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The COMMERCIAL and FINANCIAL CHRONICLE

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Symposium on Guaranteed Wage

Jack Chernick, Ernest Dale and William H. Spencer Discuss the Problem and the Outlook for an Annual Guaranteed Wage in Industry. Speakers Agree That Proposal Has Promise in Period Following Reconversion, and That It Should Be Worked Out by Co-operation Between Labor and Management, but Professor Spencer Fears It May Be Only "Another Managerial Fad" and Not Produce Concrete Results.

In a broadcast of the University of Chicago Round Table of the Air over the National Broadcasting Network on Aug. 26, Jack Cher-

Jack Chernick

Ernest Dale

W. H. Spencer

nick, instructor in Economics at the University of Minnesota and author of a recent book "Guaranteed Annual Wages," Ernest Dale, an economist with the American Management Association, also author of a book entitled "Annual Wages and Employment Stabilization," and Dr. William H. Spencer, Professor of Business and Government at the University of Chicago, discussed the "Guaranteed Annual Wage".

A transcript of the symposium follows:

Mr. Spencer: Before World War II many employers throughout the country had been experimenting with this thing we call an "annual guaranteed wage." To me it seems somewhat incongruous that we should be talking about a guaranteed annual wage at a time when thousands and hundreds of thousands of workers are being laid off. Here in Chicago, for instance, since the war with Japan, over a hundred thousand workers have been laid off. Our employment offices are crowded with people who are filing claims for unemployment compensation and seeking other jobs. Chernick, I would like first to ask you why we are talking about this subject now and what, in your opinion, is the principal goal to be attained by it.

Mr. Chernick: I agree that the immediate problems do not really involve the possibility of introducing a guaranteed annual wage, but I think that it is time that we start thinking about the long-run possibilities. I think that as long-run social goals we should

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Index of Regular Features on page 1256.

A Post-War Money Policy

By JAMES A. HOWE

Holding That From a Study of Monetary Experience Economic Disturbances Have Been Caused by Irregularities in the Employment and Growth of Bank Reserves and the Volume of Money, Mr. Howe Proposes a Plan for Attaining Greater Regularity. He Advocates Setting Up Two Classes of Bank Reserves: One, a Basic Reserve Which Would Grow Regularly at a Rate in Accord With Long Term Growth of Business; and the Other, a Reserve for Member Banks Which Could Depart Temporarily From a Uniform Growth in Order to Meet Cyclical Fluctuations. Stresses the Importance of Control of Quality of Bank Assets. Recommends Low Uniform Basic Reserve Requirement for All Banks.

Growth of Reserves and Money Between the World Wars

In the interval between the World Wars, commodity prices, business activity and employment were subject to violent changes. The course of some principal monetary factors during that period was also irregular. From the end of 1918 to the end of 1929, our stock of monetary gold grew at a net average rate of about 3% a year, although most of the growth actually took place only in the three years following 1920. (The figures for rates of growth used herein are compound rates, compounded annually.) But by reason of open market operations, rediscounts and other factors, Member Bank reserve balances grew more steadily at an average rate of about 4% a year. The aggregate of all

James A. Howe

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Labor's Unfinished Business

By HON. L. B. SCHWELLENBACH*

Secretary of Labor

Secretary Schwellenbach, After Pointing Out the Present Protection Given Labor's Rights, Points Out as the Unfinished Business of Labor, Its Responsibility to the Common Good. Says We Will Not Have Full Employment, Full Production, or Full Consumption, if Our Productive Machine Is Stalled and if Consumption is Diminished by Chaotic Industrial Relations. Urges Organized Labor to Put All Its Energies Into an Educational Program for Adult Workers and Warns That if Labor Does Not Solve Its Own Problems Government Will Assume the Responsibility.

L. B. Schwellenbach

Someone has said that "democracy is unfinished business." It is. The roadway of democracy stretches far into the future—farther than the mind of man can see. The road is difficult. It is beset by the pitfalls and roadblocks of selfishness and greed—which are inherent in our human natures. But it is well marked for the sincere and determined traveler, by the true love of our fellow men, by self help and by cooperation. It is a road worth traveling. Its ultimate destination is a more perfect society.

It has been difficult to attain the degree of democracy we now

*A radio address by Secretary Schwellenbach over the Mutual Broadcasting System, Sept. 3, 1945.

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Prefabricated Homes and the Real Estate Market*

National Association of Real Estate Boards Publishes Results of Inquiry Regarding Effect of Prefabricated Houses on the Realtors' Business. Shows Effect Will Be Confined to Low Cost Market, Distribution Will Be More Regional Than National and That Manufacturers Will Use Realtors and Builders as Local Agents.

Many thoughtful Realtors have been wondering for some time how the manufacture and distribution of prefabricated houses will affect the real estate market. There has been much talk about prefabrication. Dramatic things have been predicted for it. If the manufacture of prefabricated houses springs into real proportions, what part of the house market will it absorb? And what new elements will it bring with it into the marketing of houses?

Peaseway Houses

Prefabrication is a new factor in the real estate business. For instance, how much share will Realtors have in distribution of prefab houses? Will prefabricators try to take over Realtor functions or depend upon Realtors? What effect will prefabricated homes have on new developments or existing neighborhoods? What size homes at what prices do prefabricators expect to offer? What sales and distribution plans do they have in which real estate offices figure? How far will prefabricators go in providing complete house and lot? How much gap is left for the Realtor and builder to fill in?

These are not academic questions. They are important to any real estate office that deals in houses. The interest in prefabricated houses is widespread. Their novelty has brought them considerable publicity. Many people who will make up the great post-war home market are wondering if they won't do well to buy a prefabricated house.

*Reprinted from "Headlines," publication of the National Association of Real Estate Boards, July 30, 1945.

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Private Enterprise Versus Full Employment Bill

By MERWIN K. HART*
President, National Economic Council

Mr. Hart Contends That Measure Will Destroy Free Enterprise and Will Introduce State Socialism and a Managed Economy, Such as Exists in Soviet Union. Says Bill Is Fantastic, Is a Step to Bankrupt the Nation, and Is Based on Erroneous Conception That It Is Possible to Guess 18 Months in Advance What Employment Actualities Will Be. Urges Non-Interference With Employment as Means of Making Unemployment Interference With Employment as Means of Eliminating Idleness.

The Full Employment Bill is a stab at Private Enterprise.

Its sponsors would like us to think that it is merely a choice of whether or not we want Full Employment. The real question is, do we want Full Employment under planned National Socialism, or do we want a free economy, where employment is a matter of agreement between employer and employee, without compulsion on either side?

This bill pledges the government to create Full Employment.

*A statement filed by Mr. Hart with the Senate Banking and Currency Committee, August 30, 1945.

If the government is to guarantee jobs, it must control them. This is basic. No introduction of semantic sugar phrases will change it. As Sir William Beveridge has said in his book "Full Employment in a Free Society," in full Employment essential liberties will—

"not include liberty of a private citizen to own means of production and to employ other citizens in operating them at a wage . . . The State cannot undertake the

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SEC Hearing on NASD By-Law Amendments

Notice of SEC Hearing on NASD Amendments Inadequate. NASD Pressure Methods Compared With Electioneering. Implications of Vote Interference by Those Having Power to Discipline. Support of Securities Dealers Committee Urged.

We have received numerous complaints that NASD members generally did not get adequate notice that the SEC had set a hearing on the new NASD by-laws for Aug. 29. In some instances the notice was received on the very morning that the hearing took place. For this reason it is to be hoped that the Commission will promptly acquiesce in the request of the National Security Traders Association for another oral hearing on the subject. The Association incidentally has registered its official disapproval of the proposed new by-laws.

As we go to press we learn the Security Traders Association of New York is polling its 450 members to determine whether they favor or oppose the by-laws which would, among other things, compel their members, as with all traders, to register with the NASD and be subject to its dictation. In this poll the traders are being asked, too, if they feel an open meeting should be held to discuss the by-laws in question. This is one more reason for the SEC holding another hearing at some reasonably distant date.

During the course of the hearing, while objections were being raised to the pressure methods which were used by the Board of Governors and its official representatives in reaching non-voters and getting from them the required results, Commissioner Caffrey asked the following question: "Isn't that what they do in New York State on Election Day? Send out and bring you down in their car and say 'we have checked you off'?"

Let us analyze the implications contained in those questions.

In the first place when the voter goes into a booth in a New York State election he knows without a shadow of a doubt that the ballot is a truly secret one and he can vote as he pleases, or cast a blank ballot, without arousing the animosity of the political worker bringing him to the polls or anyone else for that matter.

If the voting was for candidates and for certain Charter amendments as well, the voter may evidence his franchise as to some and purposely fail to do so as to others. This, too, is his secret.

Of course, in the voting on the NASD amendments the exact contrary was true.

Let us say I am in the investment banking business and a member of the NASD.

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Labor's Rights and Responsibilities

By HON. HAROLD L. ICKES*
Secretary of the Interior

Holding That Labor and Politics Do Mix, Secretary Ickes Urges That Labor Dedicate Itself to an Irrefragable Peace, as Well as to Full Employment, Higher Pay and Better Working Conditions, and That Labor Organizations Rid Its Ranks of Drones and Grafters. Says Labor Relations Is Not a One Way Street and That Labor Has Responsibilities and a Stake in Winning the Peace. Contends Government Is on Side of Labor and Advocates That Job Discrimination and Poll Taxes End, and That a Program of Public Works and Larger Social Security Benefits Be Inaugurated.


Harold Ickes

I have always enjoyed talking to labor audiences. This is because they are intelligent. Among my most pleasant memories is the occasion last year when United Automobile workers gathered to hear me and watch me bedeck the Republican candidate and some of his followers with ivy—poison ivy, as I remember it. I am told that many of those whom I covered with garlands of ivy are still scratching, or, anyway, still itching to get their hands on one or two jobs in Washington. I understand that the best remedy for what ails these patients is baking soda, liberally applied. They might even use some internally. It ought to sweeten up some of those sour grapes upon which they have been feasting for so long.

But I didn't come here to talk politics. I realize that this is not a political occasion. This is Labor Day, and politics and labor should

*An address by Secretary Ickes at a Labor Day Rally in Baltimore, Md., under the auspices of the Baltimore Industrial Union Council (CIO), Sept. 3, 1945.

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Democratic Party Will Back Truman: Hannegan

Chairman of National Democratic Committee Praises President's "Comprehensive Message" as "Progressive." Says Republican Leaders Are "Going Back to Old Fashioned Conservatism."


Robert E. Hannegan

In a statement issued on the evening of Sept. 11, Robert E. Hannegan, Postmaster General and Chairman of the Democratic National Committee, praised the "comprehensive message" President Truman delivered to Congress and predicted that in the forthcoming Congressional election, the Democratic Party will give full support to the "progressive" post-war program outlined by the President. He contended that the Republican Party leaders in Congress "who expressed themselves on the message" were going back to the "old-fashioned conservatism of the '20s" and the "Democratic Party welcomed the challenge."

The text of Mr. Hannegan's statement as printed in the New York "Herald Tribune" follows:

"The Democratic Party is prepared to wage its 1946 Congressional election campaign as a

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Sweden's "Planned Economy"

By HERBERT M. BRATTER

Robert M. Gaylord Gives Swedes His Views on Free Enterprise in Competition With "Planned Economy." Collective Bargaining in Sweden. Professor Myrdal, Swedish Commerce Minister, Who Predicted Post-War Slump in U. S., Tells Plan of Combating Depressions.

STOCKHOLM—Free enterprise in America has no fear of competition from State controlled business abroad, Mr. Robert M. Gaylord, chairman of the Board of the NAM, told an audience of Swedish industrial leaders and others at the conclusion of a 10-day tour of Swedish industries. Mr. Gaylord observed that international trade is a two-way affair. "If we cannot sell, we cannot buy," he said, "while loans and subsidies are only stop gaps." "Unless transactions profit both buyer and seller, trade will stop," he added.

Herbert M. Bratter

In trading with State controlled economies, Mr. Gaylord told his audience at Stockholm's Commercial High School, "Americans will buy only if prices are competitive, as they will expect to sell only at competitive prices."

"Productivity of labor can be increased through better planning of work and greater use of machinery, power and brains. The motivating force is the expectation of profits or the fear of loss," Mr. Gaylord said. "Free enterprise is the only sure means to achieve economic advancement... It must not be confused with mere private capital, but it means freedom of the individual to apply his ideas in a competitive place, with the encouragement of profit . . ." "We may well ask whether political freedom can last if a man's opportunity to earn his living depends on his loyalty to the party in power," the NAM official observed. "The only lasting security is that which comes from work, not from laws or Government decrees."

Inspects Industries

During Mr. Gaylord's visit to Sweden—the result of a suggestion made by the Swedish delegation to the International Business Conference at Rye, N. Y., last year, he was given the opportunity to see important steel mills at Uddeholm, the ASEA electric company's manufacturing plants at Vasteras, the wood and pulp industries in the neighborhood of Sundsvall and Kramfors, the power plant at Torshammar, the Eriksberg shipbuilding, the SKF ball and roller bearing works at Gothenburg, also a community center erected in Gothenburg by a group of private construction companies, cooperative establishments, etc.

Accompanying Mr. Gaylord on these trips was Mr. Eric Kjellstrom, of the NAM staff, Mr. Donald W. Smith, American commercial attache at Stockholm; Mr. Richard A. Forsyth, American labor attache at the Legation in Stockholm, and others. The writer accompanied the party on part of its travels.

Mr. Gaylord expects to visit Oslo and Copenhagen before flying home from Sweden.

Labor in Sweden

Sweden being a country in which labor has been organized for a great many years and one which is among the leaders of the world in the matter of social security legislation, one might expect to find industrialists and other employers deploring their lot. But, so far as one may judge from conversations with important industrialists in Stockholm, Gothenburg, and other parts of this country, the employers get along very well with collective bargaining and in fact express positive gratification over a system which enables them to deal with labor through responsible leaders. Not only that, but the visitor is also struck by repeated statements disclosing that no group would be any more reluctant than Swedish labor to see the Government fix wages and working conditions. The workers are strong advocates for free enterprise and want to continue always to do their own annual bargaining with their employers.

Once the management and workers of an establishment make a contract, there can be no strike over interpretation thereof. Any dispute as to interpretation must be arbitrated by the body legally set up for the purpose. However, strikes may and do occur over the terms of new contracts.

In discussing labor and other matters with the "Chronicle's" reporter in Gothenburg, Mr. Carl Erik Jacobson, director of Gotaverken, one of Gothenburg's well-know shipyards, said: "The fact that labor in Sweden is very well organized is good for business. Management and business know how to get together here."

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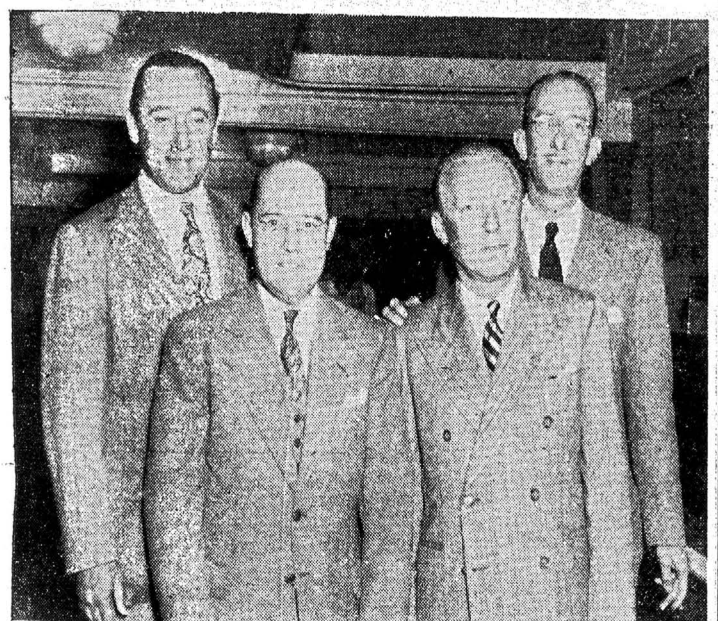
NSTA Notes

At NSTA Meeting, Mackinac Island, Mich.



