from farming operations will likely fall, or may be worse, Farm land prices can be either higher or lower. There are no accurate footnotes to guide us, so we must make plans now to avoid any unforeseen difficulties. We will be unprepared if it is unfavorable; and we also must be ready to take advantage of any favorable opportunities which might arise.

"There is one thing we will: follow. We must not speculate. We must be strong in every way and in every event. We must be prepared for a transition period to any business change that might blow suddenly and forcefully like a tornado.

"We agree that when the war is over, the farmers must control over our lives and market prices now as they do today. We farmers, may find it necessary to readjust our way of living. It would be a foolish mistake to do it today, perhaps for several months, until a transition period to any business change that might blow suddenly and forcefully like a tornado.

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A Champion Needed!

(Continued from page 721)

particularly pertinent to some of the rules passed by the NASD and the instant amendments under consideration.

The following are some of these issues:

(a) That the NASD was created pursuant to an illegal statute; to wit, the Maloney Act, which contravenes the law of the land because it is special legislation in effect giving to the NASD certain exclusive and monopolistic privileges, amongst them that of having their members participate in certain financial advantages and dealings to the exclusion of non-members; as a result, the NASD is not legally constituted and is, therefore, without any rule-making power.

(b) That the interpretation (then relating to the 5% spread) is monopolistic in its operations, counters the anti-monopoly statute in that it tends and will tend to eliminate the small dealer in securities and thus cripple competition. We feel that the same may properly be urged with respect to the new powers of the NASD to authorize By-laws which would control profits and commissions.

(c) The NASD is exercising legislative functions which the Congress never intended to delegate and which the Congress had no power to delegate.

(d) The NASD is modifying trade custom and usage without the legal right to do so.

(e) Some of the NASD By-laws constitute an illegal exaction and put the free and governmental way of dealing with property by a private association and place a burden upon and constitute an impairment of interstate commerce.

(f) The By-laws of the NASD or some of them are unconstitutional by denying them equal protection of law, and by interfering with the dealers of property rights without due process of law.

These issues, partly raised before the Commission, on the 5% spread NASD interpretation, were completely side-stepped by the Commission in its "Order of Hearing." the Commission even failing to state whether it had jurisdiction of them.

This was unfortunate. However, we would not be surprised to see all these issues revived in some future disciplinary hearing before a business conduct committee of the NASD. We predict that the last of these has not been heard by any means.

Proceedings, disciplinary in their nature, before the NASD Business Conduct Committees usually invoke the violation of a general rule which reads as follows: "The member, in the conduct of his business, shall observe high standards of commercial honor and just and equitable principles of trade."

We now quote from a brief filed by the Department of Justice which deals specifically with this rule:

"For that rule, written in the most general language, is capable of more than one interpretation; and, if it is to be applied by a private body for purposes which discipline, the limits of its meaning must be fixed by the law of the land."

"It is a well-established principle that commands which have the force of law must be phrased in language so clear that the person of ordinary intelligence can know what is expected of him. Here the criteria by which actions are to be assessed are 'high standards of commercial honor' and 'just and equitable' principles of trade. 'Commercial honor' is a vague concept, too uncertain in its inclusion and exclusion, to impart substance to the term 'high standards'; and 'just and equitable' does no more than set down a lofty and unspecific ideal without principles which must guide the trade of the members."

The brief then goes on to point out that under the terms of the Maloney Act the rules of an association formed thereunder are designed, among other things, to protect the mechanism of a free and open market and are not designed to impose any schedule of prices or fix maximum rates of commissions, allowances, discounts or other charges; further, that there cannot be read into the statute the power to impose upon a member an obligation which the Congress has expressly forbidden.

In our opinion, the NASD has shown a tendency to run afoul of these prohibitive provisions. It has also attempted to define by proclamations the law of the land and have our followers with our editorial policy are already fully acquainted and shall need no further explanation.

We level against the NASD the indictment that it makes cowards of men. So many of the communications that we have received from members enabled them to ask us to withhold their names for fear of reprisals. In and of itself, this alarming condition calls for immediate remedial action. Fear of District Business Conduct Committees, their members or any of others who might terminate business relations has left a member firm bereft of courage.

It is fervently hoped that some existing voluntary organization will have the vision and good sense to protect the interests of dealers and brokers by petitioning the SEC to abrogate the recently adopted by-laws of the NASD. Inasmuch as the above citizens should be so informed as to whether the National Association of Securities Dealers is a duly organized, legally constituted body. The well-being of the public and of the securities field as a whole demands this. Inasmuch as the above citizens should be so informed as to whether the National Association of Securities Dealers is a duly organized, legally constituted body. The well-being of the public and of the securities field as a whole demands this.
outlook during the second half of 1943 war price levels would have to go through a period of readjustment, resulting from price control and Government regulations. There was a great deal of talk at that time that this period would be relatively short and would end just as soon as the results of deflation policies upon the financial structure of Government were apparent. But now, with the outlook for early termination of wartime activity, there will be every incentive for the Government to carry through the whole programme of reversion regardless of ideological considerations.

In the memorandum "Bear Market, Reaction or Shakedown?"—J. V. H. Meinert has stated: "Governmental attitudes toward business, prices, wages, credits, the value of foreign and all the many fields in which Government now plays an important part is conditioned between fear of inflation and fear of deflation. Over the next several months fear of inflation may well be the theme of Government thinking and activity, but in view of the (probably minor) deflation, the result being predominated by the fear of inflation, that would effect, it is wholly likely that the result of a rapid shift of emphasis back to an inflationary theme would take the form of a temporary "greenback" movement passed." Then the prospect was that the process of resultant institutional change would start while we were still at war, and that by the time of the termination of the Japanese war prices were in part conditioned by governmental attitudes that will tend to a great extent, during any initial deflation phase.

Tax Relief

Still another reason for heightened optimism, and a greatly increased probability of a period of readjustment after the Japanese war to continue over the end of the year, important relief from high taxes would probably not be seen until a year or so from now. Here again, the probability that new tax legislation will come within a few months.

Still further, double taxation of dividends, a much discussed aspect of this whole situation, may well be eliminated or much changed through the judgment of the courts. This would, of course, have the effect of making dividends more valuable to the recipient and thus increase the market value of a stock from the standpoint of yield.

Yield Basis

Still another, and perhaps most important, aspect of a connection with the level of stock prices and the rate of early termination of the war is the disintegration of a peacetime market and a wartime market from the standpoint of yield basis.

Gordon has stated: "Abe would expect in a period of market in excess of about 3% yield basis, whereas on a wartime basis, which is the attendant uncertainties inevitably tied in with war, a 4% basis was about one might expect. The industrial outlook in June at last about a 4% basis at the equivalent of around 170 on the Dow-Jones Industrial average and subsequent decline of 10 points. The rate that a rapid shift of emphasis back to an inflationary theme could take the form of temporary "greenback" movement passed."

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Michigan Brevities

During the first six months of 1945 the Chrysler Corp. supplied the United States Navy with 26,500 trucks and auto parts. The total was 26,437,726. Shipments are continuing at an accelerated rate.

In 1945 total $83,647,228 and the wholly-owned United States-owned subsidiaries in Cleveland, equipment, machinery, and Long Island City. The present financing is for some of the stockholders.

Fabricating a leading producer of printed and other pack material for materials for national bakers and candy makers. The company's volume of sales in the first six months of 1945 for the war is considerable.

Mr. Smith said that while there were 900 employees at the Oldsmobile plant, the schedule called for more than 6,000.

Marxer & Co. New Firm Formed in Detroit

DETOUR, MICH. — Marxer & Co. has been formed with offices at 365 Broadway, New York, and a branch in Detroit, Mich., to conduct a national business in an investment business. The firm is composed of James R. Marxer and Marion S. Marxer. Mr. Marxer was manager of the unperturbed department for Cuy, Fawcett & Co. with which he had been associated since 1915.

James M. Butler With Smith, Hague & Co.

DETROIT, MICH. — James M. Butler, formerly with Smith, Hague & Co., Penobscot Building, members of the Detroit loan association, has joined formerly with Wm. Coney & Co., and together with A. M. Kiddie & Co. in the past he had conducted his own investment business in Detroit.

Stone & Webster Eng. On Atom Bomb Plant

Hundreds of engineers and draftsmen, working overtime and seven days a week in a building that had been empty for 17 years, were using atomic bomb material. It was a long time coming.

The contract, which called for the planning and construction of an atomic bomb plant, was awarded to the Oak Ridge National Laboratory. The work was completed in record time.

As many as 2,700 drawings a day were sent out and many of them were being flown to their destinations.

The work in progress, which has executive offices in New York and Boston, is one of the largest in the country. It has handled many big jobs in war and peace, but this one is larger. It is the largest.

The job, said, was of such tremendous importance that all work was placed on schedules based on the instructions of the General. Leslie G. Groves.

Set yourself a schedule which can be met by a man, not by a machine. The War Department, Alfred S. Gage, jr., president of the firm had performed an "a time schedule only slightly short of impossible."

Connecticut Brevities

Gross Revenue of the Southern New England Telephone Company for the six months ended June 30, 1945, was $14,861,027, compared with $14,842,088 for the first half of 1944. Interest charges reserved for $6,193,613. As of June 30, there were 492,156 telephones in service. This represents an increase of 6,018 over June, 1944.

The income account of the Connecticut Investment Management Corp. for the year ended June 30, 1945, showed net investment income of $31,467 against $23,479 a year ago. Net income per share was equal to 3 29 in 1945 based upon post-war peak of $112,108 shares. Security profits in 1945 were $52 compared with $6,996 a year ago. Investments, at cost and at market, are included on the balance sheet at $608,772 while the actual market value was $799,756, or $190,994 in excess of the stated value.

As of June 30, approximately 95% of the market value of the securities in the portfolio were in equities, 5% by preferred stocks, and 4% in bonds.

Jesse W. Randall, President of the Connecticut Chamber of Commerce, has been elected a Trustee of the Hartford Life Insurance Co. to replace the late L. Edmond Zachar.

For the first half of 1945, Bon Ami Company showed net profit of $501,254, or $2.59 per share on the Class A stock and $1.53 on the Class B stock. Total sales were $18,142,284, an increase of 29% over the corresponding period in 1944.

Bigelow Sanford Carpet Co. reported net income of $582,035, or $2.94 a share on a net income of 6% preferred stock and 1.47 on 6% cumulative preferred. Total sales for the six months were $1,673,745, an increase of 45% over the same period of 1944. The net income was $582,035, or $2.94 a share on a net income of 6% preferred stock and 1.47 on 6% cumulative preferred.

For the first half of 1945, the Perth Amboy Co., with assets of $1,673,745, had a net income of $582,035, or $2.94 a share on a net income of 6% preferred stock and 1.47 on 6% cumulative preferred.

Chairman Rentech recently stated that Pratt & Whitney Division and its licenses produced by the company more than 50% of all aircraft engines used by our Air Force, in addition to large quantities for our Allies.

Putnam & Co. of Hartford and Chas. W. Shurtleff & Co. of New Haven have purchased from the Bridgeport Gas Light Company, which owns and operates them, their holdings of 21,380 shares, or 26.07% of the Bridgeport Gas Light Company, for $41,842,500. The Bridgeport Gas Light Company had been operating for the public at 25% per share.

The sale is in accordance with the ruling made by the Connecticut Division of the Exchange Commission in 1941 which ordered United Gas Improvement Commissioners to eliminate any public interest holdings in this Connecticut utility.

Retires from Partnership

Missouri Brevities
Edison Brothers Show Plans
Edison Brothers Stores, Inc., retail distributors of women's shoes, report a consolidated net profit of $677,295 for the six months ended June 30, 1945, equal to $1.54 per share of common stock outstanding at the close of the period. After allowing for dividends, this compares with a profit of $485,845, or $1.07 per share in the first six months of 1944. Seven months ended July 31, 1944, were $30,042,033, an increase of 18.19% over the comparable 1944 period. July sales of $4,294,004 showed an increase of 24% over July 1944.

The company recently sold $5,000,000 of 4 1/2% cumulative preferred stock, each share of which will be for the re¬tirement and liquidation of preferred stock which has been called for redemption, and will also provide for the construction of additional storage units and other post-war expansion plans.

Ely & Walker Expansion
Ely & Walker Dry Goods Co., whose stores have been noted in this column over the past years, have recently purchased 1,000,000 feet of lumber, which it is expected will be used for the manufacture of store fixtures. The lumber was purchased at a discount, and will be shipped to the Ely & Walker merchandising centers. Since 1933, with the exception of the war period, the company has been purchasing all its lumber, and now has a stock of raw materials for the future.

American Steel Earnings Advances
American Steel Co. reported earnings for the first six months ended June 30 of $544,495, equal to 72 cents per share, compared with $346,270, or 83 cents a share in the first half of 1944. Increased earnings for the six months period was $1,374,000 versus $663,000 for the corresponding period of last year.

Western Light & Telephone Registrars
Western Light & Telephone Co., whose common stocks is actively traded by Missouri dealers, has filed a registration statement with the SEC, covering its proposed issue of $2,500,000 in "A" and "F" mortgage bonds due 1975. Proceeds will be used to redeem $5,000,000 first mortgage due 1964, of Kansas Power Co., and to refinance Western Light & Telephone first and collateral $745 due 1965. The anticipated market demand for both bonds would be exchanged for new 5% preferred of the company's common stock and Western Light & Telephone common stock would receive new common stock in lieu of a share of new for five of old.

National Candy Report
National Candy Co., for the six months ended June 30, had consolidated net earnings of $127,699, equal to 25 cents per share preferred dividend.
Cotton Exchange Has Diamond Jubilee

(Continued from first page)

price paid by the cotton mill. In these days, after a cotton crop was harvested, dealers or “cotton factors” at Southern ports bought the baled cotton and immediately arranged to make shipments of the commodity to foreign or domestic ports. The cargoes were hawked about until sold. All this took weeks and even months between the purchase of the product on the farm and the final sale to the mill.

There was accordingly considerable variation in the prices not only in different markets but in the same market at short intervals of time. The cotton merchant, of course, assumed the risk of the market, but his successful adventures with high profits would generally compensate for losses undergone. But the business was risky since the merchant had no adequate facilities for “hedging” against price changes. These price fluctuations became particularly serious to dealers in raw cotton when, through rapid communications and transportation, the change of price in one market would be immediately reflected in all markets.

Origin of Future Trading

As pointed out by W. Hustace Holcomb in his book “Cotton and the Cotton Market,” the Civil War completely disrupted the cotton trade, and when business was resumed, it was widely found that the old methods would not do. The fast development of railroads made prices fixed for the Atlantic, and the trade was conducted on a speculative basis, with the occasional buying or selling of cotton on the basis of events in the war. The cotton trade was much more difficult then.

In order to reduce these risks of the business, merchants began to trade in “cotton to arrive.” Under this system no specific lot of cotton was stipulated in the contract, no samples were shown, and no ship by which it was to be transported was mentioned. The contract simply called for the delivery of a stated number of bales of cotton, “basis middling” or “basis low middling” to arrive during one of two prescribed months of a particular year. The length of time was allowed to provide against delays in the voyage. Against these contracts, cotton brokers or dealers could sell on the spot market for future delivery without risk of loss from change in price, so some trade system of hedging and offsetting trades was afforded.

New York soon became the trading center of these “to arrive” contracts. The cotton brokers, however, had no specific meeting place for this sort of dealing. For a time, they followed the practice of getting together in the quarters of a large cotton merchant in the Old Corner market. In 1866, a formal organization for the rapid marketing of contracts in cotton. So on July 30, 1870, a number of cotton brokers got together to form a trading exchange. They draw up the following preamble:

“Whereas, The Cotton Trade of New York is increasing very rapidly, and with the increasing cotton supply, as delivered by steamers to New York, and prices rising, it is necessary to provide adequate facilities for the rapid marketing of contracts in cotton. To accomplish this object, a number of cotton brokers got together and formed a Trading Exchange. They draw up the following preamble:

“Whereas, The Cotton Trade of New York is increasing very rapidly, and with the increasing cotton supply, as delivered by steamers to New York, and prices rising, it is necessary to provide adequate facilities for the rapid marketing of contracts in cotton. To accomplish this object, a number of cotton brokers got together and formed a Trading Exchange.

“Whereas, In addition to the cotton sent here from Japan, there has grown up a large trade in the purchase and sale of Cotton for future delivery. In which much business is done on foreign account, as well as for Planters and Country dealers in the South.

“Whereas, We believe that the interests of the trade, and the world will rapidly increase these transactions, and

“Whereas, It is essential with this increase in the Cotton Trade of New York, that proper rules and regulations should be adopted for the regulation of the whole business, and believing that this can be best done under an organization of all the trade, it is determined by those of us present, and such others as will unite with us, that

“Provisions of the purpose of this Association shall be to provide and maintain suitable rooms for a Cotton Exchange, in the City of New York, to adjust controversies between brokers, establish just and equitable principles, uniform forms, rules and regulations, and standards for classification, and all transactions connected with the Cotton Trade, to acquire, preserve and disseminate information connected therewith, to decrease the risks incidental thereto, and generally to promote the interests of the Trade, and increase the facilities and the amount of Cotton business in the City of New York.

“Any member of the Exchange shall be accused of wilfully violating the Constitution and By-Laws, or of fraudulent breach of contract, or of any proceeding in violation of just and equitable principles of trade, or of either misconduct, may, on complaint, be summoned before the Committee on Discipline, and, if found guilty, he shall be held in his defense, and if the charge or charges against him be, in the opinion of the Committee, substantiated, the complaint shall be referred to the full Board of Managers, who may, by a vote of not less than two-thirds (2/3) of all the members present, suspend, or expel him from the Exchange.

Organization of the Exchange

The first meeting of members was held July 25, 1870, on which occasion a Constitution and By-Laws were adopted. Officers and a Board of Managers were elected on August 15, 1870, and the New York Cotton Exchange established quarters at 142 Pearl Street. Up to that time, trading in cotton had been done in brokers’ offices in the City and around Hanover Square.

The first New York Cotton Exchange was housed in a single room running from Pearl Street through to Water Street, the floor of the Exchange room contained a gigantic iron stove around which brokers gathered to trade in cotton and exchange views regarding current events. During the first days of the Exchange, considerable attention was directed to the Cotton Census figures showing a New York City population of more than 949,000 and some of the members joined in the prevailing prediction that “one day, the City will actually have one and one-half million people.”

Announcing the formation of the new exchange “The Chronicle,” which had carried quotations and other data for cotton since 1860, in its issue of Sept. 24, 1870 (Vol. 1, page 395), said:

“After long and patient discussion among the members of the Cotton Trade the New York Cotton Exchange has been finally organized and commenced operations on Monday last, in their very handsome and commodious rooms at 142 Pearl Street, New York, the new center of the cotton market. The present number of members is 122, comprising very many of the leading houses in the trade, and applications for new members are fast coming in. At present, the initiation fee is $500, with the annual dues of $50. Every member can be represented on the floor by an attorney on payment of annual dues. Every member would be entitled to make the Exchange the center of information, with regard to the cotton interests of the whole country. In view of its establishment the New York Cotton Exchange was dissolved on the 1st instant, trading has now been continued as operations in the present organization. Much credit is due to the New York Cotton Exchange, which was nominated by Donn Barber, Geo. Cornwall and other brokers for their disinterested expenditure of time and effort to bring about this result.