Jerry Tegeler, *Dempsey-Tegeler & Co.*, St. Louis; J. W. Means, *Trust Company of Georgia*, Atlanta; Jack Hecht, *Butler-Huff & Co.*, Los Angeles; Wm. Perry Brown, *Newman, Brown & Co.*, New Orleans.

The following were among those attending the 12th Annual Meeting of the National Security Traders Association, held at Mackinac Island, Mich., Aug. 28-30, 1945:

Abbe, Richard F.	Van Tuyl & Abbe	New York, N. Y.
Akin, Thomas	Akin-Lambert & Co.	Los Angeles, Calif.
Arnold, Henry J.	Clair S Hall & Co.	Cincinnati, Ohio
Barclay, Harold	Caswell & Co.	Chicago, Ill.
Bloom, Ralph M.	Kitchen & Co.	Chicago, Ill.
Bradley, R. Emmett	Mackubin, Legg & Co.	Baltimore, Md.
Brown, Wm. Perry	Newman, Brown & Co.	New Orleans, La.
Busbey, Fred E.	Fred E. Busbey & Co.	Chicago, Ill.
Cayne, M. A.	Cayne, Ralston & Co.	Cleveland, Ohio
Dotts, Russell M.	Bioren & Co.	Philadelphia, Pa.
Elder, George J.	Mercier, McDowell & Dolphyn	Detroit, Mich.
Ergood, R. M., Jr.	Stroud & Co.	Philadelphia, Pa.
Friedman, Leonard	Boettcher & Co.	Chicago, Ill.
Fusz, Firmin D.	Fusz-Schmelzle & Co.	St. Louis, Mo.
Glas, R. J.	Glas & Crane	New Orleans, La.
Goshia, Oliver	Goshia & Co.	Toledo, Ohio
Gottron, Richard A.	Gillis, Russell & Co.	Cleveland, Ohio
Graham, Thomas	The Bankers Bond Co.	Louisville, Ky.
Green, Sam	Pledger & Co.	Los Angeles, Calif.
Hastings, Russell M.	H. R. Hastings & Co.	Detroit, Mich.
Hattier, Gilbert Jr.	White, Hattier & Sanford	New Orleans, La.
Heaney, M. J.	Joseph McManus & Co.	New York, N. Y.
Hecht, J. C.	Butler-Huff & Co.	Los Angeles, Calif.
Heimerdinger, John	Walter, Woody & Heimerdinger	Cincinnati, Ohio
Higgins, Larry	Hulburd, Warren & Chandler	Chicago, Ill.
Hornig, Bert H.	Stifel, Nicolaus & Co.	St. Louis, Mo.
Hoshor, J. K.	Adams & Co.	Chicago, Ill.
Horsfield, T. J.	Wm. J. Mericka & Co.	New York, N. Y.
Hunter, Wellington	Hunter & Co.	New York, N. Y.
Kemp, Frank H.	R. C. O'Donnell & Co.	Detroit, Mich.
Kingsbury, J. W.	Kingsbury & Alvis	New Orleans, La.
Koerner, Star C.	Mitchell, Hutchins & Co.	Chicago, Ill.
Lestrange, George E.	Moore, Leonard & Lynch	Pittsburgh, Pa.
Linder, Evar	Paine, Webber, Jackson & Curtis	Chicago, Ill.
Longwell, Elmer G.	Boettcher & Co.	Denver, Colo.
Ludington, Bert	Watling, Lerchen & Co.	Detroit, Mich.
McGinnis, Patrick B.	Pflugfelder, Bampton & Rust	New York, N. Y.
McLaughlin, John F.	McLaughlin, Baird & Reuss	New York, N. Y.
McPherson, W. Perry	Walker, Austin & Waggener	Dallas, Texas
Meyer, Frank P.	First of Michigan Co.	Detroit, Mich.
Miller, Don W.	McDonald, Moore & Co.	Detroit, Mich.
Moreland, Paul	Moreland & Co.	Detroit, Mich.
Morton, R. A.	The Blue List	New York, N. Y.
Moseley, R. V.	Stroud & Co.	Philadelphia, Pa.
Means, J. W.	Trust Co. of Georgia	Atlanta, Ga.
Oetjen, Henry	Pflugfelder, Bampton & Rust	New York, N. Y.
O'Neil, R. R.	Fairman & Co.	Los Angeles, Calif.
Parsons, Edw. E., Jr.	Wm. J. Mericka & Co.	Cleveland, Ohio
Phillips, Josef C.	Pacific Northwest Co.	Seattle, Wash.
Pizzini, B. Winthrop	B. W. Pizzini & Co.	New York, N. Y.
Pulver, Henri P.	Goodbody & Co.	Chicago, Ill.
Quigley, J. L.	Quigley & Co.	Cleveland, Ohio
Quirk, A. B.	M. A. Manley & Co.	Detroit, Mich.
Rogers, John	Hickey & Co.	Chicago, Ill.
Roggenburg, Stanley	Roggenburg & Co.	New York, N. Y.
Roney, John	W. C. Roney & Co.	Detroit, Mich.
Rue, Maynard W.	J. M. Dain & Co.	Minneapolis, Minn.
Saunders, Walter F.	Dominion Securities Corp.	New York, N. Y.
Scherck, Gordon	Scherck-Richter & Co.	St. Louis, Mo.
Sener, Joseph W.	Mackubin, Legg & Co.	Baltimore, Md.
Sestric, M. J.	I. M. Simon & Co.	St. Louis, Mo.
Smith, Harold B.	Collin, Norton & Co.	New York, N. Y.
Scrum, Kermit	Allison-Williams Co.	Minneapolis, Minn.
Staib, Lee R.	George Eustis & Co.	Cincinnati, Ohio
Stone, Ernest E.	Stone, Moore & Co.	Denver, Colo.
Strader, Ludwell	Scott, Horner & Mason	Lynchburg, Va.
Tegeler, Jerome F.	Dempsey-Tegeler & Co.	St. Louis, Mo.
Thornburgh, R. W.	W. C. Thornburgh & Co.	Cincinnati, Ohio
Tryder, Alfred W.	W. H. Newbold's Son & Co.	Philadelphia, Pa.
Webster, Arthur I.	E. W. Price & Co.	Kansas City, Mo.
Weil, Joseph H.	Weil & Arnold	New Orleans, La.
Welch, Edward H.	Sincere & Co.	Chicago, Ill.
Yarrow, Paul	Clement Curtis & Co.	Chicago, Ill.
Zingraf, Charles M.	Laurence M. Marks & Co.	New York, N. Y.

Morgan Stanley Group Offer No. Pacific Bonds

Morgan Stanley & Co. led an underwriting syndicate that submitted Sept. 6 the only bid for and received the award of a new issue of $55,000,000 of Northern Pacific Railway collateral trust bonds due in 1975. The group bid 98 for the bonds with a 4½% coupon.

Subject to approval of the terms by the Interstate Commerce Commission, the Morgan Stanley group reoffered the bonds to the public at 100 and int. The bonds are secured by the pledge of $82,500,000 of refunding and improvement mortgage 4% bonds, due in 2047, equivalent to 150% of the amount of the new collateral trust 4½s.

Proceeds from the sale of the new 4½s, together with other company funds, will be applied toward the redemption at 110 on Jan. 1 of the $81,161,600 refunding and improvement, Series B 6% bonds, due in 2047.

The new bonds will have the benefit of a sinking fund designed to retire about 3⅓% of the issue each year and calculated to retire the entire issue by maturity, subject, under certain conditions, to earnings of the road.

Among those associated with Morgan Stanley & Co. in the offering were: Blyth & Co., Inc.; Goldman, Sachs & Co.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co.; Lehman Brothers; Salomon Brothers & Hutzler; Glore, Forgan & Co.; Hallgarten & Co.; Hornblower & Weeks; W. E. Hutton & Co.; Lee Higginson Corp.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; White, Weld & Co.; Laurence M. Marks & Co. and others.

Public Utility Securities

Heavy Calendar of Utility Financing Ahead

Despite the summer holiday and vacation period a fair amount of utility financing occurred in July and August, and the September-October period promises to be still more active.

Brooklyn Borough Gas Company, having completed its bond refunding, is now working on a preferred stock exchange. The old stock is held by customers and employees.

The big issue of Consumers Power refunding bonds — $113,-825,000 due 1975—is scheduled to be offered early this week. It retires the 3½s due 1970 and 1966, and the 3¼s due 1969 and 1966. The 5% preferred stock is being retired with the aid of a bank loan—no new stock being issued.

Niagara Hudson announced that it would receive competitive bids September 11th for the sale of its approximate one-third interest in Central Hudson Gas & Electric common stock, which sells around 9½ on the Curb, earns about 55c and pays 48c a share. About 8c of earnings is reserved for improvements or bond retirements, under a regulatory requirement.

On Sept. 17th some $26,000,000 Minnesota Power & Light bonds due 1975 will be bid for, and North American Company will offer 700,000 shares of Pacific Gas & Electric common. It will be recalled that the latter offering several months ago resulted in only one bid, that of Blyth & Co. The SEC cancelled the deal, holding that more bids should have been forthcoming. In the meantime the price has advanced and North American will probably get a better deal.

A week later, September 24th bidding on another huge flotation of American Tel. & Tel. refunding bonds will occur—a $160,000,000 issue to refund the 3¼s of 1966. Public Service of Indiana is also scheduled on that day to receive bids on $48,000,000 refunding bonds due 1975, and $15,000,000 preferred stock will be exchanged or refunded.

Refunding operations are also planned (but without very definite bidding dates as yet) by Bellows Falls Hydro-Electric, Brooklyn Union Gas, Illinois Power, Jersey Central Power & Light, Montana Power, Pennsylvania Power & Light, Seattle Gas Company and Southwestern Bell Telephone. Continental Gas & Electric is expected to make an offering of its stockholdings in Columbus & Southern Ohio Electric.

Whether much more financing can be crowded into the period before the final Victory Bond drive in November is somewhat problematical.

The favorite time for bidding is on Monday noons (though Tuesday and sometimes Wednesday may be used). When too many offerings are "bunched" on a given day, syndicate and sales staffs are too busy to give them proper attention. Also there are occasional conflicts in the underwriters' meetings, to which each member of the competing groups send a representative to study the prospectus and ask questions of company officials, lawyers, accountants, etc. On Sept. 7, for example, two important meetings —dealing with the common stock offerings of Central Hudson Gas & Electric and Pacific Gas & Electric—were both held simultaneously. There has been some talk from time to time of forming a "steering committee" to avoid congestion and conflict of dates, but apparently nothing has yet been done.

Later in the year or early next year a large number of other refunding issues are awaiting their turn. The refunding of 3¼-¾% issues means "turning over the barrel" and repeating much of the work done in recent years. Some of the more important companies expected to refund are Alabama Power, Buffalo Niagara Electric, Carolina Power & Light, Central Maine Power, Central New York Power, Columbia Gas & Electric, Columbus & Southern Ohio Electric, Connecticut River Power, Detroit Edison, Duquesne Light, Florida Power & Light, Georgia Power, Gulf States Utilities, International Telephone, Jersey Central P. & L., Kansas City P. & L., Kentucky Utilities, Long Island Lighting, Minnesota Power & Light, New England Power Association, Northern States Power, Ohio Public Service, Pacific Power & Light, Pacific Telephone, Penn-Edison, Pennsylvania Power & Light, Philadelphia Co., Philadelphia Electric Power, Rochester G. & E., Southern Natural Gas, Southwestern Bell Telephone, Toledo Edison, Utah P. & L., West Penn Power, and Wisconsin Electric Power.

A number of common stock issues (or blocks) may be forthcoming but the timing is very difficult to ascertain. Among these issues are Atlantic City Electric, Birmingham Electric, Carolina Power & Light, Cincinnati Gas & Electric, Consolidated Edison, Detroit Edison, Florida Power, Gulf States Utilities, Hope Natural Gas, Kansas Power & Light, Missouri Power & Light, Northern Indiana P. S., Northern Natural Gas, Oklahoma G. & E., Rochester G. & E., Scranton Electric, Staten Island Edison—as well as others less definite. Most of these proposed or possible sales are designed to facilitate holding company integration programs; and in some cases the managements may decide to distribute the shares instead of making a public offering.

Ontario Revises Its Securities Act

By A. WILFRED MAY

Largely Prompted by U. S. Interest in Her Gold Mines, Ontario Is About to Adopt a More Stringent Securities Act and an Enlarged Commission. But Her Enforcement Policy Is Based on "Let the Buyer Beware."

TORONTO, CANADA.—The United States gold-buying policy assuredly has the widest possible repercussions in Canada, ranging from service as a principal support of her economy to the cause of a continuing clash with American authorities over her mining stock-selling practices. And resultantly there is a crisis respecting the Dominion's overall regulation of its domestic general securities business.


A. Wilfred May

The extent of Canada's dependence on U. S. gold policy—similar to South Africa—can be appreciated when it is realized that her normal annual receipts from gold sales of about $200 millians equal those from newsprint and from wheat. They are 35% of all exports to the U. S. The gold-mining industry employs 100,000 men, pays salaries of close to $100 million, and distributes dividends of $45 millions. Annual earnings of wage earners in gold mining are 50% higher than in her 40 leading industries. Of the 650 issues listed on the Toronto Stock Exchange, 260 are gold-mining shares whose trading share volume far exceeds that of all other shares and whose dollar trading volume equals one-half

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Customers' Brokers Protest Margin Rules

Ask Correction of Inequities of Federal Reserve Board Regulations

Richard G. Horn, of Peter P. McDermott & Co., and President of the Association of Customers' Brokers, in a letter addressed to the members of the Association, states that "our members are receiving many protests from their clients, who consider unfair and unjust the retroactive features of the Federal Reserve Board's recent 75% margin ruling," and assures them that "your Officers and Executive Committee will continue to promote every effort in the interests of the investment public which we all represent." He also inserted in the letter excerpts from clients' letters to the Federal Reserve Board indicating that the investor needs relief from "this oppressive-discriminatory regulation."

The text of Mr. Horn's letter and the excerpts follow:

To Members of the Association of Customers' Brokers:

Our members are receiving many protests from their clients, who consider unfair and unjust the retroactive features of the Federal Reserve Board's recent 75% margin ruling.

We have been asked what can be done to correct the inequities resulting from this ruling and, after careful consideration, are sending you this letter.

The chief complaints from margin customers whose accounts have been frozen are:

1. Prohibition of substitution of securities of equal value—especially now that the war is over, which logically calls for a reappraisal of the outlook ahead.

2. Prohibition of withdrawal of stock in a restricted account even though the full price of the stock is deposited, if the account is still restricted.

3. Prohibition of withdrawal of any amount of money upon liquidation of a security, if the account is still restricted after such liquidation.

Since this is a regulation of the Federal Reserve Board, any change must come from that Board. We are advised that many customers of brokerage houses have already written letters of protest to various authorities. Excerpts from a few of these letters are enclosed. If you have clients who also wish to register a protest, we suggest that they write to Marriner Eccles, Chairman of the Federal Reserve Board, Washington, D. C., and mail a copy to Fred M. Vinson, Secretary of the Treasury, and their Con-

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Market again approaching difficult area. Increased bullishness not a good sign. Time to sell is when demand is present. Liquidation of part of holdings is suggested.

There is little doubt but that the preponderence of stock market opinion is bullish. It ranges from mild optimism to wild-eyed certainty. Nowhere do I see any belief in a reaction. If there is any at all it is one of those sluff off affairs that are pointed to as giving "buyers an opportunity to buy."

* * *

All this rose colored stuff may be warranted, certainly there is little in current market action to say otherwise, but I have yet to see unanimity in the market work out. Among the current forecasts such opinions as the following are common: "The foundations of the advance are so powerful that no important reaction is to be expected at this juncture." Another is, "A major liquidating movement would be illogical and is unlikely." In both quotations the catchwords are "im-

(Continued on page 1232)

Leland Electric Co. Pfd. Stock Offered

Otis & Co. and Curtiss, House & Co. of Cleveland on Sept. 11 offered 25,000 shares of 5% cumulative convertible preferred stock of the Leland Electric Co. (par $25 per share) plus accrued dividends.

The preferred stock is convertible into common stock of the company at the rate of two shares of common for each share of preferred for five years, and at the rate of five shares of common for each three shares of preferred for the next five years.