In 1872, the business of the Exchange demanded larger quarters and, on May 4, 1872, the members moved to the building at the head of Hanover Square which was subsequently known as India House. Dimensions of the Exchange Rooms were 70 x 40 feet. The New York Cotton Exchange operated in these quarters from May 4, 1872 to April 29, 1885, a period of thirteen years.

On December 6, 1880, the Board of Managers appointed a special Committee to consider projects for a new building. This Committee found it impossible to obtain title to the property adjoining the Exchange Rooms, and another site was considered. Among new sites considered was the Stony Point location, another site on the northeast corner of Beaver and Pearl Streets, the site of the present Produce Exchange, and still another, which finally was selected, the old site on Hanover Square, which was turned over to the city, and the new building was dedicated on April 30, 1885 with elaborate ceremonies held on the trading floor.

This building remained the home of the Exchange from April 1, 1885 until expanding business again made it necessary to enlarge the facilities. A Committee appointed by the Board of Managers in 1921, undertook to negotiate a building project—after negotiating and overcoming many difficulties caused by the effects of the New York Cotton Exchange plans by Donn Barber, and construction of the new building was commenced. The cornerstone of the new building was laid on February 29, 1893, the new building was dedicated on April 30, 1905 with elaborate ceremonies held on the trading floor.

This building occupied the present building the Exchange occupied.
Present Home of Cotton Exchange

The Exchange Building, situated at 60 Beaver Street, New York City, was erected in 1923 on temporary quarters in a small space located at 90 Wall Street, at the corner of Water Street.

Importance of the Exchange

The New York Cotton Exchange is not only the oldest but the largest cotton exchange in the world, notwithstanding the expansion of the Liverpool Exchange because of the increasing importance of Egyptian cotton. It is a market or trading place for the purpose of buying and selling cotton on contract for future delivery. As a "spot" or "cash" market it is not as important as New Orleans or other Southern cotton distributing centers. Purchases and sales on the New York Cotton Exchange are made by auction or public outcry around a trading ring, and the prices consequently established are recognized and accepted by world traders as reflecting current values of American cotton.

The New York Cotton Exchange and its world-wide system of trading in cotton futures contracts was created to satisfy an essential economic demand of the cotton industry for trading in contracts calling for future delivery. It is the purpose of such contracts, as far as possible, to eliminate market price risks involved in the handling of raw cotton. The futures contract system provides a form of insurance against loss of invested capital through inventory losses incurred by price fluctuations.

Before large-scale operation of Southern cotton mills, cotton was shipped to New York City for ginning, storage and sale to New England mills and European markets. There were times when mills and foreign importers wanted to anticipate their requirements of raw cotton by buying ahead, often before the size and quality of the annual crop had been established. On the other hand, there were times when producers and merchants wanted to sell for future delivery at a price to be fixed before delivery date. The New York Cotton Exchange evolved from the demand for a central market where such contracts could be negotiated at public auction. The new method dispelled the evils and inconvenience of door-to-door trading then in vogue.

Memberships in the New York Cotton Exchange are widely distributed throughout all branches of the cotton industry on a world-wide basis. They are held by producers, merchants, shippers, mills, textile dealers, farmer cooperative organizations, and brokers. Strictest requirements for membership in the Exchange require that any prospective member satisfy the Exchange that he is a man of integrity and sound financial responsibility.

Through the futures contract system trading cotton is merchandised on a narrower margin than would otherwise be the case. By minimizing inventory losses resulting from price changes the cost of merchandising, fabricating and distributing cotton and cotton products is substantially reduced. Through protection of invested capital, the cotton futures system serves to facilitate the large-scale financing of inventory stocks.

The New York Cotton Exchange is used by those engaged in every branch of the cotton business, its related industries, and principally by merchants and mills who employ its facilities for hedging as a means of price insurance.

Services of the Exchange

In addition to the privilege of buying and selling cotton at members' rates of commission, the members of the Exchange are supplied with all available information as to prices current in other markets of the world, data regarding the production, supply and distribution of the annual cotton crops of the United States and foreign producing countries.

Thus the most important function, as already stated, of the New York Cotton Exchange is to provide the cotton merchant, spinner and planter with a medium for insurance against price fluctuations, the term for which is "hedging". For example, if a cot

(Continued on page 745)
The Capital Levy Plan for the Redemption of National Debts

(Continued from page 731)

able to the War Debts of All Countries, an unnamed and unattainable solution. Governmental radical recommendations got no where. Furthermore, the armistice happened after the Revolutionary War, and, on the strength of the American experience, individual unity could never be more tarnished, if national integrity is impaired.

The "Capital Levy" After World War II

In the years immediately following the last war appraisals of British public debt were made with a view to national indebtedness again manifesting itself in future conflicts.

The indebtedness of the civilized nations had risen in four years to 70 per cent of their gross productive capacity. The apportionment of the worry of war was, of course, shared by the Americas and other nations of the world. Russia, with its large territory and its immense, vast resources, was a culprit as well.

The debacle in Germany, the bankruptcy in all but the nominal recognition of its creditors, the wiping out of the British debt during the period of World War II, and the growing fear that the new war in the Far East would end in bankruptcy, was considered of foremost concern.

When the government of the United States and the British government, under Sir John Hope, decided to do something about their debts, Sir John Hope wrote to the President of the United States recommending that the United States government accept a war loan of $100,000,000 on a ten-year term, and that the whole of the interest on the principal shall be paid in gold coins.

This was a recommendation of the United States government, and in the United States the question of the public debt was first discussed in the 1860's. In the United States, the national debt of $27,000,000,000, as of today, is considered too high, although this debt is only about one-third of the national income, whereas in Great Britain the national debt is about 70 per cent of the national income.

The government of the United States, in the face of this increasing burden, has been forced to consider the question of raising new money for the purpose of repaying its public debt. This has been done in the past by the issue of bonds, the repurchase of these bonds, the sale of bonds, the issue of gold certificates, and by the issue of notes.

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Cotton Exchange Has Diamond Jubilee

(Continued from page 745)

P. Loridan; Assistant Secretary, John J. Scanlon.

The New York Cotton Exchange now has approximately 430 members. This membership is distributed over the entire Nation and foreign countries, and enjoys representation in all segments of the cotton industry. Numbers among its members are planters, ginners, warehousemen, merchants, manufacturers, bankers, etc.

Beaver Bond Club and IBA Frolic Gets Pushed Around

DENVER, Col.—A feature of the annual frolic of the Rocky Mountain group of the Investment Bankers Association and the Bond Club of Denver was a wheelchair race. The head of each firm in the line-up planted himself in a wheelchair and was pushed by four selected men, each of whom would go for a distance of 50 feet. The purses were Nor- man C. Barwise of Merrill Lynch, Pierce, Fenner & Beane; Walter J. Coughlin of Commer- cial Bank of New York; William J. Webb of Outis & Co.; and W. E. Leider, of Kansas City, Mo.

The stakes included golf archery, skis, a Savings Bond, and other minor premiums.

Assistant to the President: Fred I. Smith.

First Home of the New York Cotton Exchange

The Exchange occupied the above quarters, located at 142 Pearl St., New York City, during the period from Sept. 1, 1870, to May 4, 1872. It is shown in the perspective structure situated at 2 Beaver St., New York City. The new building, erected in 1923, is shown in the photograph appearing on page 743.

Monetization of Idle Silver by Treasury

The monetization of 300,000,000 ounces of silver is being made by the Treasury, which will use exhausted silver stocks available for that purpose. A statement was made Aug. 11, according to Associated Press a day or two later, that the Treasury would take $24,000,000 worth of silver at par. The British are extremely sensitive to the flight of capital, and want to prevent it at all costs. To the same man of the street, the multilateral convertibility of ex- changes is synonymous with freedom of the wealthy to take their capital abroad. Here is an im- portant clue to the British fear that Bretton Woods & Cuba loan is dangerous to this country.

The British, of course, have something of a phobia over the so-called ‘rigidities of the gold standard.’ They attribute their troubles of 1931 to that monetary system. Between that British attitude of the masses and the gold views of Mr. Warburg Ald- rich of the Chase National Bank, who is now in London, there is the widest gap.

LIVINGSTONE & CO.

Opens in San Francisco

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—J. A. & Sons, has opened a new office in San Francisco, and have formed with offices at 206 San Fran- cisco Street, and 128 1/2 Clay St., and have been in- vested to the British Government. There is, of course, no official connection between these two firms, but this is the way they are being treated by Secretary Clayton to speak plainly, and practically, to the Brit- ish Government.

Under the caption, "LIVINGSTONE & CO., TOLD B.toBe RIGIDIST in the New 'Chronicle's' financial editor, W. E. Livingstone has said that the British 'are rigidists," calling its proposition stag¬ gering in the new position. This is all the more so, there are few on the British Government, by or because of Secretary Clayton to speak plainly, and practically, to the Brit- ish Government.

Mr. Livingstone was formerly President of Bank of America Corporation in San Francisco. Associated with him in his new firm will be William H. Bluhm and Charles A. Livingston, both of whom were with First California Company.

Now With Mason Bros.

OAKLAND, CALIF.—Ivan E. Miller has become connected with Mason Brothers, Central Bank. Mr. Miller was for¬ merly with Frank Knofflon & Treasurer.

If You Have an Interest in Cotton Futures . . .

We'd like you to know that we maintain direct private wires between New York and New Orleans. Further, we have representatives on the floors of the Cotton Exchanges in these cities.

Naturally, this is only the basic structure of our service to trade interests. We supplement it by speedy relaying of information from all centers of production and processing to all our offices, plus periodic reports on market developments, carefully prepared under the guidance of men who, like yourself, have made a lifetime study of this commodity.

We feel that this service is of practical benefit to trade interests, and think that you would agree after a trial. Won't you give us that trial?

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ST. PAUL, MINN.—Fernomack Securities Corp., a member firm of the Guar¬ dian Board to engage in an investment business. Officers are Robert M. McCoy, President; S. J. McCaff, Vice-President, and William H. Garney, Secretary and Treasurer.
Chicago Railways Co.
Cons. "A" 5s, 1927

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Howard Rath Joins Sutro & Co. in L. A.

Los Angeles, Calif.—Howard G. Rath has become associated with Sutro & Co., Van Noy Building, it is announced by Frank F. Hargreer, resident partner. Mr. Rath, one of the senior members of the Los Angeles Stock Exchange, who maintained his own brokerage and investment firm in Los Angeles for 35 years, has just been discharged from active overseas duty with the A. P. F.

Greene & Co. Admits Eugene Ward as Trader

Greene & Co., 37 Wall Street, New York City, announce that Mr. Eugene Ward, formerly with Petroni & Co., has become associated with them in their trading department.

Vicksburg, Shreveport & Pac. Ry.
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Railroad Securities

Denver & Rio Grande—Status of Reorganization Plan

When the U. S. Circuit Court of Appeals, on May 10, 1945, reversed the District Court which had approved the last of many plans approved by the Commission, doubt again cast on the future of the Denver plan was consummated. In fact, the market, in "when issued" profits on release of United States, plummeted downwards to 30%, at which level a nominal market exists.

To properly appraise this Circuit Court of Appeals decision, an understanding of the historic decisions of Justices Douglas and Reed is necessary. Justices Douglas and Reed were in the majority in the 1937 decision in the case of Sutro & Co., Los Angeles, who, in holding that the Sutro Co. securities were valid, reversed the prece¬dent set in the Milwaukee and Western Pacific cases. These justices (CCCA) emphasized that with total capitalization of the reorgan¬ized company interest in the ability to satisfy in full all claims against the debtor, there arose a context among various holders of different rank or priority. With claims of senior bondholders satisfied and in full, in the Circuit Court held that junior bondholders had been unfairly treated in that (1) net increase in working capital of the Denver system was only 44%, the ex¬ pense of junior bondholders as a result of the bankruptcy of Sutro & Co., had, Grande Junction Railway 1st 5s ($27 million), (3) Fuel Co., without crediting the claim for the value of the collateral, (4) retirement of $12 million, of equipment of trust obligations at a substantial loss to the capital stock, and (5) in capital expenditures, including Central Trust Traffic, all of which will make the Denver a more effi¬cient carrier post-war.

An agreement made in the fall of 1944 by the U. S. Supreme Court for a writ of certiorar, was noted as setting the stage for the remaining of the plan to the Commission and the rewriting of a new plan.

Under the presently proposed plan, attached to an vigorously by the Circuit Court of Appeals, fixed debt was to have been reduced from $471.12 million (in¬ cluding obligations of Denver & Salt Lakes) to $326 million, and including contingent debt, to $74.7 million. New fixed charges would have been reduced from $69.5 million to $16.8 million and included in the balance sheet (but excluding capital fund and sink¬ ing fund) $85 million.

During the reorganization period Denver has virtually rebuilt its property, installing Central Traffic Control throughout practically all of its system. Gross capital expenditures in the period 1937-44 totaled $433 million, second to New Haven among the reorganization carri¬ ers, and total maintenance expenditure amounted to $338 million, at an equity of $39.89 per equated track mile.

The reorganization plan was made greatly by the war, being an essential link between the Western Pacific in providing a western terminus for traffic interchanged with the MOP at Pueblo and the Rock Is¬ land and Burlington at Denver. As appeared from average gross of $27 million in the 30 days, war time revenues reached $74.35 million in 1944. Applying these earnings to the Commission plan as approved by the U. S. Circuit Court, but re¬ versed by the Circuit Court, fixed and contingent charges on an overall basis would have been covered as only 4.75 times in peacetime, for 1942, with earnings of $44.25 and $36.32 per share on dividends and common stocks, respectively. We estimate that in a year around 70% prior year, net ad¬ issible for charges should reach $3 million. This would have pro¬ vided an overall coverage of 2.68 times with earnings of $12.90 and gross $13.51 per share on common and common stocks, respectively.

Taxable earnings of the Denver system have been satisfac¬ tory, as of March 31, 1945, working capital totaling $16.70 million and enhanced with only $2.94 million at Dec. 31, 1938. More probably is the case with un¬ infringement facilities, amortizable in a five-year period, and $33.7 million at the end of 1944, which will but not translated into the probable extent of 6.5% through the me¬ dium of the graduated tax.

 Taxes of the Denver have mounted rapidly. Federal income and excess taxes reaching $6.81 million in 1945, $15.15 million in 1944 and $2.8 million for the first four months of 1945, 1944 may pay the Denver with an excellent cushion against the inevitable decline in both gross and net earnings in the conversion period.

The Denver odds now in favor of a new plan, the more junior of the Denver bondholders, particularly the $3 million due to the great attraction of the senior plan.

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SEABOARD ALL FLORIDA
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Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particular to the Editor of The Financial Chronicle for inclusion in the "Broker-Dealer Personnel Items" column.

SUTRO BROS. & CO.
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone Bilocar 2-7840

SUTRO BROS. & CO.

San Francisco, Calif.—Frank Paul is with First Cali¬ fornia Company, 200 Montgomery Street.

Cleveland, Ohio—Theodor Stratian is with Cunningham & Co., Union Commerce Building.

KANSAS CITY, Mo.—Theodore F. Houx, Jr., has joined the staff of Herrick, Waddell & Co., Inc., 1012 Baltimore Avenue.

Los Angeles, Calif.—J. H. Wiesman has joined the staff of Crowell, Weed & Co., 650 South Spring Street.

Los Angeles, Calif.—Harry F. Maibenlager is associated with Investment Bankers, 650 South Spring Street.

Miami Beach, Fla.—William J. Hills is with Atwell & Co., 605 Linton Road.

Oakland, Calif.—Charles Maguire is now affiliated with Capital Securities, 250 Grand Avenue. He was previously with Franklin Wulff Co.

RENO, Nev.—Robert F. Schmitt has been added to the staff of First California Company, 55 Sierra Street.

St. Petersburg, Fla.—George H. Torpe has become as¬ sociated with Thomas & Mc Kin¬ nis, 340 Central Avenue.

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DENISON WITH MICHUM CO.

San Francisco, Calif.—Frank J. Denison has become affiliated with Mitchum, Tully & Co., 650 Montgomery Street. Hotels Inc. in the past was associated with Calvin B. Denison, Sr., who is represented in various sections of the country.


Dean Carpenter, general man¬ager of the Roosevelt Hotel in New York has been appointed a member of the board of directors of the National Convention and Visitors Bureau of the Commerce and Industry Associa¬ tion, Inc., F. J. Andre, Presi¬ dent of Sheffield Farms, Inc., and Chairman of the Committee, an¬ nounced yesterday that Mr. Car¬ peter will bring to the Committee much experience in the hotel and business promotion fields and to his present service on the board of directors of hotel company which operates hotels throughout the country. In New York, the Hilton group includes the Plaza as well as the Roosevelt. Mr. Carpenter is in line with the Com¬ mittee's plan to organize a vigor¬ ous campaign for convention and tourist business in the post-war era. Mr. Andre, said "New York must be ready to enter competition for the millions of dollars in travel business in the post-war era and competition will be keener than ever before".

THE COMMERCIAl AND FINANCIAL CHRONICLE
Thursday, August 16, 1945

476
The new fast, powerful, coal-burning, steam-turbine electric locomotive—a big source of postwar jobs.

Millions of pairs of nylon hose will be made from coal. This will make jobs.

Power to turn postwar wheels. More jobs from coal.

How Many Postwar Jobs—from Coal?

What opportunities will there be for jobs after the war is won? Jobs for returning soldiers, sailors, war workers? No one can say, exactly. But this much is known: business is planning to meet quickly the demand that will exist for all sorts of things after victory—and out of which jobs will come.

Take the coal industry. Not only will coal continue as one of our basic sources of power, but from coal research there has come a host of new products that will even further increase its use.

Before the war, nylon was made from coal. So were the life-saving sulfon drugs. During the war, new medicines, chemicals, plastics and things beyond imagining have grown from research in coal.

Postwar, you will find sheer, wrinkle-proof dresses made from coal. Sturdy shoes made from coal. Shimmering, fire-proof table-tops made from coal. There are even revolutionary locomotives—including the C & O-planned steam-turbine electric—that operate on coal and develop undreamed-of smoothness and efficiency. All this will increase the demand for coal—and remember, it's demand for goods that makes jobs.

After the war, there will be lots of opportunities. So, if you are on a war job, stay on it until Uncle Sam says it's finished. Victory must come first.

If you have a war job, stay on it—there'll be lots of opportunities after Victory!
Bank and Insurance Stocks

This Week — Insurance Stocks

By R. A. VAN DEUSEN

Insurance stock prices have followed the general downward reaction of the market. The decline of the Dow Jones Industrial Average, while not as much as that of the index itself, has advanced somewhat more rapidly than industrials, though not as rapidly as the casualty stocks.

A few individual stocks declined the trend. For example, the banks on the Sutley and Springfield Fire and Marine were the same as the Industrial Average on June 26, viz: 65 and 116 respectively, while the bank stock of New Haven declined only one point, from 34 to 33. On the other hand, relatively severe declines were sustained by Hanniow Fire, whose bid dropped 25 points to 25; Hartford Fire, which dropped from 111 to 106; Insurance of North America, from 161 to 91; Na-

Some Federal Reserve Officials On Gold and Fiat Money

(Continued from page 730)

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serves, and we did not choose to impose reserves we could sus-

pend the reserve requirement altogether, such as the Brit-

ish and Canadian and European methods; however, I

would do that if certain monetary policies.

It is in these terms that we have done, and they have done it successfully.

"Senator Murdock. I doubt it very much, Mr. Eccles."

"Mr. Eccles. Very, very well. I should like to see it done (pp. 21-22)."