The Leland Electric Co., with its main plant at Dayton, O., and a subsidiary plant at Guelph, Ont., manufactures electric motors ranging up to 5 h.p. The company has received approximately 68% of all the gasoline pump motor business in this country since 1925, while the Canadian subsidiary manufactures practically all of the gasoline pump motors sold in Canada. The company now has an unfilled backlog of orders of approximately $5,560,000.

Graham Ashmead Dies

Graham Ashmead, formerly an associate of J. P. Morgan & Co., Inc., died at his home in Locust, N. J., on Sept. 9. In special advices from Locust, the New York "Times" said:

Mr. Ashmead entered the employ of Morgan & Co. 45 years ago as a runner and office boy. In 1928 he paid several visits to Mexico City as a representative of the international committee of bankers on Mexico.

Pokorny Opens Own Office

ALLENTOWN, PA.—J. M. Pokorny will engage in a securities business from offices at 522 Hamilton Street. Mr. Pokorny was previously associated with Warren W. York & Co.

Now Proprietorship

INDIANAPOLIS, IND. — N. Leonard Cohen & Co., 8 East Market Street, is now doing business as a sole proprietorship. N. Leonard Cohen and Howard L. Kiser were formerly partners.

Doyle, O'Connor Appoints

CHICAGO, ILL.—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, announces that Miss Carolyn Burke has been appointed secretary.

SEC Hearing on NASD By-Law Amendments

(Continued from page 1227)

The recent amendments are submitted to me for my vote.

I examine the ballot and the proposed amendments to the by-laws and then find that the ballot does not give me a chance to vote separately on unrelated amendments.

I am familiar with the Rules of the Association and know that under the Rules I can help to block the passage of these amendments by not voting at all and I, therefore, make the decision not to vote.

Suddenly, and unexpectedly, I get a telephone call from the Chairman of my Local Business Conduct Committee who suggests that it might be advisable for me to vote. He points out the duty that I have to vote. By the tone of his voice, and the tenor of the discussion, he leads me to believe that he wants me to vote in the affirmative.

I bethink myself of all this and go into a soliloquizing debate. Since he knows I didn't vote and I have to send a signed form along revealing my identity with my ballot I feel he probably will know, too, how I vote, even if I have been told the voting is "secret." Of course, I can be most courageous and adhere to my original point of view. However, it occurs to me that the Chairman of the Business Conduct Committee has wide discretionary powers and can make the going very tough for me. I know he can smile or frown upon my mark-ups and spreads. I know he can fine-comb my books or not, as he pleases, to see how I run my business. I argue with myself that with the maize of rules and regulations, if someone has the big stick out for another, even the most circumspect investment house may be the subject of criticism, perhaps without justification.

I know that my own conduct and that of my employees has been circumspect. However, I fear that even though that be true, I may run into trouble, and so finally I yield and I vote in the affirmative for by-laws and amendments towards which my sympathies in fact do not lean.

In our opinion, there were innumerable such instances and we firmly believe that in the absence of official NASD interference the recent amendments would never have passed.

What of the large group of many, many thousands that is being regimented without being consulted? What of employees, salesmen, traders, etc., etc.? This is the time for them to show fight, to unite, and oppose the efforts to superimpose on the securities industry un-American restrictions and restraints.

We have the highest regard for, and appreciation of, the efforts of the Securities Dealers Committee which has been crusading in the interests of the investment banking business and we feel that those in the securities field who are opposed to these continuing and expanding restrictions and to this attempted regimentation would do well to give their support to the efforts of that Committee.

Corbrey Has Los Angeles Teletype Installed

Carter H. Corbrey & Co. has installed a new teletype, LA 255, in their Los Angeles, Calif., office at 650 South Spring Street.

Seabrook Proprietorship

CHARLESTON, S. C.—Edward M. Seabrook has taken over the business formerly operated as Seabrook & Karow at 55 Broad Street and is now doing business as a sole proprietorship.

Dealer-Broker Investment Recommendations and Literature

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

Building—A study of the three basic post-war problems facing the industry — Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.

Corporation Excess Profits Taxes—tables of equivalent gross yields—C. F. Childs and Co., 1 Wall Street, New York 5, N. Y.

Disposition of Wartime Railroad Earnings—letter available to dealers—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Offerings and Quotations—current lists—First Boston Corporation, 100 Broadway, New York 5, N. Y.

Outlook for Tire Manufacturers—new study of indicated operations—Thomson & McKinnon, 231 South La Salle Street, Chicago 4, Ill.

Over-the-Counter Review—September edition — Bristol & Willett, 115 Broadway, New York 6, N. Y.

Railroads in Peace Time—study of the situation by Frank M. Cryan—Brady & Co., 49 Wall Street, New York 5, N. Y.

Railroads in the Reconversion Period—study of the outlook for the railroads—McLaughlin, Baird & Reuss, 1 Wall Street, New York 8, N. Y.

Research Comment—leaflet on several situations of interest—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also a study of **United States Pipe and Foundry Company.**

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

Anemostat Corporation of America—late information on growth of company—William S. Baren Co., 42 Broadway, New York 4, N. Y.

Baker-Raulong Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available are analyses of **Liquidometer Corp., Delaware Rayon and New Bedford Rayon.**

Benguet Consolidated Mining—circular—F. Bleibtreu & Co., Inc., 79 Wall Street, New York 5, N. Y.

Also available are memoranda on **San Mauricio Gold Mines and Mindanao Mother Lode Mining.**

Christiana Securities Company—analysis—Francis I. du Pont & Co., 1 Wall Street, New York 5, New York.

Consolidated Cement Corp. Class A—Bulletin on recent de-

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Real Estate Securities

The Consolidated Edison Company of New York, in an advertisement recently published some facts about the City of New York that should be very interesting to Real Estate Bondholders.

They stated that according to their recent survey, New York plants expect to employ 37% **more** people after the war than they did before. According to their advertisement, New York makes almost **everything**—needs every skill—offers every opportunity. Best of all, New York's huge industry is spread among 27,000 plants. A slow down in any one line doesn't send New York City into a tailspin.

We quote other interesting portions of their advertisement:

"New York is a jewelry center. Jewelry is big business. The country spent over a billion dollars on it last year! In normal times, some 30% of America's jewelry is made right here.

"New York is a food and beverage center. People must eat and drink. Food and beverages represent a fourth of the average family budget. 6.4% of America's food is processed here.

"New York is a publishing center. Newspapers, books, printed material are indispensable. More than 22% of America's printing and printing machinery comes from here.

"New York is a clothing center. Food, shelter — clothing, the third essential of life. In women's dresses alone, New York makes yearly three-quarters of the entire country's output!

"New York is a paper products center. Have a cup, have a napkin, have a carton—more than 11% of the country's paper products are made right here in New York.

"New York is a paint center. A giant one, too! Local plants turned out more than 37 million gallons of paints and varnishes in 1939. More than a quart for every person in the country.

"New York is a metal products and machinery center. Boilers, cabinets, zippers, lighting fixtures—in 1939 more than 77,000 people made metal products and machinery here.

"New York is a wood products center. Furniture, pianos, mouldings, boxes, kitchenware—actually we're the second largest maker of wood products in the entire country.

"New York is a fur center . . . the biggest of them all! Eight out of every nine fur coats and fur pieces produced in America are styled and made right here. . . the fur center of the world."

Higher Employment Ahead

CED Survey Indicates More Jobs Than in 1940

Reports from 100 cities and counties throughout the nation, released by the Committee for Economic Development, indicate total employment after reconversion in those areas will be 24% greater than it was in 1940. The 100 communities had a total of 3,396,839 workers in 1940 and reported they expect to employ 4,231,623 persons after reconversion has been completed.

Walter D. Fuller

In releasing the data Walter D. Fuller, President of the Curtis Publishing Co., and Chairman of the CED Field Development Division, said:

"The reports from these communities indicate that businessmen are planning boldly to assure high level, productive employment as rapidly as it can be provided after reconversion. The reports in every case have been checked carefully after the data were received from individual employers. We believe comparable figures will be submitted later by hundreds of other communities which make up the national CED organization."

The report was broken down into three classifications. Of the 100 areas, 43 reported on surveys of their industrial employment in 1940, also at the peak of the war effort and then gave forecasts of their prospective factory job totals after reconversion. Another 47 areas had completed commercial and industrial surveys and thus had a broader picture of anticipated peacetime employment. Ten additional communities had completed their surveys of industry, commerce and agriculture.

Employment in the 100 communities rose to a total of 4,837,261 at the peak of war production, Fuller said. The cities represent every section of the country and range in size from small towns up to Philadelphia.

Mr. Fuller said the CED is now making a second study which will be a nationwide sampling of communities to determine how rapidly reconversion is being accomplished and how soon the peacetime goals of employment indicated by employer surveys may be reached. This study will be completed and the results announced in two or three weeks, he added.

The employment estimates from the 100 communities were obtained using the CED checksheet method. These checksheets were sent to individual employers whose reports were then totaled community by community. In each of the 100 areas the employers submitting reports have more than 80% of the total number of workers in the community on their combined payrolls, Fuller said.

In making public recently its survey of potential post-war markets, CED indicated reconversion probably would be completed by Sept. 1, 1946.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1230)

portant reaction" and "major liquidating." If reactions do occur they can be pointed to as being neither "important" or "major." This liberal word tossing-around is usually poor satisfaction to the holder of stocks who sees them a few points in the red.

* * *

Other analysts are less positive. One says "the market is selective." Another admits "it might move either way." Of course it's selective. This writer would like to know when it wasn't. And to point to the possibility of a reaction at this time as being "illogical" is to completely disregard the only thing that is logical about the market, and that is that it is never logical. Logic implies sound reasoning based on known facts. Unfortunately there are only few "known facts" about things that affect the price structure. If there is any major item in market trends it is one applying to mob psychology. A man who buys a stock seldom uses sound business reasoning. He buys on hopes and sells on disappointment or fear. What kind of logic is there in that kind of market participation? Yet 90% of the board room participation is based on just that kind of reasoning.

* * *

Nobody knows better than I that this column hasn't always been a shining light. The writer being human makes mistakes. And being human, will continue to make them. But if there is one thing the market doesn't permit, or penalizes swiftly, it is sloppy thinking. Yet bullishness is intensified the closer the market gets to a top.

A stock selling at 10 after having declined from, say 50, is a dog and nobody wants it. But let it get back to 50 and the whispers get around that it is headed for a hundred. Yes, the public loves a winner, and the fact that the stock is selling at 50 makes it a winner in practically everybody's eyes. If a professional traded that way he wouldn't last through more than two reactions.

Two weeks ago and again last week I said that the action indicated an advance to about 180 in the familiar averages. As this is being written it looks as if the 180 figure is right around the corner. Now if anybody thinks that just because I say so the market will go straight to 180, blow a whistle, and then go down again, they're mistaken. The 180 figure is merely a milestone, an area around which trouble is expected. Market may go through it, or it may turn down before it even hits it. But somewhere in or around that figure it will be wise to pull back and take stock of one's position. Certainly with the market so close to that obstacle it seems that it's hardly the time to plan new buying. As a matter of fact when the public is "sure" prices are going higher, is never the time to do buying of any kind.

Readers are still long of five stocks. They don't act any better than the market or any worse. The best that can be said for them is that so far they are okay. Position is as follows: A. M. Byers at 19, stop 16. Look for trouble across 21. Jones & Laughlin at 35, stop 33, obstacles start about 41. Paramount at 30½, stop at 28½, will run into heavy offerings in the 35 area. U. S. Steel at 56, stop 65, begins feeling stock from 74. Incidentally stop of 65 was violated by a fraction some weeks ago and snapped right back. Old readers of this column will recall that a stock held for more than a month with an average profit of 10 points, the set stop must be broken by a full point to become effective.

The last sentence answers C. S. D. of Grove City, Pa., and B. M. S. of New York.

Last stock in the list is White Motors at 29½, stop 28. Latter should start feeling the pinch about 35.

It would not be a bad idea for holders of the above to dispose of half of their holdings as, when and if the stocks get into, or approach the trouble zones.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Labor's Unfinished Business

(Continued from first page)

possess. Our land is marked with the graves of heroes who died in its defense, and of patriots who devoted their lives to its development. Our democracy will be equally difficult to retain. But, difficult as the task may be, the pursuit of democracy will continue as long as the spirit or soul of man endures. To build a home in which mankind may live in peace and abundance, and to dwell therein with our fellow men—that is a worthwhile job for all.

I am grateful to the Mutual Broadcasting System for the opportunity to talk with you on this Labor Day. I want to make use of every minute of my time to talk over this matter of our unfinished business with all of our wage-earners, but particularly on Labor Day with those who are members of organized labor.

When I became Secretary of Labor, I assumed the obligation imposed upon that office by the Congressional Charter of the Department—to labor for the welfare of all those who must earn their bread by the sale of their strength or talents for wages. That includes most of us. My obligation requires that I furnish wage-earners with information necessary to their progress, that I enforce those Federal laws designed to promote their wellbeing and to protect them from harm and exploitation. It also includes, I believe, a duty to counsel with them upon the role they have to play in our democratic progress as a nation. I would not have accepted my present advocacy of the cause of wage-earners if I had not felt that this right to counsel was inherent in the post.

The wage-earners of our country have come a long way since that first Monday in September, 1882, when Peter J. McGuire of the Carpenters' International Union in New York City, organized the first Labor Day celebration. And the wage-earners of his day had come a long way from the days of 1827, when the carpenters had struck against the "sun-up to sun-down" work day. Perhaps the present position of labor is better understood when we recall that just a short time before Congress gave official status to Labor Day in 1894, Peter McGuire had been imprisoned for daring to exercise the legitimate functions of a union member.

There is no need to trace here the history of organized labor from the earliest guilds through the birth and development of our industrial economy. Our nation is young in the family of the world, but its early workers knew the deadening fatigue of "sun-up to sun-down"; the minds of many of its children were dulled and their bodies stunted by 15 to 17 hours a day in the mills; the fingers of many were sacrificed to the spindles which spun out pretty threads for the dresses of the more fortunate; and the prophets and producers of industrial democracy were subject to the political and brute forces of employers. It is a history of suffering and misery, and of a constant battle to establish the dignity of labor and the rights of those who must win their bread in wages.

Protection of Wage-Earners

Today, the wage-earner is protected by law in his right to join with his fellows in labor unions and to bargain collectively for their mutual welfare. This right is a natural right; it should have needed no sanction by government. But when those who paid the worker his wages persisted in denying that right, the Government was forced to insure it by law. The power of the obstructors was great, and organized labor was the final weight in the scales of victory and justice. By that accomplishment alone, organized labor has been justified. The reaffirmation of that natural right was a marked service for the common good. It was a step necessary alike to the dignity of labor and the stabilization of our industrial and political life. Because of it men and management can meet as equals at the bargaining table.

Legal recognition of the right to organize and to bargain collectively marks the completion of one important piece of business for labor. But there is much business still to be finished. Every right has its responsibilities. Like the right itself, these responsibilities stem from no man-made law, but from the very nature of man and society. The security, progress, and the welfare of one group is measured finally in the security, progress and welfare of all mankind. These goals of men are indivisible, just as peace is indivisible, and democracy is indivisible. As a friend of organized labor, as one who endeavored to assist organized labor, and as one who is now charged with responsibility for the welfare of all who labor, I urge you members and leaders of unions throughout the country to be constantly aware of your obligations and your opportunities in achieving a fuller measure of democracy. Develop within yourself, and inspire within your fellow unionists an increasingly sensitive interest in the responsibility of labor to the common good.

On this day we pay reverent homage to the memory of those leaders of labor who sacrificed personal gain and gave their lives to the cause of industrial democracy. In honoring their persons, let us not forget their cause. We are their trustees. Ours is the freedom of choice—to be honorable in our trust, or to be indifferent to our obligations. If we would have peace in our hearts and souls, we must maintain faith. In our human selfishness we may betray our trust for 30 pieces of silver. But for us, as for Judas, there must be the halter of remorse.

"Responsibility," said the late Justice Brandeis, "is the great developer." He spoke as a great advocate of democracy and of the rights or organized labor. In accepting the responsibility of its position, labor surrenders nothing; it assumes a greater dignity; it seizes a broader opportunity. Labor has its feet planted firmly upon the solid ground of legal rights. It is now time to look to the future.

There is much talk today about the new world, the new era, and the new economy. I cannot talk of such things—I have not the gift of prophecy. I agree with Congressman Jerry Voorhis when he said, "An old world began to die all around us in 1929." I think that world met its flaming end in the furnace of a great conflict. I think that out of the smoldering ruins of the old, there has arisen a vision of a new and better world. But I know that there will be no such world, except as you and I fashion it.

Full Employment Means Full Production

We talk much of full employment. That means, to my mind, an opportunity to work for every man and woman who wants to work. But we cannot have full employment unless we have "full production" of goods and services. And we cannot have full production unless we have full consumption. And we will have none of these — full employment, full production, or full consumption—if our productive machine is stalled and our power to consume diminished as a result of chaotic industrial relations.

There is a principle of philosophy which calls upon the fundamental and primary groups of our society to assume, and to insist upon the right to assume, every function which they can properly carry out themselves. Thus, the family should not surrender to the State the functions of raising and educating its children. Vocational groups, such as labor unions, should not surrender to the Government those aims which they can achieve alone. And the town or city should not surrender to the State, nor the State to the Federal Government, those functions which it can perform itself. Of course, there are functions which can be adequately and efficiently performed only by the Federal Government or other secondary groups. But democracy, and the dignity of man, demand that each of us carry his own burdens well and faithfully if we wish to be independent and free.

Tom Paine stated a profound truth when he remarked that "Government, like dress, is the badge of lost innocence." And, allowing for the basic necessity of some governing force, it is a badge of lost responsibility. We get another traffic policeman when we forget our resposibilities and insist on violating traffic regulations.

An Educational Program

I will be very happy if on next Labor Day I can report that organized labor has made a real start on some of its unfinished business. I will be most happy to report that organized labor has put all of its energies into an educational program for adult workers. I wish that organized labor would inspire and encourage study groups throughout the country. I wish that union members would participate in them. I can think of no better immediate subject for study than the problems of industrial relationship. Where have we failed in our past efforts to solve them? What must we do if we are to succeed in the future? Labor has the right, even the obligation, to call for assistance upon educational groups throughout the country. It is well enough for physical scientist to concentrate on splitting the atom. It ill behooves social scientists to ignore problems which can split apart our democratic society. And these problems must be handled by individuals, small groups, and local communities. They are not going to be solved by a few people in Washington. Here general principles may be agreed upon. Here general policies may be enunciated. Here the legislation must be enacted. But the day-to-day problems of industrial relations arise in the plants and the communities in which people work and live. It is there that the real answers to our industrial problems must be found. They are going to be found only when all of us pool our individual efforts. And labor can inspire these efforts.

Since management is an inseparable partner of labor, I may be pardoned for pointing to the story of management as a warning to labor: Management had the opportunity, and an almost unlimited opportunity, to assume its responsibilities to the common good throughout much of the last hundred years and even before that time. But management surrendered its right and its opportunity by practices which brought on the demand for government regulation and "little by little and much by much," to quote Jefferson, the Government was forced to assume authority. Labor now has the opportunity to solve its problems and to make certain that the common good is not transgressed. And I plead with labor to assume this responsibility, knowing that unless it does, the Government will be invited and even compelled to assume the responsibility.

Labor and management — all Americans — have a tremendous challenge and a great opportunity. As Secretary of Labor I pledge to all citizens, and especially to our wage-earners, the full support of my individual effort and the services of my co-workers in the Department, in meeting that challenge and making the most of that opportunity. We cannot do the job for you—not in a democracy. Yours is the opportunity, yours is the responsibility.

A little while back I disclaimed any gift of prophecy. But I think I know organized labor well enough, I think I know management well enough, I think I know Americans well enough, to venture the suggestion that next Labor Day will find us much further down the long road of democracy. The destination, a more perfect society, can be ours if we but want it and work for it.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Audrey Aronson retired from limited partnership in Bernard Aronson & Co., New York, on Sept. 4th.

Finlay L. Matheson, a general partner in Matheson & Lauro, New York, became a limited partner effective Aug. 1st.

Arthur Graham Joins Staff of John Douglas

(Special to THE FINANCIAL CHRONICLE)

OMAHA, NEB. — Arthur W. Graham has become associated with John M. Douglas, Insurance Building. Mr. Graham, who has recently been doing government work, was formerly in business for himself in Omaha and in the past was local Manager for Bancamerica-Blair Corporation and Polk-Peterson Corporation.

Chicago Brevities

Calls for workers flooded United States Employment offices throughout the Chicago area as labor priorities were removed and thousands of men and women released from war plants, with the avalanche of war contract cancellations precipitated by Japan's surrender, were made available for civilian production.

Temporary shut downs were reported, some brief, some of longer duration, as mass conversion from war to peacetime operations began in plants now freed of controls and readying to tackle huge backlogs of civilian orders.

Except where reconversion posed major problems, the shift from war to peacetime production was accomplished with relative ease, plans having been laid and made ready months ahead for the transition. By the end of August, 1,275 plants within a 40-square mile area were running close to capacity. Many were held back by shortages of materials. Chicago had 14,000 war plants concentrated within its corporate limits.

Expansion far above pre-war levels was the order of the day. International Harvester Co. looked forward to sales in excess of its peacetime record of $364,000,000 in 1941 and near its wartime sales of $640,000,000 in 1944 for "several years." Abbott Laboratories moved to expand its facilities at an expenditure of $1,250,000. Some of the new buildings would be completed by spring; all should be finished by June, 1946, the company stated.

Majestic Radio broke ground on a new $600,000 plant near Elgin, Ill. Electro-Motive Corp., division of General Motors, which normally manufactures diesel electric locomotives, was reported completing needed expansion of its plant for peacetime production. General American Transportation Co. leased a building in Highland Park for special development work.

E. J. Brach & Sons, Alemite Die Casting & Manufacturing Co., Vascoloy-Ramet, Inc., an affiliate of Fansteel Metallurgical Corp., Cities Service Oil Co., and Petrogolar Laboratories, were among others announcing expansion of present facilities.

New construction planned or already under way was reported by Coleman Electric Co., Royal Continental Box Co., Magnaflux Co., Patton Tractor & Equipment Co., and Modern Die Casting Corp.

Active bids were also reported for such government owned properties as the Studebaker, Dodge, and Buick plants, which were engaged in aricraft production. Officials of the Clearing Industrial District confirmed a large demand for new plants and declared they had had ten times as many requests for plant space as they could satisfy. Several new companies completed arrangements to enter the Chicago area.

Concurrently plans were being laid by some local firms to extend their manufacturing operations into other territories. Eversharp is planning a new eastern plant for the manufacture of a ball-bearing writing instrument, approximately 100 miles from New York. Beatrice Creamery Co. acquired the business and properties of Fosselman Creamery, Inc., of Pasadena, Calif., and Spiegel, Inc., announced the purchase of the Whitney Department Store, one of the largest retail establishments in San Diego, Calif. Clement D. Ryan, resigning president and director of Montgomery Ward & Co., will operate the store autonomously.

* * *

Government officials in Washington are still seeking a solution for return of Montgomery Ward's Chicago properties. Principal problems to be resolved were said to be the Government's obligation to pay retroactive pay increases to Ward's workers granted by the War Labor Board and forestalling the possibility of a resumption of labor-management strife.

Sewell L. Avery was reported as slated to assume the presidency of the company in addition to the chairmanship, following the resignation of Mr. Ryan.

* * *

Following the filing of a petition by Otis & Co. in the U. S. District Court in Philadelphia to bid on Pullman's sleeping car service, Willard F. Rockwell, chairman of four Pennsylvania and Detroit companies, disclosed that his group may seek to purchase the sleeping car operating subsidiary.

Included in the Rockwell group are Timken-Detroit Axle Co., Hupp Motor Car Corp., Standard Steel Spring Co., and Pittsburgh Equitable Meter Co., all metal products manufacturers. Mr. Rockwell said his group has ample funds to handle the operation. The reported sale price of Pullman's sleeping car service is $75,000,000. Pullman has until March 22, 1946, to dispose of this unit.

Robert Young and Allen P.

Kirby of the Allegheny system of railroads are associated with the Otis group. Cyrus Eaton, a member of Otis & Co., said Otis was willing to pay $75,000,000 for the sleeping car service but how the purchase would be financed was not disclosed.

* * *

Stockholders of Consolidated Biscuit Co. rejected a management proposal for the issuance of a preferred stock to finance expansion of manufacturing and distribution facilities, approximating $1,000,000. Cost of the financing was deemed too high by the majority group, which felt that a loan from banks would be more advantageous to both the stockholders and the company.

* * *

General Mills, Inc., is offering 100,000 shares of a new 3⅜%, $100 par value, cumulative preferred, convertible into common stock at any time at $50 a share. Common stockholders have been offered rights to subscribe on the basis of one share of the new preferred for each share of common stock held. Dillon, Read & Co., Inc., head the group of underwriters who will offer unsubscribed shares to the public, following expiration of the subscription offer Sept. 19.

General Mills common stockholders recently approved a three-for-one split of the common, increasing the authorized number of shares from 1,000,000 to 3,000,000 of no par value.

Proceeds from the sale of the new preferred will be used to help finance the company's post-war expansion and improvement program.

J. J. O'Connor Forms New Investment Firm

CHICAGO, ILL.—Announcement is made of the organization of a new investment firm, J. J. O'Connor & Co., which will be headed by James J. O'Connor, formerly a partner of Doyle, O'Connor & Co. The new firm will transact a general securities business and has taken quarters in the Field Building. Associated with Mr. O'Connor will be John C. Culbertson, Joseph F. Hammel, Fred Freeman and Norah Campbell, all of whom were formerly with Doyle, O'Connor & Co.

Mr. O'Connor has been in the investment business on La Salle Street for more than 20 years and prior to that was an officer in the Harris Trust and Savings Bank here.

Formation of the new firm was previously reported in the Chronicle of Aug. 30.

Lehman Bros. Offers Allied Stores Pref.

An underwriting group headed by Lehman Brothers on Sept. 7 offered 200,000 shares of 4% cumulative preferred stock at par ($100) and accrued dividends from Sept. 1. Net proceeds from the sale of these shares will be applied to the redemption of the 195,225 outstanding shares of 5% preferred stock, at $100 a share and accrued dividends from July 1, 1945, to the date to be fixed for redemption.

The underwriters offered to holders of the outstanding 5% preferred stock the opportunity to purchase shares of the new stock by tendering the 5% stock in payment on a share-for-share basis, subject to a cash adjustment payable to the stockholders equivalent to the difference between dividends accrued on the new stock from Sept. 1 to the date of delivery and the dividends accrued on the 5% preferred from Sept. 1 to the date of redemption. It is expected that the 5% stock will be called for redemption on Nov. 19, 1945.

Fabricon Products Stock on Market

Baker, Simonds & Co. on Sept. 11 offered 28,960 shares of common stock (par $5) at $25 a share. The stock is being sold for certain stockholders' personal accounts.

This is the first public offering of shares in this company (formerly Detroit Wax Paper Co.), which is one of the largest producers of printed bread wrappers and other food packaging materials in the country.

Prior to the war aproximately 50% of the sales volume of the firm was in the manufacture of trim foundation panels, deadener felt, and other fiber products for the automotive industry. Production in this line was resumed in July, the company having purchased the plant in River Rouge formerly operated by the Consolidated Paper Co. and having entirely remodeled it for this purpose.

The plastics division of Fabricon, which utilizes phenol impregnated fabrics as laminating materials, has made rapid strides since the start of the war, and another recent development is the aniline division which produces printed materials for wrapping all types of retail merchandise.

W. C. Langley Heads Hospital Campaign

William C. Langley, head of the investment banking firm of W. C. Langley & Co., 115 Broadway, New York City, has accepted chairmanship of the Campaign to raise $2,750,000 to build a modern 200-bed hospital for the recently combined Beekman-Downtown Hospital. This was announced by Elisha Walker, chairman of the Hospital's Board.

William C. Langley

The new hospital will replace the present buildings of the Beekman Hospital at Beekman and Water Streets and the Downtown Hospital at 127 Broad Street.

The new institution will serve all of Lower Manhattan south of Canal Street, comprising the Wall Street financial district, the insurance, shipping, textile, wholesale and City Hall and State building centers, and with a working population of more than a million and a resident population of 40,000.

Mr. Langley, who will head up the campaign to give this area a long needed modern hospital, has spent his entire career in banking. He was born in Brooklyn in 1882. On his graduation from Yale in 1903, he started with the American Exchange National Bank. Two years later he went into investment banking and in 1909 established his own firm.

His family had long been identified with the banking business and the textile business here and in the South, in which latter field Mr. Langley also has been active. He headed at one time four mills in the South and recently in association with Union Securities Corp. merged the Goodall Worsted and Sanford Mills.

He is a director of several corporations including American Chicle Co., McCampbell & Co., Inc., Standard Surety & Casualty Co. of N. Y., Aetna Insurance Co., The Century Indemnity Co., The World Fire and Marine Insurance Co., and Goodall-Sanford, and Treasurer of New York and Honduras Rosario Mining Co.

Gov. Dewey appointed him a member of the New York State Racing Commission recently to fill the unexpired term of Herbert Bayard Swope.

Mr. Langley has been active in American Red Cross campaigns and organized for the Navy Relief Society in New York the more than 40 committees in the Commerce and Industry division.

Knox Kreutzer With Merrill Lynch In Cgo.

CHICAGO, ILL.—Homer Hargrave, partner of Merrill Lynch, Pierce, Fenner and Beane, announced that Knox Kreutzer, formerly vice president of Sheridan, Farwell & Morrison, Inc., investment counsellors, has become associated with the firm's office in the Board of Trade Building. Prior to 1927, Mr. Kreutzer was engaged in the trust company and commercial banking field in Wisconsin and in that year formed his own investment banking organization. He is a graduate of Williams College and was formerly vice president of the trust company division of the American Bankers Association.

Business Man's Bookshelf

Debtor and Creditor Countries; 1938, 1944—Cleona Lewis—The Brookings Institution, Washington 6, D. C.—paper—75¢.

Interregional Competition for Industry, South vs. North—Herbert S. Swan, 299 Broadway, New York 7, N. Y.—paper—50¢.

Pirates Will Get You, The. A story of the Fight for Design Protection—Sylvan Gotshal and Alfred Lief—American Business Problems Series—Columbia University Press, New York City—cloth—$2.00.

Method of Indexing Provisions of Collective Agreements—Revised by May E. Jamieson—Industrial Relations Section, California Institute of Technology, Pasadena 4, Calif.—paper—$1.

Primer for Postwar Prosperity—An analysis of America's postwar potential, based on actual production and consumption figures—J. Walter Thompson Company, 40 Lexington Avenue, New York 17, N. Y.—paper—16c.

Southern State and Local Finance Trends and the War—James W. Martin—Vanderbilt University Press, Nashville, Tenn., and University of Kentucky Press, Lexington, Ky.—paper—50c.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to THE FINANCIAL CHRONICLE)
ATHENS, O.—**Darrell H. Sams**, for many years with the Athens National Bank, has become associated with **Roy E. Hawk & Company**, Cline Building.

(Special to THE FINANCIAL CHRONICLE)
DENVER, COLO.—**Helen D. Stanley** has joined the staff of **Bosworth, Chanute, Loughridge & Co.**, Security Building. Mrs. Stanley was previously with Boettcher & Co. and was with the Ranson-Davidson Co., Inc., in San Antonio, Tex.

(Special to THE FINANCIAL CHRONICLE)
DENVER, COLO.—**Gola Kay** is connected with **Forbes & Company**, First National Bank Building.

(Special to THE FINANCIAL CHRONICLE)
DENVER, COLO.—**L. Delford Fedderman** has rejoined the staff of **Otis & Company**, First National Bank Building. He has recently been serving in the U. S. Army.

(Special to THE FINANCIAL CHRONICLE)
FT. LAUDERDALE, FLA.—**C. Shelton Buchanan** has become affiliated with **Thomson & McKinnon.** Mr. Buchanan was previously Washington, D. C., manager for Hemphill, Noyes & Co.