"Mr. Eccles. If you wanted to, you might impose gold and without anything back of this cur-

rency, anything back of it, and have as I have adv-

ocated for a long time. When the Banking Act of 1836 came along I urged that we eliminate gold; that we sold the gold required to give the House at that time.

"We practically are the only country in the world that requires collateral. So if you want to, why not cut off the sale of Government bonds back of the money and go ahead as almost entirely in the world would not do. It is a serious waste of young men in public life, and an entirely unnecessary one.

"Senator Murdock. I am not indicating now that you just wanted to get the point clear."

"Mr. Eccles. We have gold and collateral. Government bonds form a part of our currency. This is the firm condition of the United States Government, and they are the backbone of the country as it were, and are the collateral back of that?" (p. 29).

"Mr. Eccles. . . . the fact that we have back of our currency the gold, and not the standard is a different thing from gold. The gold standard which he calls the gold standard and not have any gold in it at all. I think that is not essentially mean by a gold stand-

ard, but a gold reserve standard or a gold collateral; exchange rates and a flow of currency from country to country when the use of the fund with no gold in it, or when that international money transfer affects bank reserves and bank deposits in the way that a gold flow would, then you have the reserve which I have in mind."

"Mr. Eccles. I don't think so." (p. 47).

Rum's Views

Beardley Rund, Chairman of the Federal Reserve Board of New York, has spoken before the Reserve Board on this subject of day-by-day practices (Farrar & Roesler, Inc., New York, 1945). He has pointed out the value of the Federal Reserve System, the importance of its functions, and the need to convert into gold and other commodities, but in the fact that the Federal Reserve System is an international system.

Mr. Eccles. I remember that when I was discussing the Bank Act of 1935., one member of the Committee (Farrar & Roesler, Inc., New York, 1945) was willing to fix 25% as a restric-

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Fallacies Exposed

There are various accurate generalisations that one should not imprudently make regarding the sign-

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opinion, taken collectively, in respect to the alleged unimportance of the gold standard. It is of the greatest importance, assuming that we all desire the best that is possible in exchange, that all of us attain to the light of the world's experiences with different kinds of standards. But because of the differences in the understanding of these experiences on the part of three men, as well as the different considerations applicable to each, it is not surprising that they have different views of the views of man separately.

The paper shows that the idea of maintaining a gold reserve back of our currency and the issuance of Federal Reserve notes (which is akin to maintaining a gold reserve back of the currency) is naive. It shows that the paper money we have now is so universally accepted that it could not be withdrawn without creating chaos in the world.

The paper also shows that the concept of a gold reserve is based on the belief that the gold reserve is necessary to maintain confidence in the currency. However, the paper shows that confidence in the currency is maintained by the government and not by the gold reserve. The paper also shows that the government can maintain confidence in the currency without a gold reserve.

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**Mutual Funds**

**Peace Is Fundamentally Bullish**

The rapid progress of developments toward world peace during the past few weeks brings interesting and significant reports from three Mutual Fund sponsors citing bullish interpretations for business and securities.

**National Securities & Research Corp., in the current issue of Investment Timing, quotes the following from its July 15, 1945, issue:**

> "While sudden peace—surrender or negotiated—would probably mean apprehension over a possible degree of component industrial changes, it would be evident that peace would enable industry to effect actual production much more quickly. Hence, fundamentally, peace with Japan should be construed as bullish for the long term."

> "By supporting facts are then listed to add strength to this statement.

The article points out that it seems evident that for some weeks now stock prices have adopted the gradual process of discounting peace and the early recorversation period to follow.

The conclusion is reached that "regardless of how it comes about, the peace events would indicate that the cessation of hostilities will occur before many months—thus the economic fruits of peace and prosperity in business and securities will be in the offering."

In a bulletin entitled "Minority Report—On Today's "Two Billion Dollar" Investment Question," H. W. Lenz & Co. ask: "Will the atomic bomb engulf the country in prolonged recession because of inefficiency of planning for the end of the war?"

The article then points out that although the majority view on the duration of a business recession following the war appears to be powerfully influenced by current Soviet outlook out of Washington on the declassions in the long-run recovery program, experience shows that successful investors have often been those who held on to economic and financial questions which were widely at variance with mass psychology.

In the interest of performing a service to investors who are in any way being guided by emotional thinking, this sponsor quotes a number of highlights from the August letter of the National City Bank of New York which makes perceptive and calm appraisal of the recession problem. . . .

**Steel Shares**

A Class of Group Securities, Inc.

Prospects on Request

**DISTRIBUTORS GROUP, Incorporated**

43 WALL ST., NEW YORK 8, N. Y.

**Steel Prices**

For a summary of the situation, see the following:

*Prospects upon request*

**Steel Payroll Increase Sharply Despite Fewer Number of Employers**

Steel company payrolls during the second quarter of 1945 increased sharply over the corresponding period of 1944, according to the Steel Institute. At the same time, the employment during the first half of 1945, averaging 565,200 per month, declined from the 576,000 per month averaged during the first half of 1944. A further increase of the payroll and a decrease in the number of employees during the second quarter were thus lessened further additional increase.

United States Senate, June 31, 1945, as reported in United States Government Printing Office, "Hearings, Part 4, p. 314:

> "Under the gold standard we committed ourselves to sell our goods and services at 100 cents on the dollar. We did not have any particular use of our gold in the national purse. (Reference supplied by author.) The gold face portion is a currently popular and popular one, but it will be, unfortunately, by people who should understand that function.

**Briefly, if we export goods or services, can anyone negotiate any type of monetary payment that is better than gold? Is there any money known to man that has a more universal purchasing power? Or any money that is less likely to lose its value? And since we took this gold and when and where we please to buy goods and services, it does that just show that the test that it did have not any particular use in any national purse?"

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**Here's, Ltd.**


**DIVIDENDS**

Fundamental Investors, Inc. . . . Quarterly dividend of $0.22 per share payable Sept. 15, 1945, to stockholder of record on Sept. 1, 1945.

**HUGH W. LONG AND COMPANY**

Incorporated

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**With Wasso & Co.**

Cleveland, Ohio—Charles E. Pryor has become connected with the firm of Wasso & Co., Mr. Pryor has recently been with The National Bank of Commerce, where he was with Ten Winkle Stieglitz and was local manager for Douglas & Co.
City of
MONTREAL
4 1/2%-3 3/4% Bonds
due November 1, 1971-75
Payable in United States or Canadian currency
Price 110.37 to yield 3.85%
Direct Private Wires to Buffalo, Toronto and Montreal

**DOMINION SECURITIES CORPORATION**
40 Exchanges Place, New York, N. Y.
Bell System Telephone N.Y. 1-202-3

Our Reporter's Report

Things often happen for the best and that certainly pertains to the case in the instance of the current bull in the new issue market. The bond issue has been wisely handled abroad and in Canada, and as a result the sale went beautifully. For this, the underwriters are to be congratulated.

Some traders naturally have hesitated in the matter of making new commitments, and it is a safe assumption that investors, institutional, as well as individual, who have been treading slowly had no such hesitancy. It appears that securities have been brought to market.

Given an opportunity to approach the matter, touting and investment-market doubtfuls will be in good shape for the resumption of new offerings which was expected to assume sizeable proportions after the Labor Day holiday.

Amer. Telephone Plans

Having successfully concluded the marketing of an issue of $175,000,000 of 3% debentures only a fortnight ago, American Telephone & Telegraph Co. is now reported preparing to register with the Securities and Exchange Commission for another big piece of refinancing.

The company is said to be plan a flotation of a new issue of refunding bonds in the amount of $160,000,000 of outstanding 3 1/2% debentures, due in 1964.

Although no definite date has been set, it is believed that the company figures on the latter part of September. The same two banking groups are reported to be the underwriters on both flotation, the earlier offering expected to be sold in the coming week.

Minesota Power & Light

Public utility firms are pushing refunding plans a main topic among their interests, and it is generally believed that they will probably outdistance the railroads as a source of new emissions in the next few months.

American Airlines, which are registered with SEC for sizeable refinancing programs is an interesting item, as which plans, $200,000,000 new 3% bonds with $500,000 of 10-year serial notes to retire $45,000,000 of outstanding bonds.

This operation is planned as part of a general program aimed at improving and simplifying its capital structure and removing a large part of its indebtedness to property purchased from Great Northern.

Consumers Power Co.

A refinancing which promises to run second only to those being handled at the present time is the matter of Consumers Power. The company was placed in the hands of the U.S. Bankruptcy Court, Co. earlier this week when it registered a petition. The plan is to assume, in part, the outstanding bonds and preferred stock.

The company proposes to sell in competitive bidding $113,350,000 of new mortgage bonds, due 1975, and $15,000,000 of installment notes. The proceeds of the first issues plus $12,000,000 of other funds will be used to pay off the outstanding bonds and preferred stock of its outstanding senior security issues.

The latter includes $113,823,000 of bonds, and 191,924 shares of preferred stock. It is expected that the Commission will be deeded to hold today.

To Examine England's Plans for Rebuilding

J. M. O. Monastario, Vice-President of Mercantile - Commerce Bank and Trust Co. Toronto, has been appointed by Mayor Aloys P. Kaufman of St. Louis to examine England's plans for rebuilding bomb-devastated sections of the city. He is gathering more information for St. Louis' alumne program.

Monastario recently returned from England with W. L. Hemingway, President of the Bank, who will be a delegate to a meeting of the International Merchant's Council of London. They will be gone six weeks. As the Beatles say, "It's good being away from a day's work."

Taylor, Deale & Company

64 WALL STREET, NEW YORK

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 Dominion of Canada

All Issues

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Canadian Securities

By BRUCE WILLIAMS

Canada enters the new industrial age as far advanced as any country in the world. Unnumbered billions of dollars have been sown in the fertile plains and the industrial fields. Our country is an example of what can be accomplished by a resolute and progressive people. The Dominion of Canada is one of the great economic miracles of the world.