(Special to THE FINANCIAL CHRONICLE)
PORTLAND, ME.—**Joseph D. Gay** has rejoined **Maine Securities Company**, 465 Congress Street.

(Special to THE FINANCIAL CHRONICLE)
PORTLAND, ME.—**Lawson H. Ramsdell** is now with **Coburn & Middlebrook**, 465 Congress Street.

(Special to THE FINANCIAL CHRONICLE)
RALEIGH, N. C.—**David W. Morton** has become associated with **George I. Griffin**, Insurance Building.

(Special to THE FINANCIAL CHRONICLE)
ST. LOUIS, MO. — **Knight Woodward** is now with **Slayton and Company, Inc.**, 111 North 4th Street.

Kuhn Loeb Syndicate Offers So. Pacific Bonds

The award of Southern Pacific RR.'s entire offering of $125,000,000 in new first mortgage bonds—$25,000,000 series A, due 1961, $50,000,000 series B, due 1986, and $50,000,000 series C, due 1996—went to an investment banking group headed by Kuhn, Loeb & Co. on Sept. 11.

The group's winning "basket" bid named a price of 98 for bonds of the 1961 maturity with a 2⅞% coupon; and 98 for bonds of each of the two longer maturities with a 3¾% coupon. The average annual interest cost to the railroad on the basis of the successful bid will be 3.781%.

Bidding for the issues separately, Kuhn, Loeb & Co. and associates offered 98 for series A bonds with a 3% coupon; and a similar price for both the series B and series C bonds with a 4% coupon.

The only competing bid received was from Halsey, Stuart & Co., Inc., and associates naming a price of 99.41 for the series A bonds as 3s. This group submitted no bids for bonds of either the 1986 or the 1996 maturities.

Kuhn, Loeb & Co. and associates offered the 2⅞s of 1961 at 99½; the 3¾s of 1986 at 100 and the 3¾s of 1996 at 99¾.

Proceeds from the public offering, together with those from sale of $25,000,000 series D 3¾% bonds to Southern Pacific Co. and other funds, will be used by Southern Pacific RR. to retire at 105 on Jan. 1, 1946, $159,459,000 of outstanding first and refunding 4% bonds, due Jan. 1, 1955.

President Mercier of Southern Pacific Co., in commenting on the refunding, stated that it will result in a reduction of $1,270,190 in the railroad's annual interest charges.

Thorsen With Noyes

(Special to THE FINANCIAL CHRONICLE)
CHICAGO, ILL.—Thor. R. Thorsen has become associated with David A. Noyes & Co., 208 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Thorsen was previously with the Western National Bank of Cicero.

Bull, Holden to Admit Gilheany as Partner

Bull, Holden & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, will admit James C. Gilheany to partnership in the firm on Sept. 14th.

White, Noble Admits Two

GRAND RAPIDS, MICH.—Helen B. Noble and Margaret C. White are limited partners in White, Noble & Co., Michigan Trust Building, members of the Detroit Stock Exchange. General partners in the firm are V. Hudson White, Sheldon R. Noble, George R. Hollister and Chester M. Kolkoski.

At Denver Bond Club—IBA Frolic

James E. Day, Vice-President of Chicago Stock Exchange, while visiting in Colorado. Mr. Day has become well-known for his excellent work in building up the membership of the Exchange.

A Post-War Money Policy

(Continued from first page)

bank deposits (exclusive of inter-bank deposits) and of the currency in circulation (an aggregate called the "volume of money" herein) grew at an average rate of somewhat less than 5% a year. From the end of 1929 to the middle of 1934, the gold stock and Member Bank reserve balances showed very slight net changes, but the volume of money shrank over 24%. Following the cut in the gold content of the dollar in 1934, our monetary gold stock increased from $4,000,000,000 to $20,000,000,000 in 1939, or more than five times within six years, and Member Bank reserve balances grew from $2,000,000,000 to $12,000,000,000, or six times. The volume of money resumed its upward course, but only at an average rate of 5% or 6% a year, which, although more than normally rapid, was insignificant in its speed in comparison with the staggering rate of increase in the gold stock and in Member Bank reserve balances.

The average rate at which our gold stock grew from 1918 to 1929 (3% a year) might possibly be considered to be a bit low for this growing country. The average rate at which the volume of money grew (5% a year) seems to have been slightly more rapid than might be considered to be normal, particularly because the basis for such a rate of growth was too largely increasing loans on securities and real estate. The average rate at which Member Bank reserve balances grew (about 4% a year), although also perhaps on the high side, could not be considered extravagantly abnormal. The principal abnormality in the banking and monetary situation in the 1920s was not to be found in these rates of growth, but in the relative over-expansion of loans against capital assets, and some unusual foreign credits. Since securities and real estate are not consumed currently, the demand for them may be postponed indefinitely. Hence their value may drop very low in times of adversity without bringing out buyers. Consequently, the ultimate effects of over-extension of credit against this type of asset may be very severe.

In the ensuing four years a business decline, the changes in the gold stock were small. Member Bank reserve balances could have been caused to grow normally, through open market operations, but were not; and they showed little net change. It is, therefore, possible to take the point of view that, in the middle of 1933, they were 12% to 17% below what might have been expected, if they had grown normally. However, neither Member Bank reserve balances nor the volume of money could be considered to be so far below the reasonable requirements of an excellent level of business activity and full employment as to call for anything like a five-fold increase in our gold stock, and a six-fold increase in Member Bank reserve balances in the next six years. An increase of 40% to 45% in Member Bank reserve balances between the end of 1929 and the end of 1939 could not have been considered inadequate. Very roughly this would have been an increase of $1,000,000,000 from the end of 1929, or of $1,400,000,000 from the low of 1933. These figures are very small in comparison with the actual increases in Member Bank reserve balance and in the gold stock, which were many times greater than any reasonable conception of normal growth. Changes in required reserve ratios were made to offset in part the effectiveness of these great increases in reserves. Nevertheless, the possible growth of the volume of money on the extraordinary base established by these increases was so enormously abnormal that their general effect was undoubtedly more disturbing than stimulative, as was shown by the far less rapid increase in the volume of money, and small demand for capital. The abnormality raised all sorts of imponderables, which interfered with ordinary business planning. Every abnormality implies the necessity of corrective measures, and until they are taken, uncertainty is inevitable.

Some Aspects of Monetary History of the Two Decades Before World War I

If we examine the history of the quarter century prior to 1914, we discover that business in the early 1890s was disturbed by "free silver" agitation, and by other matters, which caused pressure on our gold supply. But after 1895, when the agitation had abated, the gold stock began to increase again. For the whole era from 1890 to 1911, the increase in the gold stock averaged precisely 5% a year. The increase in individual deposits subject to check averaged about 6% a year, having been somewhat less than the average for the whole period in the first six years, and rather more than the average in the later years. The advance in these items was thus not regular. It was interrupted to some extent by minor crises in 1903 and 1907. However, the course of these items was generally upward, and such reverse movements as occurred were less severe than the reverse movements of similar items from 1929 to 1933. The average rates of growth were probably somewhat greater than might have been considered normal, and the advance in commodity prices was rather more than a normal cyclical movement. Omitting from consideration the years of most intense "free silver" agitation, the rates of growth of these monetary factors were near enough to normal to avoid any interruption in the forward progress of business or in employment which could compare in intensity or duration with the experience of the 1930s.

Turning to English history prior to 1914, we are struck by the unusual consistency in the advance of business activity, and the astounding stability of the trade union employment indices, which in the period 1890-1899 had a maximum swing of 5.5%, and in the period 1900-1909 had a maximum swing of 5.3%. During these periods the deposits of the joint stock banks of England and Wales grew almost consistently, periods of recession having been very minor both in degree and duration. The average annual rate of advance for the first period was about 4%, and for the second period about 2%—the average for the whole 19 years having been about 3%. England's business appears to have grown more consistently, but less rapidly than ours, and the advance in deposits may have been slightly above normal, as the advance in commodity prices was probably rather more than a normal cyclical movement. Interruptions in the advance in the volume of reserves of these joint stock banks were minor in degree and duration. Their average annual rate of increase for the 19 years was 5%. The custom with respect to reserves seems to have changed gradually during the period, and a tendency to maintain higher reserve ratios appeared as the years passed.

Employment and Regularity of Growth of Reserves and the Volume of Money

Although neither this English history nor our own during the same period presents an ideal of perfectly regular business growth accompanied by a perfectly regular growth in bank reserves and deposits, and by stable prices, both do seem to indicate that even an approximation of the ideal of regular advances in reserves and deposits at an average rate somewhere near the average long-term rate of growth of business, corrected for price changes, is likely to be accompanied by fairly stable employment at a high rate, and better results than were obtained in the 1930s, either when reserves failed to grow, or when they grew with grossly excessive speed.

The First of Two Approaches to Money Policy

From this history, it is evident that there are two essentially different approaches to money policy

Wheelbarrow Race—J. A. Hogle & Co. Team, William Sargeant, riding, Max Niemoth, pushing; other pushers from the firm were Karl Mayer, Carl Stitt and Larry Inmon.

Line-Up for Wheelbarrow Derby

in peace times. The one seeks to govern the volume of reserves of the Member Banks, or their equivalent by open market operations, and/or their effectiveness, through changes in reserve ratios, very largely according to the following objectives:

1. The influencing of the commodity price level.

2. The influencing of the degree of business activity.

3. The maintenance of a particular level of interest rates.

4. Some combination of the above.

At least in the case of one and two, attention is likely to be devoted largely to the momentary trend.

The other approach, which we discuss more fully later, seeks merely to obtain a rather decent degree of regularity in the advance of reserves, and hence to encourage regularity in the advance of the volume of money at a rate which accords on the average with the long-term rate of growth of our business, permitting prices and all other factors to adjust themselves.

With respect to the objectives of the first approach, the following may be said:

1. Commodity price indices cover only part of the price phenomena. They do not reflect the values of most capital assets, services, rents, insurance, transportation, and many other items.

2. The indices of business activity are also sectional.

3. The effects of changes in interest rates on prices, business activity, capital values, the rate of savings, and all other economic factors are variables.

4. The relationships between the volume of bank reserves, the volume of bank deposits and currency in circulation and commodity prices, business activity, valuations of capital assets, rate of saving, and any and all other economic factors are variables.

5. The interrelationships among all the factors mentioned in the two foregoing paragraphs are variables.

6. The rate of turnover of money is variable.

7. The volume of money is ordinarily less mobile than the indices of commodity prices or business activity.

An effort to guide money policy by too heavy emphasis upon any of the limited objectives mentioned above is like trying to hunt rabbits with a cow — that is, it seeks to control mobile elements which do not necessarily move in the same degree or even in the same directoin, by means of an element which is ordinarily much less mobile—the volume of money. The effect is likely to be to upset the cow without catching many rabbits. It also represents an attempt to govern the course of limited phenomena by an instrument which exerts only overall influences.

The result of such a policy is likely to be a growth of Member Bank reserves and the volume of money, which is not orderly, regular, and well related to the long-term rate of growth of our business, and distortion in the quality of bank assets—that is, quantitative distortion of the volume of money, and/or qualitative distortion of the assets behind it. Thus in the interval between the World Wars, our gold stock and our Member Bank reserves grew at times at reasonable rates, at other times too slowly, and at still other times at rates which were far beyond normal. In the late 1920s, we were reluctant to check the over-expansion of credit for fear of hurting prices of farm products; and thus the whole credit structure was allowed to become over-extended through the extension of inordinate amounts of credit against capital assets. After this experience, reserves were not expanded enough. Then suddenly, measures were taken which caused them to increase at a wholly excessive rate. All these events resulted in violent fluctuations and ever present uncertainties. When there is a marked departure from a fair degree of regularity in the growth of reserves and the volume of money as we use the term herein, and from a rate of growth which corresponds on the average to the average long-term rate of growth of our business, or say, over a period, an average rate of 2% to 4% a year, something is likely to be wrong, or soon going to be wrong, and the curve of employment is likely to be or about to become highly irregular. When the rate of growth of these monetary factors has been excessive because of war, the day of retribution may be deferred because of shortages built up during the war. Perhaps the pain of retribution can be eased, or possibly it may be largely avoided by reverting as soon as possible after the war to a policy of regularity. In normal peace times, it does not appear to be possible to depart from the policy of regularity without unfortunate repercussions on employment. It is to be noted that the regularity or consistency in the rate of growth of reserves and the volume of money which we have noted in connection with regularity of business advance and steadiness of employment was only approximate or relative, and that it was not accompanied by stable interest rates, or by uniformly low, or even preponderantly low, rates of interest.

Wartime Money Policy

To mitigate the pyramiding of interest charges in the war debt we have continued during the war, our "easy money" policy of the late 1930s—that is, we have caused or permitted Member Bank reserve balances to continue to grow at an abnormal rate, and thus produced abnormally low interest rates. By multitudinous price controls, rationing measures, increased taxes, and war bond drives, we have sought to mitigate the inflationary effect of war expenditures, deficits and low interest rates.

A policy of maintaining extremely low interest rates for war finance has in it something a little akin to the old theory that war could be paid for without interest cost by issuing non-interest bearing irredeemable paper, and numerous regulations to overcome the inflative effect of such a scheme. The difference is partly one of degree and partly one of kind—low interest rates and securities with a maturity being used instead of irredeemable paper and no apparent interest rate. Although these differences of degree and kind are important, we may still ask by what process the particular low interest rates actually used in this country today were selected as correct, and what the ultimate effect of such rates will be upon prices, wages, capital values, profits, savings, business activity, employment, and all the interrelationships of these and other economic factors, and upon the safety of our financial institutions, if such rates are indefinitely continued. No formula has ever been presented to tell us. The reasoning which supports them is not without some limitations. The mere statement of the questions indicates the impossibility of presenting any clear formula, because the interrelationships affected are so numerous and complex, and so diverse. Many of them cannot be usefully evaluated either in abstract terms or statistics, but must be worked out in practice either by trial or error, or by what is called "know-how." Probably the degree of business activity and progress depend as much upon the relationships in the area of "know-how," as upon those which are expressed in statistical series.

It is not unlikely that the level of interest rates for war finance has been set too low, because it is far below normal, and even the long rates are below those which life insurance companies used to consider a safe minimum. Precedents indicate that excessively low interest rates too long continued, and large Government deficits have created difficult conditions. The accompanying price controls and rationing measures involve the human aspects of the Prohibition Act. The motive is worthy, but the measures are out of accord with the human nature of so many people that they become ultimately unworkable by reason of black markets.

In spite of these weaknesses, it is not impossible that present policies of war finance will prove to have had a very considerable degree of success, because measures can be enforced in war times that cannot be employed in times of peace. Measures may be employed for brief periods that cannot be successful over longer periods. When the history of the war period to date is compared with the history of other war periods, present policies appear to have had a large measure of success, but the final answer will not be written until conditions are such as to give the freest practical expression to the natural economic laws, and a successful transition to such conditions has been made. No measures can work forever unless they accord with human nature and the natural laws.

The Second Approach to Money Policy for Peace Times

This statement brings us to the second approach to monetary problems, namely, what should the money system be capable of doing and do to give such expression to the natural laws; to allow or cause prices, capital values, interest rates, the rate of savings, profits, and all the interrelationships within and without the area of "know-how" to come into the finest possible adjustment, and thus contribute to steadiness of business advance and employment. It is at once apparent that there is no means by which central management of the volume of money can be altogether avoided, and the whole matter thus left to "natural laws." In the pre-1914 era, we had central management of the money system by formula. That is to say, the limits of expansion of deposits were set by required reserve ratios limiting the volume of bank deposits fundamentally by the size of the gold reserve, and when deposits did not press on reserves there was an automatic tendency to easy money. When "free silver" agitation or other events did not cause an undue decline in the gold reserves, or new discoveries or other events did not cause an excessive increase in the gold stock, the system worked well, except for a certain lack of flexibility which at times caused momentary disturbances of some magnitude. Under that system we made great net progress from 1890 to 1914.

In England during that period, central management was more extensively determined by custom than by formula, but appears to have been directed towards stability and regularity in the growth of the banking system and towards the preservation of the quality of bank assets, rather than towards the direct management of the price level and the level of business activity. It is to be particularly noted that interest rates in this era of extremely stable employment were neither preponderantly low nor stable, but fluctuated widely.

In the interval between wars, we had in this country management of the money system by appraisal of conditions and the appraisal laid heavy emphasis on the immediate or nearby action of commodity prices, and the immediate or nearby course of business activity. The earlier history, particularly in England, was much more satisfactory than the experience in the interval between wars in this country—particularly when measured in the light of the curves of employment and commodity prices.

In economics there is often a difference of opinion as to what is cause and what is effect. But in any event we can say that small

(Continued on page 1238)

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

The war years have been signalized by high fire losses, heavy marine losses, a decline in motor vehicle writings, and an increase in inland marine risks. These four items probably constitute the most important factors which affect the underwriting operations of fire-marine insurance companies. It may be of interest, therefore, to review the underwriting results of a list of 32 representative companies for the years 1941, 1942, 1943 and 1944. It will be found that while some companies reported underwriting profits in each of the four years, other companies suffered underwriting losses each year, while still others show mixed results. The first table shows 5 companies with net underwriting losses for the entire war period.

TABLE I

Net Underwriting LOSS Per Share

	1941 $	1942 $	1943 $	1944 $	Average $
American Equitable	—0.66	—0.31	—1.12	—2.88	—1.24
Globe and Rutgers	—4.23	—9.01	—2.32	—2.15	—4.43
Merchants & Manufacturers	—0.18	—0.09	—0.30	—0.81	—0.35
New Brunswick	—0.57	—0.24	—0.57	—0.31	—0.42
New York Fire	—0.34	—0.18	—0.57	—1.52	—0.65

The second tabulation shows 12 companies which reported net underwriting profits in each of the war years, as follows:

TABLE II

Net Underwriting PROFITS Per Share

	$ 1941	$ 1942	$ 1943	$ 1944	$ Average
Aetna	0.07	1.32	2.71	0.30	1.10
American	0.58	0.60	1.63	1.05	0.97
Continental	1.45	1.53	2.63	1.48	1.77
Fidelity-Phenix	1.97	0.85	3.26	1.64	1.93
Fireman's Fund	3.89	1.09	5.79	7.61	4.59
Glens Falls	2.73	1.24	4.28	4.02	3.07
Great American	0.79	0.87	1.12	0.95	0.93
Hartford Fire	6.40	8.55	9.55	8.04	8.13
Home	0.63	0.20	1.87	0.29	0.75
Insurance Co. of N. A.	3.55	3.24	6.61	4.24	4.41
Phoenix	2.33	0.66	1.90	0.57	1.36
St. Paul F. & M.	1.52	2.12	2.29	3.10	2.26

It is interesting to observe in this group that the 1944 results of Fireman's Fund, Glens Falls, Great American and St. Paul were better than their four years average profits, also that in the cases of Hartford and Insurance of North America 1944 results were very close to the four year average.

The third tabulation shows 5 companies with mixed results, but whose average for the four year period has been a **net underwriting loss.**

TABLE III

Net Underwriting Results Per Share

	1941 $	1942 $	1943 $	1944 $	Average Net Loss $
Fire Assoc.	—0.86	+0.24	—0.02	—0.68	—0.33
Franklin	+0.02	—0.71	+0.13	—0.54	—0.28
National Fire	—0.01	+0.10	+1.60	—3.36	—1.67
New Hampshire	—0.89	+0.95	+0.45	—0.86	—0.35
Westchester	+0.41	—3.04	+1.65	+0.53	—0.45

The fourth tabulation gives the record of 10 companies having a mixed war record, but whose average for the four years shows a **net underwriting profit.**

TABLE IV

Net Underwriting Results Per Share

	1941 $	1942 $	1943 $	1944 $	Average Net Profit $
Agricultural	+ 0.67	— 2.69	+ 4.36	+0.98	+0.83
Baltimore American	+ 0.24	+ 0.12	— 0.14	0.0	+0.06
Boston	+15.42	—25.73	+16.67	+6.02	+3.10
Camden	+ 0.14	+ 0.93	+ 0.24	—0.10	+0.30
Hanover	+ 0.11	— 0.21	+ 1.16	+0.27	+0.33
North River	+ 0.27	— 0.87	+ 0.50	+0.57	+0.17
Prov. Washington	+ 1.55	— 0.39	+ 1.89	+1.05	+1.02
Security	+ 1.99	+ 0.56	+ 0.30	—1.30	+0.39
Springfield F. & M.	+ 3.87	+ 4.77	— 1.30	—1.71	+1.41
U. S. Fire	+ 1.28	— 0.85	+ 1.41	+1.41	+0.81

It will be recollected that 1942 was a year of heavy marine losses due to enemy submarine action, consequently marine underwriters were seriously affected until the Government took over this class of war risk. Some of the companies particularly affected, for example, were Agricultural, Boston, Fidelity-Phenix, Hanover, Insurance of North America, North River, Phoenix, Providence-Washington, and U. S. Fire. Examination of the tabulation will show that these companies, in 1942, either suffered a substantial decrease in net underwriting profits or else a net underwriting loss.

From an investment angle, it is best to hold a cautious attitude toward the stocks of insurance companies with below average underwriting records. For even though such companies may have a good investment income record, a long unbroken dividend record and enough investment income to sustain current dividend rates, they cannot achieve long-term growth in stockholders' equity comparable with that of companies whose underwriting history is better than average.

A Post-War Money Policy

(Continued from page 1237)

and rather regular advances in reserves and the volume of money from an adequate base, and reasonably well proportioned to the long-term rate of growth of our business, have usually been accompanied by full and steady employment, and a very satisfactory and regular progress of business activity, even though interest rates were not steady or, on the average, low; and periods in which reserves and the volume of money have either greatly contracted or grown for long at an average rate much faster than the normal rate of growth of business have been periods of more or less chaotic conditions, representing either depression, or conditions which likely lead to depression and unemployment in the end.

Turning from history to abstract theory, one might imagine a situation such that all economic interrelationships were in perfect adjustment and the rate of business activity and employment were constant. The volume of money and its rate of turnover would then also be constant, for if the volume of money were artificially increased, those who received the additional money would gain at the expense of those who did not. The relative wealth of all persons would be changed by the uneven dilution of the circulating medium. All economic interrelationships of detail would be in some measure changed, and the perfect adjustment of conditions destroyed. Business and employment would inevitably suffer ultimately, if not immediately.

If we next imagined that the volume of business in this ideal community grew at a constant rate instead of being perfectly steady, one would assume that the volume of money should also grow at the same rate in order not to introduce disturbing changes in economic interrelationships.

Means of Attaining Greater Regularity in the Growth of Reserves, and Exerting an Influence Towards Greater Regularity in the Growth of the Volume of Money

In the real world nothing is constant and nothing ideal. We can only approximate ideals. In the light of the history and theory set forth, the ideal which we should seek ot approach in money management would appear to be the following:

1. To establish a basic gold, or gold and paper reserve, at the Federal Reserve Banks, which could be caused to grow rather regularly in accordance with reasonable conceptions, as revised from time to time, of the long-term average rate of growth of our business—say 2% to 4% a year.

2. No fixed maximum or minimum ratio of this reserve to Member Bank reserve balances would be prescribed by law, but it would be the stated policy that money rates would be increasingly higher as the reserve ratio declined from the initial ratio at the inauguration of the system, and increasingly lower as the ratio increased over the initial ratio, with a view to confining cyclical or other temporary departures from the line of long-term growth of the basic reserve to very small dimensions.

3. The gear ratio of total bank deposits to Member Bank reserve balances, and their relation to the basic reserve would not be clear and simple unless all banks were members of the Federal Reserve System, the practice of interbank bank deposits were abandoned, and the required minimum ratio of Member Bank reserve were uniform for all banks and all classes of deposits.

4. If changes were made to overcome the difficulties set forth in three, the new required reserve ratio of Member Bank balances to deposits should be low, and as stated under three above should be uniform for all banks and all classes of deposits, in order to permit changes in Member Bank reserve balances to be effected by open market operations of small size, and easily within the daily capacity of the trading markets in Government securities, and also for the resaons set forth in five below.

5. By prescribing a low required ratio, a large excess of gold and paper will be left over in the hands of the Federal Reserve Banks, not required for the basic gold reserve. This excess gold would be segregated to meet any possible demand for gold for export or other purposes without disturbing the basic gold reserve and the domestic monetary situation. It would also be used to back Federal Reserve notes. It would also be the fund to which gold imports could be added in order not to permit imports to change the basic reserve.

6. This plan would also require a segregation of deposits at the Federal Reserve Banks and at other banks into two classes, which would be kept at parity and properly distributed by methods not set forth herein. This and certain other purely mechanical features need not interest us here, because they would affect only certain internal details of bank operation.

This system is designed to provide:

1. A basic reserve which would grow regularly at a rate about in accord with the long-term rate of growth in our business, irrespective of gold movements in foreign trade, or changes in currency in circulation due to hoarding or black market uses, or treasury operations.

2. A reserve for the Member Banks which could depart slightly and temporarily from the more uniform line of growth of the basic reserve in order to meet in a practical manner reasonable cyclical variations, but only if money rates reflect the departure from the line of normal growth.

3. Uniformity in the minimum ratio of required reserves to deposits of Member Banks (which would be all banks), so that the management of reserves can be clearly translated into a known influence on the total volume of bank deposits in the country.

4. Other minor technical improvements.

Prices, business activity, money rates, the rate of savings, capital values, and all other economic factors would be free to adjust themselves subject only to the limitations imposed by increasing interest rates, if Member Bank reserve balances grew much more rapidly than normal as represented by the growth of the basic reserve, and by decreasing interest rates, if Member Bank reserve balances grew at a subnormal rate or declined appreciably. A further qualification would be an additional statement of policy to the effect that the normal operatin of the system as sketched above should be modified if it appeared that a deterioration of the quality of bank assets, which could not be corrected by specific controls or influences, called for a temporary restriction of credit. It cannot be said, moreover, that changes in the customs with respect to the use of money, or other minor technical considerations might not make it necessary or advisable to depart slightly from any precise mathematical way of carrying out the policy or operating the system, particularly in the immediate period of readjustment after the war. It must be assumed that common sense would be used in the operation of any system.

The system would appear to reduce the discretionary factor in the management of the money system to a practical minimum, and to give the greatest possible freedom of opportunity for the natural laws to work themselves out. It should enable us to carry out a domestic money policy closely parallel to that of England in the period reviewed, and should, therefore, contribute as much as possible through basic monetary policy to stability of employment, consistent business growth, and stability of prices. Had such a system actually been in operation in the interval between wars, it would presumably have led to somewhat less over-expansion of credit against capital assets in the late 1920s, and to adoption of a very easy money policy much more promptly after 1929, but not to the cut in the gold content of the dollar in 1934 or the very excessive increase in reserves which followed that action. Based on other historical precedents, it would probably have mitigated the severity of the crisis and produced a more rapid recovery, because it would have generated general confidence. It would have generated such confidence, because everyone would have been able to see that both over-expansion and undue contraction, or if one wishes to call them that, any tendency to either "inflation" or "deflation" would at once bring into play corrective forces, and that the extent of such corrective influences would be sensibly and well planned in both timing and degree.

Objections to or fears concerning this policy and system might be raised on the ground that (1) the initial base selected might not be correct; (2) the rate of progression of the basic reserve might not be correctly determined, and (3) that over a period the error might accumulate to a considerable total. To these objections the following answers may be presented: (1) Assuming that the system were initiated on a basis adequate to sustain something close to the war time level of business activity, and shortly after the war, the base could not be too small and hence unduly restrictive. It would obviously be undesirable, if not impossible, to squeeze out the excessive growth of deposits during the war. To do so would increase the burden of Government debts, and bring about depression. On the other hand, a further unusually rapid increase in reserves and deposits in the post-war years would only increase the abnormalities, and add to troubles both in the immediate post-war and later post-war eras. (2) It is assumed that the correct rate of progression for the basic reserve would be a matter of constant study, but even if it were not precisely correct, the error could hardly be over say 1% to 1½% a year, at the most, and would for various reasons be certain to be made on the expansive side. An error of this magnitude could not be very important except over a long period, which would give ample time for gradual mitigation of the error, and for adjustment of other economic factors to the error. The adjustments would be so small and gradual as to exert no visible disturbance.

Such a policy and system would have the very great advantage of telling the world, through the published statements of the Federal Reserve System, exactly what the rate of progression of the basic reserve was which the monetary authorities regarded as more or less permanent, and exactly what the departure of the line of growth of Member Bank reserve balances and the volume of money from the line of growth of the basic reserve was, which was regarded as temporary. Consequently, business men would know when the rate of cyclical advances was becoming excessive in the eyes of the monetary authorities, and how excessive it was, and would have equal assurance in the event of a cyclical decline that all that can be done by monetary action to bring about a sound correction would be done, and that the quantitative limits of such action would be sensible. This should facilitate confident individual planning and timing of expansion programs, a feature lacking throughout the 1930s by reason, in part, of the vagueness and confusion of monetary policy, which first eased money tardily and then so excessively over expanded reserves that the future could not be confidently appraised in quantitative terms or timing. Under the policy and system outlined it would be known positively that any errors of judgment made in money management would necessarily be small, and that exotic foreign or other influences could not as easily upset the domestic money situation. Confidence in our future would necessarily be increased.

It would be possible to attain somewhat similar ends without using the mechanism set forth herein. In this event provision would be made whereby the disturbing effects of extraordinary gold movements, currency hoarding and dehoarding and other disturbing factors would be offset by traditional methods—that is, open market operation and changes in the reserve ratios, so that, between the two, somewhat similar influences could be exerted on the volume of bank deposits as would be obtained by the system suggested. However, it would be less clear that large gold movements were not disturbing to the domestic money situation. Larger open market operations might at times be required. Unusual changes in the amount of currency in circulation would continue to affect the volume of Member Banks' reserve balances unduly unless offset. Changes in the reserve ratios are a crude method of making adjustments. The existence of different reserve ratios for different kinds of deposits and different classes of banks, and the pyramiding of reserves through interbank deposits and the fact that all banks are not members of the Federal Reserve System, would make operations to carry out the policy suggested far less smooth, simple and certain. Under the revised system both the policy and the manner of its execution would be perfectly clear at any time.

To carry out the new policy and operate the revised system perfectly, would obviously require that the banking system be not obliged to absorb a constantly increasing amount of government bonds. The policy and its execution could be only part of a program which called for a balanced budget or a small budgetary surplus, except for reasonable deficits in times of considerable depression. There is far more to the problem of attaining and maintaining a reasonably steady advance in our business than a reasonable money policy or than any of gradiose construction or other schemes upon which so much reliance has been placed in recent years both here and in England. That is shown by the record of England and this country when such schemes were in effect in comparison with the rate of advance in the periods (except 1929 to 1932) when they were not in effect. It is within the field of "know-how," that is invention, technical details, salesmanship, styling, improved processes, detailed prices and the hustle and enterprise of American people that the essence of advance is to be found. All these things and many others are largely in the dark area which economics and grandiose schemes do not effectively express or evaluate. The suggestions made do not even cover all the monetary measures which might be necessary. It is possible that special controls might be required from time to time for some years with respect to certain foreign exchange transactions and gold movements—so that we would not have to take in all the gold in the world. It is to be noted that neither the policy nor the mechanics suggested would preclude some deficit financing to assist in the increase of bank deposits, if they should decline very excessively, but both do imply reasonable limits to such procudures, because their objective is a greater degree of consistency in the advance of the volume of money, and a better correlation of the rate of advance with the long-term rate of increase in the volume of our business rather than a temporary splurge of activity. Through the action of the basic reserve, it should be possible to tell what part of the advance in the volume of money is regarded as permanent or how much more it should increase to reach the appropriate level of permanent advance in the opinion of the managers of the money system. Through the action of Member Bank reserve balances, it should be possible to tell to what extent, if any, the volume of money is regarded momentarily as abnormally great or small. Using different words, we could say that the objectives of the policy are to avoid quantitative distortion in the volume of money, and qualitative distortion in bank assets which secure the volume of money. Or, again we could say that the objective of the policies was to avoid monetary abnormalities which raise doubts, fears and uncertainties; or which restrict or distort other economic factors. Looking deeper, these monetary objectives have in turn the objectove of greater consistency and sustainable average speed in the advance of general business and the stability of employment. The basic policy is founded primarily upon history and secondarily on obvious platitudes of sound monetary theory.