In recent years, the Dominion Government has taken several steps to encourage the development of industry. It has provided generous tax incentives to companies that invest in new equipment and facilities. It has also created new industries, such as the atomic bomb, in the atomic energy sector.

In 1945, the Dominion Government established the Canadian Atomic Energy Commission to promote the peaceful uses of atomic energy. The Commission has been successful in attracting new industries to the country, and in many cases, new industries have been established in the country.

The Dominion Government has also taken steps to encourage the development of natural resources. It has created new industries, such as the mining industry, and has provided incentives to companies that invest in new equipment and facilities.

In recent years, the Dominion Government has also taken steps to encourage the development of the transportation sector. It has created new industries, such as the transportation system, and has provided incentives to companies that invest in new equipment and facilities.

In conclusion, the Dominion Government has taken several steps to encourage the development of industry. It has provided generous tax incentives to companies that invest in new equipment and facilities. It has also created new industries, such as the atomic bomb, and has provided incentives to companies that invest in new equipment and facilities.
Impact of the National Debt Upon Banks and the Capital Market

(Continued from first page)

Philadelphia Corporation. Recently improvements in urban in- come and employment among war plant workers have tended to increase the volume of building and renovation of dwellings. The greater incomes earned by these workers than their former earnings in these companies to reduce their long-term debts. Finally, the de- mand for houses has increased in open accounts and short-term pri- vate accounts for the purchase of homes in the interest of eating inflationary pressures. Meanwhile, public debts were reduced and banks, in turn, increased in magnitude and relative impor-

The decrease in private debts augurs both for good and ill for the future. Individuals, having paid off or having substantially bought goods on credit, may be in a position to contract new obligations when desirable goods are available on the market, or when materials are obtainable for production. They may also be disposed to acquire other assets, such as personal advantage, if they will tend to present savings may help main-

Low Rates on Government Securities

The Government, as the dominant borrower in the market, has been able to exert a big influence on the yields of the gains of a preferred cus-

The Government has been urged to borrow at the lowest possible rates, but the current rate of money at the outset of the deflation was much higher than that of the post-war period and the nation in the face of recession and deflation. Both will tend to retard and shorten the duration of the recession and deflation, thereby helping to restore to the civilian peacetime economy.

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herein is not intended to be read as a complete history of financial and business events, but rather as a summary of key facts and trends.

In summary, the Great Depression had a profound impact on the American economy, leading to high unemployment and a decline in industrial production. The government responded with measures such as increased spending on war production and the creation of the Reconstruction Finance Corporation to support banks and industries. These actions were aimed at stabilizing the financial system and stimulating economic activity.

The end of the war brought an end to the boom in government spending and related economic activities, leading to a period of economic readjustment. The government implemented measures such as increased taxation and reduced spending to address the budget deficit, which was significantly higher than in the pre-war years.

The post-war years saw a return to more normal economic conditions, though recovery was not immediate. The government continued to play a role in the economy through the Federal Reserve System and other regulatory bodies, ensuring financial stability and promoting economic growth.

In the years that followed, the United States continued to experience periods of economic growth and setbacks, with the government occasionally intervening to stabilize the economy and support businesses and industries. The experiences of the Great Depression and World War II set the stage for many of the economic policies and practices that would be implemented in the years that followed.
Impact of the National Debt Upon Banks and the Capital Market

(Continued from page 733)

by the Reserve banks since January 29. The increase in the use of this policy there can be no question as to the ability of the banking system to meet post-war credit needs. It seems likely that this rise in the first quarter of 1933 indicates interest in extending advances to member banks by the reserve banks in the possibility that a further reduction in the rate of interest will keep down money rates, and that such a policy would be more likely to keep down money rates than to prevent a further reduction in the rate of interest if the reserve policy were not pursued.

The rise in the rate of interest on advances to member banks since January 29 does not mean that the bank rate has been increased.

In the second quarter of 1933, the rate of interest on advances to member banks has been increased on a larger scale than in the first quarter of 1933.

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"How Can We Avoid Another Depression?"

(Continued from page 730)

that would have periods of economic depression, and the question which every American, I believe, has long been asking.

The United States has a period of tremendous prosperity in the immediate post-war future, to last until the end of our time.

The people of this country have already begun to think about what we shall do after the war. We want to be sure that we have, as we went into the war, the economic base that will enable us to maintain our economic prosperity.

They are saying that we must be careful in our planning.

The question is: What can we do to avoid another depression?" Dr. Schmidt: There appear to be only two ways of avoiding depression: one, a completely free market system in which there is little or no consumer or industrial regulation; and two, a society in which the costs of living are kept low and stable. There is no unemployment in a prison or a concentration camp.

All over-all planned economies have been regimented societies. On the other hand, complete fluidity of prices and costs are highly undesirable for other reasons. We can minimize depressions, but we have to recognize that the public has no way of predicting the end of all depressions.

Chairman Granski: Thank you, Dr. Schmidt.

Mr. Henderson: We mobilized our country during the war to fight a war. It is inconceivable to me to think that we could just as effectively as to wage war on unemployment. I do not for a moment believe that unemployment has reached the limits of its possibilities. We have had two booms and depressions in industry that didn't just happen; it took planning and fighting. When I think about the things those people told us were wrong, I wonder how we ever accomplished anything.

The answer to the question we are all trying to answer is, if we succeed in a program of planned prosperity, will we have a depression or failure of joint action of the Federal Reserve and Treasury?

Chairman Granski: Thank you, gentlemen. There we have the answer to the question. The atomic bomb ends the Japanese war next week, will we have a serious depression or not?

Mr. Henderson: I think we have a depression during the war, but we are facing the fact that this economy is prepared to absorb the 10 or 11 million men in the armed forces and the 20 or 30 million men and women who are directly or indirectly engaged with the war effort.

Dr. Schmidt: It might be a deep depression but it would be rather short-lived, wouldn't you expect?

Mr. Nathan: I think the economic phase you are talking about is the same. You never know what happens to the economic phases starting out what is going to be.

Mr. Nathan: May we come back to the question of depression, where you question whether we could have avoided it? I think that we would be inclined to agree with you on the temporary period of unemployment. We have now some 15 million men and women engaged in munitions production and the war effort. We have some 12 million people in uniform. If the War were over tomorrow and the question is, there just isn't the ability to turn to industry. The biggest problem is of men and women couldn't possibly be put quickly into the civilian economy.

Chairman Granski: Don't you think some people are entitled to a va-

ration of three or four weeks or a couple of months?

Mr. Nathan: If you are willing to pay them during the period of vacation, that is right.

Mr. Nathan: How many people did we put to work in the war? That isn't my point. It wasn't any question about price or profit or anything else.

Dr. Schmidt: I believe we are missing the increase in the war. I take it you mean the increase in the number of those put in private employment, say, $10 million. That was the peak in

Mr. Terborgh: I agree that a depression will be inevitable. I am not sure that we have left it too late. We shall have, certainly, a temporary period of unemployment, due to entirely different causes from the usual causes, and I think that is caused by our remedies.

Chairman Granski: Thirty or forty million people are entitled to unemployment compensation.

Mr. Henderson: There are 30 million dollars in liquid assets also sitting around that can be put to use.

Mr. Nathan: I have two comments. In the first place, there are over 30 million dollars in unemployment compensation, but there are only approximately one-third of those who will be unemployed are expected to be in the South. You don't have any buying power for the members of the cotton industry in that.

Dr. Schmidt: We have 100 billion dollars in liquid assets also sitting around that can be put to use. We think it would be inappropriate if public works went out for competitive bids for those short-term materials.

Mr. Henderson: You mentioned raising minimum wages. Would you really create purchasing power by marking up wages?

Mr. Henderson: I would certainly like to say that you would be in favor of raising the Chinese wages.

Mr. Nathan: I would be in favor of raising the Chinese wages. Do you have the problem where the Chinese wages were raised over a period of time in the wage level?

Mr. Henderson: Just marking them up, Mr. Terborgh?

Mr. Nathan: Yes, I used to say, 'Let's raise the Chinese Government.'

Mr. Terborgh: You got an incipient depression here and the cost of living has increased, in a way, I think it isn't very easy. Twenty-seven million people are suffering pay-roll reductions.

A study recently made of the steel industry I think was not in evidence. The steel work was the unorganized, in some cases, and so some were put into effect.

Mr. Terborgh: No, you got the increases in completely non-monopolistic industries.

Dr. Schmidt: Pluton break depts, plus currency, plus unemployment benefits, and five billion would be another million.

Mr. Nathan: I am a little worried by what you say because I am very fearful we may go from a temporary period of unemployment to the depression period.

Mr. Nathan: I was there, and that was one of the things I was fighting for. The open price associations were formed outside of the trade associations.

Mr. Terborgh: I was writing you at the time.

Dr. Schmidt: Writing or rid¬

Dr. Schmidt: Both.

Mr. Nathan: I would like to come back to the question: Why, because Mr. Schmidt raises a very, very good point. I assume the implication of your question, Schmidt, is that the degree objective is one of low wage rates.

Mr. Henderson: Writing or rid¬

Dr. Schmidt: No, no—adjusted wages.

Mr. Nathan: What do you mean?

Mr. Terborgh: Wages that will absorb the total labor supply; that other than the labor supply unemployed as we had in the 28'; 29' depression and the unemployed works out of the labor markets.

Mr. Nathan: If we had cut wages in 30, 31, and 32, it is assumed we would not have had the depression?

Mr. Terborgh: One industry, Mr. Terborgh, got down to five cents an hour. It's a shame we didn't have a greater depression. The tobacco industry got down to 12 cents. It's a shame we didn't have automatic recovery then.

Mr. Nathan: Mr. Terborgh, I am still asking the question which wages led to. It seems to me that in the United States have demonstrated during the war our tremendous productive capacity, and also I think we can very realistically demonstrate that fact that we have tremendous unsatisfied needs among the American people, and we must look forward to a post-war period in which high consumption is the answer. If we don't have high consumption, if we don't have a high standard of living on the part of the people, all of these tremendous productive resources in the United States are not going to be used.