It is not enough merely to advocate a return to the gold standard. It is necessary also to return to a gold standard so set up, that its operation will contribute to regularity of advance and employment, and will not introduce disturbances. It is not enough to advocate "sound" or "liberal" money policies. It is necessary to begin with conceptions which are both quantatively and qualitatively realistic, and to set up the monetary system so that they may be clearly and easily applied in practice. The general principles of the policies also should be correct, and also simple enough to command general support and confidence.

Phila.-N. Y. Municipal Bond Men's Golf Meet

A match between the golf teams representing the New York Municipal Bond Club and the Municipal Bond Club of Philadelphia has been scheduled for the local club's outing on Friday, Sept. 14, at the Manufacturers Golf and Country Club, Oreland, Pa.

Comprising the New York team is: Edward A. M. Cobden, captain, Kean, Taylor & Co.; William Morton, The Chase National Bank; Raymond R. Wilson, Stone & Webster and Blodget, Inc.; L. Walter Dempsey, B. J. Van Ingen & Co., Inc.; Roald Morton, alternate, Blue List Publishing Co.; P. Scott Russell, alternate, Glore, Forgan & Co., and the team representing the Philadelphia Municipal men will consist of: Walter A. Schmidt, captain, Schmidt, Poole & Co.; Alfred W. Tryder, W. H. Newbold's Son & Co.; Russell Ergood, Stroud & Co., Inc.; G. Freeman Grant, Dolphin & Co.; Edward Boyd, Jr., alternate, Harriman Ripley & Co., Inc.; Russell C. Schuler, alternate, The First Boston Corp.

The golf match will be the feature event of a full day's outing the local municipal men are holding at Manufacturers.

Keystone Company Formed in Boston

BOSTON, MASS. — The Keystone Company of Boston has been formed to carry on the business of the Keystone Corporation of Boston, 50 State Street. Partners of the new organization are S. L. Sholley, Theodore A. Rehm, and James W. Bridges. All were formerly with Keystone Corporation, of which Mr. Sholley was President and Mr. Bridges Vice-President and Secretary.

Mackay to Resume Duties at Laidlaw

Lieutenant Colonel Malcolm S. Mackay has been released from active duty after serving with the Marine Corps since the outbreak of World War II. Colonel Mackay's release will become effective as of Oct. 8, 1945, at which time he will resume his former connections as partner of Laidlaw and Company, 26 Broadway, New York City, and a Director of American Car and Foundry Company.

During the greater part of his wartime duty, Colonel Mackay was Commanding Officer of a Marine Transport Squadron which supported landing operations at Peleliu, Leyte and Iwo Jima, as well as operating in practically all areas of the Pacific. In the Peleliu operation alone it carried in over 7,500 military personnel, two and a half million pounds of vitally needed supplies, and evacuated over 600 wounded.

Railroad Securities

Great Northern preferred stock, the company's only outstanding stock, has been attracting considerable investment buying interest in recent markets not far from the year's high. It is not too difficult to remember back to the days when Great Northern was looked upon as just another "marginal" road and its stock as a speculative rather than an investment medium. There can be no question but that the fundamental traffic status of the property and the financial progress of recent years justify the present investment regard for the shares. Rail men fairly generally look upon the stock now as one of the most attractive in the list.

Ten years ago today there was considerable apprehension in financial quarters as to how Great Northern was going to be able to meet a large maturity of 7% General Mortgage bonds on July 1, 1936. Two weeks ago the company was successful in marketing $75,000,000 of long term General Mortgage bonds carrying coupons of 3⅛%, the proceeds, along with treasury funds, to be utilized for retirement of 3¾% and 4½% bonds. This latest operation climaxed a long series of bond retirements, bond refundings and bond conversions in the process of which fixed charges have been cut from $19,330,000 to an indicated level of $8,630,000, a reduction of 55%. During the same period stock outstanding has been increased, through bond conversions, by less than 600,000 shares to 3,092,539 shares at the present time.

Debt retirement and fixed charge reduction has presumably run its full course for the time being, except for what will be accomplished through sinking fund operations. The general mortgage represents the entire funded debt other than equipment obligations and is outstanding in the aggregate amount of $226,527,300. Nearly half of the total carries coupons of 3⅛% and $175,000,000 bears interest at the rate of 3½% or less. The balance of $51,527,300, with interest rates of 4½%, 5% and 5½%, is all non-callable. The largest of the high coupon series, $22,864,400 of 5½s matures in a little over six years but the 4½s and 5s do not mature until the 1970s. With the progress already made, and in view of the present debt setup, it is generally expected that a larger share of earnings will henceforth be passed along to stockholders.

Over a period of years Great Northern has experienced a far more favorable trend of traffic and revenues than have railroads as a whole or railroads in northwestern territory. One important reason has been the strong dependence on iron ore which is not vulnerable to competitive transportation. Some of the principal remaining sources of lumber in the country are in the territory served by Great Northern and are geographically so located as to minimize the influences of intercoastal shipping competition. Extension of the Western Pacific lines to a connection with Great Northern in northern California, and virtual rebuilding of Western Pacific, developed new traffic sources. These are permanent favorable factors and are being augmented by industrial growth and opening up of new farm lands brought about by Government power and irrigation projects in the northwest.

In addition to its favorable traffic position Great Northern is inherently one of the most efficient railroad properties in the country, although with not so low an operating ratio as the large bituminous coal carriers. On the average for the five years 1936-1940, and despite the sharp contraction in the particularly profitable iron ore tonnage in 1938, the road was able to carry almost 24% of gross through to net operating income before Federal income taxes. Naturally the ratio has been higher in the war boom years. In comparison with this performance, present indicated fixed charges would absorb less than 10% of average 1936-1940 gross. In addition, the company owns 829,337 shares of the profitable Chicago, Burlington & Quincy stock.

On the basis of the stock outstanding and present fixed charges, with adjustment of income taxes to reflect the lower charges, the company would have reported average earnings of more than $3.75 a share in the generally unsatisfactory period 1932-1941. On the same basis average earnings for the years 1942-1944, inclusive, would have been close to $8.00 a share. It is estimated that earnings this year will be around the latter figure and if the excess profits tax is eliminated the road should have little difficulty in holding that level in the post-war years. Dividends are paid semi-annually, the last payment having been $1.50 a share in June. An increase to an annual $4.00 rate this December or next June would not appear as an unreasonable expectation.

Customers' Brokers Protest Margin Rules

(Continued from page 1230)

gressman, outlining their grievances and requesting that the regulation be changed.

Rest assured that your Officers and Executive Committee will continue to promote every effort in the interests of the investing public which we all represent.

(Signed)
RICHARD G. HORN,
President.

Under the heading "The Small Investor Needs Relief from This Oppressive-Discriminatory Regulation Now!", the Association has released the following excerpts from clients' letters to the Federal Reserve Board:

"The small investor, like the small businessman, always bears the brunt of regulation. But while most governmental leaders are today trying to aid small business, the Federal Reserve Board has promulgated regulations which have *no effect* whatever on the *big* investor but which are causing the small investor gigantic losses. . . ."

"The newest ruling of July 5th works unsurmountable difficulties upon the small investor. Caught with his account frozen and the war at an end, he has been faced with the alternatives of either selling from 35% to 50% of his total holdings in order to unfreeze his account or holding securities which he no longer desires and which he knows must be depressed in value because of changing world conditions."

"I have heard it stated that the reason for your ruling was your interest in the small man and your desire to protect him. It was further your desire to prevent inflation by increasing margins and thereby keeping the small man out and thus, hopefully, discouraging speculation. May I here reject the thought that our nation has been built on speculation. If our forefathers had not speculated we would not today have our railroads. The West might still be a barren waste. Had Edison not speculated, we might never have had the phonograph or the electric bulb. If our present Government had not speculated to the extent of two billion dollars of taxpayers' money we most surely would never have had the atomic bomb and the war would still be in progress at an even greater cost and at tremendous additional loss of life. . . ."

"If the Federal Reserve Board ever attempted to apply a similar rule to the purchase and sale of real or personal property, revolution would spring up overnight. Imagine a democratic Government telling a property holder that he cannot sell one piece of land until he has wiped out his mortgages on all other properties or established an equity in all other properties of 75%. Imagine the Government telling a merchant he cannot sell his stock of shoes until he has paid for at least 75% of all other merchandise in his store! . . ."

"Keep the margin at 75% if your Board considers this necessary but make this ruling apply only to new purchases involving cash. In other words remove the retroactive phase of the regulation. Personally, from a strictly business viewpoint, I believe a 50% margin ample for the protection of the investor. If the odds are three to one against good times ahead—as evidenced by the 75% margin—then we are in for bad times and even 75% will not be adequate protection. . . ."

"If Federal Reserve is really sincere in its desire to protect the investor may I suggest that it temporarily suspend its order of July 5th until a proper survey has been made in order to learn what damage was done the investor when the margin was only 50%. If, from this survey, it is learned that the investor suffered no loss then it would be proven that the recent arbitrary increase was unnecessary. I also urge that your Board amend the ruling to permit the withdrawal of cash equity upon sale of any part of the securities in a presently frozen margin account and also permit the sale and purchase or exchange of securities of substantially the same values. . . ."

"As a result of the raising of margin requirements to 75% of value of securities on the N. Y. Stock Exchange, it does not seem possible that you gave thought to the serious financial effect it would have on countless small investors. . . . I have always had faith in the American way of life and in the growth of American industry, and have invested my savings in common stocks of American corporations, knowing in that way I should enjoy their success. I preferred this manner of saving rather than buying real estate on installment plan (some Government favored projects requiring only 10% equity). When temporary conditions brought certain equities below their true asset value I would use my 50% credit and buy additional securities, and when these securities rose to prices in excess of their value I would sell down to a 100% invested position. The recent increase of margin requirements to 75% I cannot help but feel is discriminatory in favor of the wealthy and most discouraging to the man of small means who should be encouraged by the Government instead. At the present time my account is frozen and I am unable to make any changes which would be profitable. Some stocks which I have are selling for *less than their net asset value*, and some at *less than their net working capital* and yet they are only entitled to a 25% loan value. It certainly seems ridiculous and I do hope the ruling will be so modified that a person can at least exchange securities in his present account without penalty. . . ."

"I do wish to protest against the restrictions placed on margin accounts effective July 16, 1945, wherein such restrictions apply to substitutions and/or withdrawals of cash or securities. As you know, the new ruling requires a 75% overall margin before a substitution can be made, and a like percentage must remain after a cash withdrawal. As you also know, the new ruling disallows the withdrawal of a security from a restricted account even if paid for in full. I feel very strongly, Mr. Eccles, that these restrictions have and are placing undue hardship on a great many people with margin accounts—people who do not even remotely desire to gamble or speculate. Many of these people desire to withdraw funds, through liquidation, to be used for purposes entirely foreign to securities. Many others, due to the war's ending and the changed national economy, rightly desire to overhaul their securtiy holdings. However, these actions cannot now be taken in a restricted account even though there might be, say a 70% margin after a liquidation or before a substitution. . . ."

Ellenstein, Ryan Are Hanauer Partners

NEWARK, N. J.—Myer C. Ellenstein and John J. Ryan have been admitted to general partnership in J. B. Hanauer & Co., 1180 Raymond Boulevard. Mr. Ellenstein was formerly Commissioner of the City of Newark. Mr. Ryan has been with the firm for a number of years in charge of the Trading Department.

Halsey Stuart Group Offers $113,825,000 Consumers Pr. Bonds

Halsey, Stuart & Co., Inc., headed a nation-wide group of underwriters which on Sept. 12 offered to the public $113,825,000 Consumers Power Co. first mortgage bonds 2⅞% series due in 1975. The bonds are priced at 102.37 and accrued interest from Sept. 1. The underwriting group won the award of the bonds at competitive sale Sept. 10 on a bid of 101.6799 for a 2⅞% coupon. The offering represents one of the largest public utility financing operations this year.

Net proceeds from the sale, together with bank loans of $15,000,000 and other funds, will be used for the redemption on Nov. 1, 1945, of all of the outstanding funded debt of the company, and the redemption on or about Nov. 14, 1945, of all of the 191,924 shares of $5 preferred stock at $105 a share.

The bonds to be redeemed consist of: $18,925,000 of 3½s, due in 1965, at 103½; $55,153,000 of 3½s, due in 1970, at 106½, $21,832,000 of 3¼s, due in 1966, at 105¼, and $17,915,000 of 3¼s, due in 1969, at 108. The funds required for all of these redemptions, exclusive of accrued interest or dividends, aggregates $140,803,720.

The company will pay as a sinking fund for the bonds, on or before each Oct. 1, commencing with 1956, cash or bonds equal to 1% of the total bonds authenticated prior to Jan. 1 of that same year. Regular redemption prices begin at 106⅝ and if the bonds are redeemed through the sinking fund or the maintenance and replacement fund, the special redemption prices begin at 102⅜. There is no premium in either case after Sept. 1, 1972.

Upon completion of the present financing the new bonds and bank loans will constitute the entire funded debt of the company. Also outstanding will be 547,788 shares of $4.50 preferred stock and 1,811,716 shares (no par) common stock. All of the common stock of the company is owned by the Commonwealth and Southern Corp. which proposes, under an amended recapitalization plan, to distribute to its stockholders all the common stock of Consumers Power, as well as the common stocks of its other northern subsidiaries, if the plan finally is approved.

Consumers Power Co. renders principally electric and natural gas service entirely in Michigan in a territory with an estimated population of more than 2,278,000.

G. C. V. Morgan With Geo. Eustis & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — George C. V. Morgan has become associated with Geo. Eustis & Co., 13 East Fourth Street. Mr. Morgan was for many years with the Fifth Third Union Trust Co. and the Citizens Trust & Savings Bank of Los Angeles.

McDonald in Ft. Worth

FT. WORTH, TEX. — Joseph James McDonald will shortly open offices here to engage in a general securities business.

Canada to Have Flag, Full Citizen Status

The retiring Governor General of Canada, the Earl of Athlone, in a speech from the throne, prepared by the Government for the new session of Parliament, announced that Canada is to have a flag of its own, distinctive from the British Union Jack, and that the status of Canadians as British subjects is to be revised, advices from the Associated Press, Ottawa, stated Sept. 6, and continued:

Canada at present is the only British Dominion without a national flag. Prime Minister W. L. Mackenzie King recently has ordered the flying of the red ensign of the Canadian Merchant Marine on official occasions. This is a red field with a small Union Jack in the upper right-hand corner and the Dominion coat of arms in the lower right.

There is at present no such thing as a legally defined "Canadian citizen." Canadians are classified as "British subjects." It is understood the Government intends to create a legal "Canadian citizenship" status. Canadians still would be British subjects, however.

The throne speech made no mention of steps to recognize officially a national anthem. Although "O Canada" is usually sung at functions as the Canadian anthem, it has no official status.

Warrant T. Suter Is With Ryan Sutherland

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, OHIO — Warren T. Suter has become associated with Ryan, Sutherland & Co., Ohio Building. Mr. Suter was for many years President, and Chairman of the Board of the Union Trust Co. and Union Licking Bank of Newark, Ohio.

Canadian Securities

By BRUCE WILLIAMS

Should the Canadian dollar be at parity or 20% discount? The exchange experts appear to be considerably exercised recently concerning the fate of the Canadian currency unit. First, we are informd authoritatively that all arrangements had been made for its immediate restoration to parity with the U. S. dollar.

This conception was rudely killed by cold logic and an official announcement by the Canadian Minister of Finance. The next idea is an abandonment of previous reasoning that the Canadian dollar with any relaxation of exchange controls should appreciate. Instead, based on the premise that sterling will be revalued, it is assumed that the Canadian dollar will be sympathetically affected.

Once again, as in the case of the propaganda directed towards placing the Canadian dollar at parity responsible and irresponsible market rumor can be analyzed as follows:

(1) The current weakness of the Canadian dollar in the free market is fundamentally a natural reaction caused by liquidation of weak bull positions taken on the false assumption that a quick profit of 10% was in the offing on the return of the Canadian dollar to its old parity.