Mr. Terborgh: It doesn't follow necessarily, though, that that high real consumption means high wages.

Mr. Terborgh: That is what I mean by adjusted wages.

Mr. Henderson: I don't know exactly what you mean by adjusted wages, but I assume you mean that wages are adjusted up to a point where the minimum wage is an adequate wage, so do you have any such thing as an adequate wage?

Dr. Schmidt: You do if you have competition. While you are on the question of competition, I want to get back to your statement because you posed the question, Mr. Schmidt, of a completely regulated society and something of Adam Smith's laissez-faire.

Dr. Schmidt: I didn't mention laissez-faire.

Mr. Henderson: No, you didn't mention laissez-faire because I don't think you wanted to identify it, but that is what you were talking about.

Dr. Schmidt: Adam Smith was not for laissez-faire. His book was devoted to government policy.

Mr. Henderson: It was generally understood for laissez-faire. His book was devoted to government policy.

Dr. Schmidt: If people misunderstood poor Adam, I can't help it.

Mr. Henderson: It becomes a matter of interpretation.

Dr. Schmidt: His book was devoted to what government policy should be.
How Can We Avoid Another Depression?

(Continued from page 725)

where the market determines what price and wage and all cost.

Dr. Schmidt: I think we have it. I don't think it's a function of a greater degree of competition of anything. I think it's a function of the realizations of certain truths. Mr. Henderson: Do you want to start by abolishing monopolies? Dr. Schmidt: I don't entirely abolish all monopolies possible. I don't agree that we should abolish all monopolies possible. Dr. Henderson: What is the question, Schmidt, not to be personal, but have you ever published anything on the trust case? Dr. Schmidt: Oh, yes. Mr. Henderson: I would like to talk about my name and company by company.

Dr. Schmidt: Personally, I don't know.

Mr. Nathan: I don't mean this from a personal point of view, but that President Roosevelt once said that he wanted to talk about free enterprise and competition, and then every time you have a prosecution of an anti-trust law you don't always prosecute; and in all this talk about this, I think that Leon and I favor the maximum freedom. It seems to me the question is whether or not you can attain it and whether or not you can reach it by a central or side or any of it, and if it is not possible to do it, then what adjustments may have to be made. Is that the question? Mr. Henderson: I want to get into this a little bit. I disagree with Mr. Hoover policies and he would disagree with me. This is an open

Dr. Schmidt: The Germans had the kind of "amphibious" income you are talking about. About half of their own control of the government when Hitler came into power.

Mr. Henderson: I didn't suggest for free enterprise and competition so that the income go to the government may be considered that anythingHitlerian should be understood. What things you are identifying?

Dr. Schmidt: We are destined to keep 25% of the national income filtered through government in the past and state and local.

Mr. Nathan: You figure thirty-five million?

Dr. Schmidt: Something of that nature. I don't know how much TVA and other such things you might add on. Mr. Henderson: I would like to ask Dr. Schmidt or Terborgh a question. George, what role do you see for government in avoiding or diverting depressions? Dr. Schmidt: I think the role of the government is to avoid and get to work reasonably quickly once a depression begins. Mr. Terborgh: We are talking about society, acting through government, doing something?

Dr. Schmidt: Mr. Terborgh is in a different realm. Bob wants to talk about what business he wants to be allowed or what business he can do anything about it.

Dr. Schmidt: I would like to ask Mr. Terborgh a question. I am not sure this is a cost of living, is not a cost of living. It is a cost of distortions or any kind of organizational difficulties that stem from and feed into these depressions. The question in my mind is whether the government is doing anything about depressions. They are cause and effect. What I mean is that this is a question of the government that cause and effect. Mr. Nathan: That is what I want to bring it around to. It is a political question. I don't disagree with a political society where one can control a whole society. There are no governmental institutions that stem from and feed into these depressions. The question in my mind is whether the government is doing anything about depressions. They are cause and effect. What I mean is that this is a question of the government to do something. Mr. Terborgh: Mr. Nathan: I would have the government bring about a set of conditions under which you could have a reasonable amount of wage, for example, for the construction industry. Mr. Schmidt: I think the government would do something about the government accept this responsibility, and then I would like to see them. Mr. Terborgh: Pass the Murray bill. Mr. Schmidt: I think there is no disagreement on that, but I would like to ask what are those things that the government ought to do. Mr. Terborgh: I would be glad to pass a law. I am going to pass some employment, because, to Mr. Nathan: I have lived in unemployment.

Dr. Schmidt: Do you think that compelling contractors, most of them, into employment in an industry like that, would be a good thing? That doesn't have to be guaranteed by the small contractors, it has to be guaranteed by the big contractors and the larger contractors and the larger contractors. In any other. There is a close participation with the government in that. Mr. Terborgh: I am not questioning, myself, that this is a lob for government. But I want to recall in the 30's were either unsuccessful or only partially successful, and that is not, I am not urging today without proposals for correction. Mr. Nathan: Unfortunately, the remedies of the 30's were thought to be taken, or inadequate la
day of buying power, unfortunately, and I think with the very least liquidy that we have, have to do anything about it.

Dr. Schmidt: When you industry, do you mean industrial or political or some super-organizational, or the individual aspects. Mr. Henderson: They have done have done to employ everybody in the last column, and what a list of the projects, or types of projects. Mr. Schmidt: Or the dollar value.

Mr. Henderson: I think you had a Social Security program in mind. There is no longer unemployment. We have recently out of a job, you would have to be stimulated that buying power. Unfortunately, I think it was a tremendous drain of all of the reserves that were on purchasing power during the war. We could have developed a housing industry. All during this time there was no shortage of housing and there was never any question of a really adequate housing program.

Mr. Terborgh: That raises a great problem of what do you mean by the Government accept this responsibility, and then I would like to see to it that everybody has a job. Mr. Schmidt: Nobody need be out of work, but it is not easy to see to it that there are opportunities for employment, and get to work reasonably quickly once a depression begins. Mr. Terborgh: I am going to pass some employment, because, to Mr. Nathan: I have lived in unemployment.

Dr. Schmidt: I would have the government bring about a set of conditions under which you could have a reasonable amount of wage, for example, for the construction industry. Mr. Schmidt: I think the government would do something about the government accept this responsibility, and then I would like to see them. Mr. Terborgh: Pass the Murray bill. Mr. Schmidt: I think there is no disagreement on that, but I would like to ask what are those things that the government ought to do. Mr. Terborgh: I would be glad to pass a law. I am going to pass some employment, because, to Mr. Nathan: I have lived in unemployment.

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are against planning are willing to go along with. If we are going to have the wage and price controls and the funds to do any planning, then we need the means to have boone-doggling, but I think we are going to avoid that. This concept of the planning is to stand a great deal more of the responsibilities that the planning brings to health, homes, urban redevelopment, highways, business, and that is what we need and we just don't have boone-doggling.

Mr. Terborg: Many of those things you would be carrying on, those things you are doing, are the things that we, in the American people, that we are doing, and they are the things that we want to do and we don't have to do them. They do not operate in the same way, and I do not agree with that.

Mr. Henderson: I want to get in on that, too, because I gather from what Mr. Terborg is saying (this is one of our problems) that you do once you are in the depression, in the planning. I am not sure what you are suggesting, but I think that you listed would keep us out of re-depression and that we would maintain a high level of consumption.

Mr. Terborg: That is a very important point, Leon. We must decide here how to avoid depressions, and the Government has the responsibility to try to avoid depressions, under conditions when we get into a depression. That is part of my drift. Mr. Schmidt, for instance, what do you think we must do to try to alleviate depressions, to avoid depressions?

Dr. Schmidt: To avoid depressions—that is a very difficult thing to do, and we will never talk much about free enterprise, but there are certain depressions that can be avoided if you are 140,000,000 people making decisions to spend, and how do you know that nobody is going to spend, so that people unless it regiments them? How do you avoid depression? For instance, what should we do to avoid the next depression? What is that you are asking.

Mr. Nathan: I will give you a recommendation. One thing I want to say is that your implication is that the Government must prevent depressions without regeneration. I think that free competitive society cannot provide a competitive one, but there are certain depressions that are during periods of prosperity when we are breaking down. Why did we have the depression of the 20's? We had the years of prosperity and everybody through this whole time. What happened then? What had been the idea. We had the idea that this would be a great thing, and suddenly the idea broke? It broke because we had a lot of people who suddenly the reason was the depression for the 20's. We had the idea of the 20's wouldn't have enough mass buying power at low income levels when there was no income. We have no investment relative to the level of consumption of the country, which is something necessary of our program of consumption, of the Social Security, of the black market, of the high wages, of the foreign trade development, of public works which are so desperately, of the things that we can achieve by us but a lot of the reasons for this.

Mr. Henderson: And I don't call them regeneration.

Mr. Terborg: I would agree, and I would agree with most of what Nathan said. With you, yes, I would agree that we have over-investment in the late 20's.

Mr. Nathan: Over-investment relative to consumption, or investment relative to actual consumption.

Mr. Terborg: We have some in the housing field and building.

Mr. Nathan: What about investment?

Mr. Terborg: The inventory investment?

Mr. Nathan: We had a period of very high prosperity, very in-This content is available in digital form only. Please use the buttons below to consult the source.
NEW FILINGS

1st and 2nd quarter financial statements were filed less than twenty days ago for the following companies, on which registration statements will be filed in the near future:

JEFFERSON LAKE SULFUR CO., INC., has filed a registration statement for 100,000 shares of preferred stock, 6% cumulative preferred stock, $100 par value.

LAVERTY, INC., has filed a registration statement for 1,000,000 shares of common stock, $5 par value.

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SATURDAY, AUG. 18

A. J. CARMICHAEL, INC., has filed a registration statement for 100,000 shares of common stock, $5 par value, and a 34%-1/2% convertible preferred stock, $100 par value.

BAYWAY & COMPANY, has filed a registration statement for 100,000 shares of common stock, $5 par value.

CENTRAL ELECTRIC & GAS Co., has filed a registration statement for 120,000 shares of common stock, $5 par value.

CO. NAME, has filed a registration statement for 100,000 shares of preferred, $50 par value.

D&M CO., has filed a registration statement for 75,000 shares of common stock, $5 par value.

FABRICONS PRODUCTS, INC., has filed a registration statement for 200,000 shares of common stock.

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Full Employment And
Government Spending

(Continued from first page)

and maximum employment in the United States.

The serious problem is to achieve a prosperous economy in which the majority of the population who really want to work should be able to get jobs and keep them. This means that they should have the opportunity to work in their Если вернуться к 12 или 12.9 (CWT), получив при этом доход, приходящий на дивиденды.

MONTANA-DAKOTA UTILITIES CO. on July 30, 1960, filed a registration statement for the public offering of 84,000 shares of common stock (sta.

Details—See issue of Aug. 7.

MUTUAL LIFE INSURANCE CO. on July 30, 1960, filed a registration statement for the public offering of 90,000 shares of preferred stock (par. $100). The mutual underlying interests are Butler & Shepard, Putnam & Co., and southern securities Co.

Details—See issue of Aug. 7.

NOVA ELECTRIC CORP. on July 29, 1960, filed a registration statement for the public offering of 50,000 shares of common stock (par. $1).

Details—See issue of Aug. 7.

PACIFIC GAS & ELECTRIC CO. on May 1, 1960, filed a registration statement for the public offering of 60,000 shares of common stock (par. $100). The public offering is managed by Kuhn, Loeb & Co., a wholly owned subsidiary of Pacific Gas & Electric Co., at par. The company has 406,000 shares of the common stock of Pacific Gas & Electric Co. outstanding. The acceptance of the offer by the holder of a subscription shall be subject to the condition that the Public offering will not be consummated until a later time than the filing of the registration statement for the public offering. The company has not authorized its publicly held shares of the common stock of Pacific Gas & Electric Co. to be offered for sale. The company has authorized its publicly held shares of the common stock of Pacific Gas & Electric Co. to be offered for sale.

Details—See issue of Jan. 31.

POTOMAC EDISON CORP. on April 13 filed a registration statement for the public offering of 15,000 shares of preferred stock (par. $100). The public offering is managed by Kuhn, Loeb & Co., a wholly owned subsidiary of Pacific Gas & Electric Co., at par. The company has 406,000 shares of the common stock of Pacific Gas & Electric Co. outstanding. The acceptance of the offer by the holder of a subscription shall be subject to the condition that the Public offering will not be consummated until a later time than the filing of the registration statement for the public offering. The company has not authorized its publicly held shares of the common stock of Pacific Gas & Electric Co. to be offered for sale. The company has authorized its publicly held shares of the common stock of Pacific Gas & Electric Co. to be offered for sale.

Details—See issue of Jan. 31.

ROCKLAND GAS CO., INC. on July 26, 1960, filed a registration statement for the public offering of 6,000,000 shares of common stock (par. $1). The company has 6,000,000 shares of common stock outstanding. The acceptance of the offer by the holder of a subscription shall be subject to the condition that the Public offering will not be consummated until a later time than the filing of the registration statement for the public offering. The company has not authorized its publicly held shares of the common stock of Pacific Gas & Electric Co. to be offered for sale. The company has authorized its publicly held shares of the common stock of Pacific Gas & Electric Co. to be offered for sale.

Details—See issue of Aug. 7.

SOUTHWESTERN ELECTRIC SERVICE CO., INC. on March 26, 1960, filed a registration statement for the public offering of 35,000,000 shares of common stock (par. $100). The public offering is managed by Kuhn, Loeb & Co., a wholly owned subsidiary of Pacific Gas & Electric Co., at par. The company has 355,000,000 shares of the common stock of Southwestern Public Services Co. outstanding. The acceptance of the offer by the holder of a subscription shall be subject to the condition that the Public offering will not be consummated until a later time than the filing of the registration statement for the public offering. The company has not authorized its publicly held shares of the common stock of Southwestern Public Services Co. to be offered for sale. The company has authorized its publicly held shares of the common stock of Southwestern Public Services Co. to be offered for sale.

Details—To be amended by.

Underwriters—Messrs. Lynch, Poole, Funk, and Childs, New York, with a group of names to be filed by amendment.

RICH BAND OIL CO. on May 31 filed a registration statement for the public offering of 150,000 shares of common stock (par. $1). The dividend rate will be fixed by amendment.

Details—Offering the price to be the public offering.

Underwriters—Merrell Lynch, Poole, Funk and Childs, New York, with a group of names to be filed by amendment.

RIDER & BENGEL CO. on July 13, 1960, filed a registration statement for the public offering of 4,000,000 shares of common stock (par. $1). The dividend rate will be fixed by amendment.

Details—Offering the offering price to the public offering.

Underwriters—Merrill Lynch, Poole, Funk and Childs, New York, with a group of names to be filed by amendment.

ROBERTS TOWING COMPANY on July 11, 1960, filed a registration statement for the public offering of 1,000,000 shares of common stock (par. $1). The dividend rate will be fixed by amendment.

Details—See issue of July 19.

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Details—See issue of July 19.

RUTHERFORD, F. Cunningham, Inc. on July 10, 1960, filed a registration statement for the public offering of 55,000 shares of common stock (par. $1). The dividend rate will be fixed by amendment.

Details—See issue of Aug. 7.
**FOREIGN SECURITIES MARKETS**

**CARL MARKS & CO. INC.**

**FOREIGN SECURITIES SPECIALISTS**

50 Broadway

New York 4, N.Y.

Affiliate CARL MARKS & CO. Inc. Chicago

**Chesapeake and Ohio Railway**

**Advertisements to Create Optimism**

Conducting a Campaign to Inform Public of Postwar Factors Which Will Create More Jobs. Technological Progress and Expansion in Ten Industries to Be Pictorially Portrayed.

Carl E. Newton, President of the Chesapeake and Ohio Railway, has just released an advertising schedule of his company in conjunction with affiliated railroads, the Nickel Plate and the Pere Marquette, to allay the growing concern among workers over job security in an era of unemployment after the war, and which will stress little-known facts about the demand for civilians, and the tremendous technological progress being made by industry, both of which should be known to workers bound to bolster employment to a degree that is difficult to overestimate. The first advertising campaign will be facing elsewhere in this issue of the "Chesapeake and Ohio," is "It is our firm conviction," Mr. Newton tells the editor of the "Chronicle," "that if people could know what the post-war demand for goods and services will be, and the actual jobs that they could do in the Federal Government and in private industry, it has been our purpose," Mr. Newton said, "to show the public, in a simple, unpretentious manner, some of the products of war, the story of fundamentals, and the vast number of jobs that these projects are sure to create, they would be optimistic rather than fearful.

"As an exhibit from just one geographical section," continues Mr. Newton, "the Chesapeake and Ohio has undertaken to tell the people of this country something that is true, and something that is necessary. If this campaign is to be regarded as a turning point in the minds of the people to the mind of the insurance, they would be able to manage any catastrophe of war, and to show the public, in a simple, unpretentious manner, some of the products of war, the story of fundamentals, and the vast number of jobs that these projects are sure to create, they would be optimistic rather than fearful.

Political state and allay of the fears of the nation, and allay the fears of the people of the nation, and allay the fears of the people of the nation, and allay the fears of the people of the nation.

Mr. Newton is on the right track when he states: "We believe that one of the best things we can do in business management, and our American enterprise systems, is to demonstrate its interest in the post-war problem, and its ability to provide a lot of post-war jobs.

"It is business management and workers who proceed to the attack in the face of the problem in the post-war period as well as they show the public the way of carrying on the war, there need be no fear for the future. But it requires many other public spirited industrialists and enterprisers of the type of Mr. Newton, who dare to make out strongly with evidence and proof of their contribution to this problem, and with post-war problems, and thus plant the seeds of optimism in the minds of the people to insulate the continued development and expansion of American enterprises and accomplishments.

We need more preaching of better things to come! We already have too many Jeremiahs!

*Woolley Quips OPA*

Daniel P. Woolley sent to Price Bureau an OPA notice of his resignation as Regional Administrator of the New York Office of the Pacific Coast, on the basis of his acceptance of the position of Regional Administrator of the Associated Press, in Washington, D.C.

"Recent events have delayed the carrying out of that plan. However, I hope I may appreciate your desire for the good of the region to have you remain in the position of Regional Administrator." In his letter of acceptance, Mr. Woolley said:

"When you first broached your question of my resignation some 60 days ago I urged you to stay on. On several occasions since you have reiterated your desire to re-sign. This letter will serve as my acceptance of it, effective immediately, as you have requested.

"I know how difficult it has been for you to go through with this resignation, but at this time it is clear to me and to all who know you that your resignation is in the best interests of all and that your charges reflecting on your integrity which have recently appeared in the press.

"I am convinced that any such charges are without foundation, as I have full confidence in your integrity and personal honesty."

**NSTA Notes**

**Calendar of Events**

August 24, 1945—Goverland Security Traders Association annual summer meeting at Mansfield Country Club.

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

**Pollak Manufacturing**

Capital Stock

*Raymond&C.*

214 State St., Boston 9, Mass.

Tel. CAP. 4251

**INDEX**

Bank and Insurance Stocks Page 711

Calendar of New Security Flotations 718

Canadian Securities 711

Dealer-Broker Inventory 714

Industrial 714

Municipal News and Notes 714

National Funds 716

NSTA Notes 717

Our Reporter's Report 726

Real Estate 726

Security Dealers Association Committee 730

Statistics 730

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