(2) The sympathetic movement induced by the weakening of sterling futures has been given exaggerated importance. And, furthermore, for the following reasons it can be anticipated that there will be no change in the level of the pound after the expiration of the Bank of England guarantee on Sept. 30th:

(a) At the time of the announcement of the removal of the guartee, it was officially stated that the step did not imply a change in the exchange value of sterling.

(b) Britain in the immediate transition period will have urgent need of machinery to rejuvenate her peacetime industries and raw material to replenish war-depleted stocks. Therefore, a $5 rather than a $3 pound would be more advantageous. Moreover, during this period, owing to world-wide shortages, the export-price factor should not be of paramount importance.

(c) Britain, although anxious to retain her bargaining power, will not lightly initiate a currency war, and in any case competing nations have access to the same weapon.

Therefore, it can be deduced that the logical factors point towards a general maintenance of the existing relationship between the U. S. dollar, the pound sterling and the Canadian dollar.

It is also possible that the tremendous problem of Britain's huge frozen sterling indebtedness will be solved in the following manner:

(1) Agreement by many of the creditor countries to a drastic reduction in the total. The debt was incurred by British purchases of war materials expended for the most part in the interests of all concerned. For example, India was saved from occupation by the Japanese, and the Middle-Eastern countries enjoyed unprecedented prosperity instead of German servitude.

(2) Replacement by U. S. dollar credits in such cases on a considerably scaled-down basis. With regard to South America, British assets in those countries, generously estimated, could be employed as a set-off. In this way, the isolation of the sterling area would be terminated.

(3) The granting of U. S. dollar credits to Britain sufficient to permit rehabilitation of her industries and full resumption of international trade.

Turning to the market for the past week, Albertas again were the sole active feature in the external section, and steady demand extended their gains to 4 to 5 points above their recent low level. Internal bonds were weak and free funds slumped to 11% before rallying to 10¼%. As recently emphasized, wider swings in the free rate can now be anticipated.

Mining stocks were dull but this section should benefit ultimately following the welcome news of the tightening of the Ontario securities law.

With regard to future prospects, the general factors still favor a more bullish trend. Treasury Secretary Vinson's clear statement regarding the necessity of low interest rates can not fail eventually to have a beneficial effect on all investment markets. The rumor regarding the imminent call of the Dominion 3s of 1968, if substantiated, should cause marked improvement in direct Dominions and Nationals.

Lobell in SEC Post

The resignation of Robert M. Blair-Smith, Executive Assistant and head of its opinion writing office, was announced on Aug. 31 by the Securities and Exchange Commission, Philadelphia advices on that day to the New York "Herald Tribune," from which we quote, also said:

Mr. Blair-Smith, who will enter private law practice here, was a practicing attorney in New York before joining the Commission.

Nathan D. Lobell, Special Assistant to the Commission, was appointed Executive Assistant to succeed Mr Blair-Smith. He is a graduate of City College of New York and Columbia University Law School.

Leonard Helfenstein, of Philadelphia, a graduate of the Wharton School of Finance and University of Pennsylvania Law School, was appointed supervising attorney in the opinion-writing office to succeed Julian M. Meer, now on military furlough.

It was learned today that another key attorney with the Commission, Frank Field, principal attorney in the Cities Service Co. and Middle West Corp. groups in the Public Utilities Division, has been named assistant to George Slaff, who will conduct an investigation of natural gas industry for the Federal Power Commission, and is expecting his release from the SEC shortly.

Another attorney in the same groups, Ambrose Selig, of New York, also is planning to leave the SEC to work with Mr. Slaff and Mr. Field in the natural gas investigation. Mr. Field practiced law in his home State of Oklahoma for a number of years before joining the staff of the Commission seven years ago. Mr. Selig was a practicing attorney in his native New York City for 13 years prior to coming to the SEC in 1938.

Canada's Wheat Production to Be Lower Than Yr. Ago

It is now apparent that wheat production in Canada's Prairie Provinces will be substantially less than it was a year ago and below the last ten-year average, according to the Bank of Montreal's crop report made available Sept. 6. The Bank states that there has been lack of rain in certain sections and in others rust and frost have caused some damage. Sawfly damage is reported to be severe in areas of southwestern Saskatchewan. It is added that in the Province of Quebec harvesting of an average grain crop is progressing and threshing has commenced in some districts. In Ontario, threshing of fall wheat has been practically completed, with the yield average and the quality good. Threshing of spring grains is well under way and below normal returns are indicated. The continuance of warm dry weather in the Maritime Provinces has caused late grains to mature too rapidly and the yields there are expected to be below average in some districts. In British Columbia recent rains have benefited all root and field crops.

Annual Meeting of Ins. Advertising Conference

Decision to have a 2-day Annual Meeting of The Insurance Advertising Conference was announced following a special meeting of the Executive Committee held on August 30. Ralph Smiley, President of the IAC, said that in view of the relaxing of ODT restrictions, to permit gatherings of 150 members traveling from out-of-town, the former plan to have one-day meeting restricted to voting members only, has been abandoned. He said:

"We feel ~~that~~ we can go ahead and have a full-fledged unrestricted business session that will fully explore the problems before insurance advertising men today. With this objective, Vice-President Theodore Budlong, Chairman of the Program Committee, is arranging a line-up of discussion periods and speakers that will, we hope, make it worth while for both company executives and their advertising managers to participate.

"The meeting will be at the same place, Hotel Roosevelt, New York, and on the same date, Oct. 17, as previously announced, but will be extended through Oct. 18."

Rocky Mt. IBA Group Studies Personnel Needs

DENVER, COLO.—At a meeting of the Executive Committee of the Rocky Mountain Group of the IBA on June 26th, the following resolution was passed:

"Mr. Peters made a motion that Mr. Scanlan, the group Chairman, appoint a committee to study the needs of the investment bankers in the matter of personnel, with particular reference to ways and means of attracting new blood. This motion was seconded and passed unanimously. Mr. Peters augmented his remarks by saying in his opinion a poll should be taken of the various houses to find out how many jobs might be available, and this information be given to the various colleges and universities with the idea of getting the men to come down and apply."

In accordance with this, the Chairman is appointing Burdick Simons, Sidlo, Simons, Roberts & Co., as Chairman of the group; Gerald Peters, Peters, Writer & Christensen, and Wallace Coxhead, Bosworth, Chanute, Loughridge & Co., to complete the committee.

A bulletin entitled, "Basic Provisions of the Vocational Rehabilitation Program of the Veterans Administration," which is available at the Veterans Administration Headquarters, Keystone 4151, Extension 726, is being recommended to members of the Rocky Mountain Group.

W. R. Stephens Partner

LITTLE ROCK, ARK. — Mrs. Joye S. Stephens has been admitted to partnership with Wilton R. Stephens in W. R. Stephens Investment Co., 111 West Second Street.

Ontario Revises Its Securities Act

(Continued from page 1230)

the Exchange's total; 1,250 gold issues are traded off the Exchange.

Small wonder that some Canadian official economists are worried over the tenuous basis for the industry, feeling that the future of gold "depends on the mood of a half-dozen men in Washington." Meanwhile the Government grants a liberal subsidy through its tax laws, allowing the companies an annual depletion deduction of 33⅓%, and the shareholders a credit of 20% on their dividends as a return of capital. The companies figure nothing for depletion in their earnings statements.

The methods of securities distribution and trading are of vital concern to the United States, having caused the recent aggressive actions of the SEC. A total of $600 millions of mining stocks on the Toronto Stock Exchange are owned by Americans, who have received $400 millions therefrom. United States residents comprise 30% of the total shareholders of all Canadian mining companies. No serious problem exists with respect to the companies on the Exchange, because they in great part comprise the large, legitimate paying properties, and the investor is protected by the Exchange's listing requirements. The big producing properties, visited by your correspondent, are efficient, scientifically managed and stable industrial enterprises.

But just as in the United States, there have been all kinds of wildcat oil stock sales in the wake of, and in contrast to, the legitimate success of the Standard and other big oil companies; likewise, in Canada, there have been thousands of bees swarming around the proven honey and trying to capitalize thereon. It must be borne in mind that it is against the speculative segment of Canadian mining operations that the ire of the SEC has been directed—with its abortive attempts to indict, and otherwise halt, the questionable selling stunts.

In contrast to the proven producers, the odds against wildcats coming through may range as high as 10,000 to 1. Even in the case of finds—that is, where some ore has been discovered—the odds are said to be 200 to 1 against their coming through and paying out; including the Government tax of 40% lengthens these odds to 360 to 1. It is with respect to these securities that urgency of regulation is being argued on both sides of the border.

Canadian basic philosophy with regard to financial regulation follows that of Great Britain and other European countries. *Caveat emptor* is thought to have far greater practical effectiveness than have minute formal sanctions; the obligation and the possibility of protecting the individual against speculative proclivities are denied; the criminal code is relied on, as in England. And as in Great Britain, there is skepticism about Government supervision lest it convey the implication of Government approval and legitimacy. "Quite frankly," said Premier Drew of the Province of Ontario recently, "we do not believe that it is within the power of any Government agency to take investors by the hand and guide them past every pitfall they may encounter. We do believe that any implied assurance that the Government has in some way approved of securities which are offered to the public is in itself a possible encouragement to fraud."

This fundamental distaste for Government interference provides the background of enforcement of Ontario's present Securities Act, her new Act of 1945, and the degree of supervision exercised by the old and new commissions. While the codified law ostensibly provides stringent safeguards—exceeding the British Companies Act, and even the new proposals for amendment thereof concurrently brought forth by the Cohen Committee—they are vitiated by laxity of enforcement. There has been no Securities Commissioner functioning as such in Ontario for the past 18 months, the Attorney-General having doubled in the job during recent months. The new law provides for three Commissioners instead of one, but only the Chairman is to be remunerated and the other two are to function on a part-time basis. Alleged difficulty in finding a suitable Chairman and unremunerated Commissioners has been holding up the proclamation of the new Securities Act which was passed by Parliament last March.

The new law carries stringent provisions for protection. It provides for registration of brokers and dealers, with very close supervision by the Commission, and requires annual renewal of such registration. It provides for registration with the Commission of securities which are in the course of primary distribution. Full disclosure must be made on forms prescribed by the Commission, and signed by every director and promoter concerned; although such information is to be filed only initially and not periodically thereafter. Mining companies are covered by a special provision requiring a complete report by an engineer, geologist, or prospector certified by the Commission. There are detailed sanctions placed on the operations of investment counsel.

Provisions forbidding solicitation by telephone are of particular interest to the American authorities and public. No one may telephone from within Ontario to any residence within or outside of Ontario, unless the person called is a regular customer, or unless he has requested information about the security in writing. But this rule having existed in the present Act, and evidently having been widely broken, furnishes a typical example of the laxity of enforcement of the formal law.

Thus it may be concluded that:

(1) The Ontario statutes provide the opportunity for reasonably adequate investor protection.

(2) But basic *laissez-faire* philosophy coupled with the desire to continue the flow of capital for the further development of Canada's vitally important gold-mining industry, will continue laxity in enforcement.

(3) The United States investor in Canadian securities should follow *caveat emptor*, secure the disclosure of information which is available, and understand the kind and degree of speculation present in the security which he is purchasing.

Gas Sales Up in July

Sales of gas in the United States in July totaled approximately 1,761,092,600 therms, an increase of 1.5% over total sales of 1,735,432,900 therms in July, 1944, the American Gas Association announced on September 10. Sales of manufactured and mixed gas for the month amounted to 204,083,400 therms, a gain of 6.0% over the 192,523,800 therms sold a year earlier, and natural gas sales were 1,557,009,200 therms, an increase of 0.9% over sales of 1,542,909,100 therms a year earlier.

For the 7 months ending July 31, 1945, total sales of the gas industry were 15,558,275,500 therms, a gain of 3.9% over 14,977,589,000 therms sold in the comparable period of 1944. Manufactured and mixed gas sales were 1,810,664,300 therms for the 1945 months, an increase of 4.4% over 1,735,021,800 therms sold a year earlier and natural gas sales were 13,747,611,200 therms, a gain of 3.8% compared with 13,242,567,200 therms sold in the first 7 months of 1944.

Total industry sales for the 12 months ending July 31, 1945, were 25,626,372,300 therms, a gain of 5.1% over sales of 24,378,727,000 therms in the like period a year earlier. Manufactured and mixed gas sales for the 12 months ended July 31, 1945, were 2,946,853,700 therms, up 3.5% over 2,847,260,400 therms sold a year earlier. Sales of natural gas were 22,679,518,600 therms, an increase of 5.3% over 21,531,466,600 therms sold in the 12 months ended July 31, 1944, the Association's statement concluded.

Party to Support Truman, Says Hannegan

(Continued from page 1227)

clearcut, straightforward battle against reaction. Events of the last few days have shown the people of America just where the two major political parties stand. The issue is sharply drawn between a progressive and courageous attack on the new problems that war has left in its wake, and an attempt on the other side to take America back to the disastrous post-war economy of the '20s.

"On the one hand, this clarifying action was taken by President Truman in presenting his comprehensive message to Congress. On the other, it was rounded out by Republican Party leaders in Congress who expressed themselves on the message.

"These Republican leaders have frankly stated that their party is now going back to its 'old-fashioned conservatism.'

"The Democratic Party welcomes that challenge. The air is now cleared of Republican 'me too' smokescreens, and at election time Americans will know that they are being asked by Republican candidates for office to accept the 'old-fashioned conservatism' of the Republican Party.

"Champions of conservatism have long been at work within the Republican Party to make it drop the mask of pseudo-liberality which it has worn in recent elections. Among them is John D. M. Hamilton, for example, campaign manager for Alfred M. Landon in the 1936 election.

"Hamilton, in a recent statement, pointed out that the Republican Party was 'out of character' with its 'me too' campaigns. He did not make clear just what positive line the party should take.

"In coming out openly for 'old-fashioned conservatism,' the party leaders in Congress have answered that question.

"With the battle line sharply drawn, the Democratic Party will be all-out in support of President Truman's forward-looking post-war program. We are pleased that the basic issue is no longer confused."

Publicker Industries Pfd. Stock on Market

Merrill Lynch, Pierce, Fenner & Beane headed a banking group for the offering Sept. 12 of 100,000 shares of $4.75 cumulative preferred stock (no par) of Publicker Industries, Inc., at $100 a share.

Proceeds of the sale will be used by the company to pay bank loans and excise taxes upon withdrawal of whiskies in bonded warehouses and to finance accounts receivable.

The new stock representing the first public financing by Publicker, will be redeemable on 30 days' notice to July 15, 1950, at $104 a share, at $102 to July 15, 1955, and at $101 thereafter. The stock also will be redeemable through the sinking fund at $102 a share to Oct. 15, 1950, and at $101 thereafter.

In addition to the new issue the outstanding capitalization of the company consists of 500,000 shares of common stock (no par).

The Securities Salesman's Corner

There Are People Who Can't Be Sold—They BUY!

By JOHN DUTTON

If securities sold themselves—we wouldn't need salesmen. The "know how" acquired by a competent salesman cannot be learned from books—it also takes experience and practice. However, the same principles of sales psychology are applicable to the securities business as in any other line of sales endeavor. You can have the most attractive investment, or speculation, for offering to the public; but if you don't know how to make them WANT IT you're licked.

This week let's investigate the sales process which is involved when you go out to sell the fellow who LIKES TO THINK THAT HE MAKES UP HIS OWN MIND. He is a pretty common type of everyday human being, that you meet on every street corner. The woods are full of this type. Somewhere he has the idea in the back of his head that he has a mind of his own. He is usually a thinking fellow and tries to be well informed on most subjects. He is an individualist. He has a highly developed ego—but he won't admit it anymore than he would admit that HIS OUTWARD SHOW OF CONFIDENCE IN HIS OWN JUDGMENT, IS IN REALITY ONLY A BLUFF TO HIDE HIS INNER SENSE OF TIMIDITY. Since he is intelligent, he realizes that he must rely upon someone who knows more than he about the product he expects to buy—so he'll check up his salesman pretty carefully before he gives him the go sign. If he finds such a salesman he will become a loyal customer, providing of course, that he is satisfied with the purchases that he makes. This fellow can develop into one of the most satisfactory accounts, just as long as you let him feel that he is doing the thinking and investigating, AND THE BUYING. Try and jam something down his throat and he may buy it—BUT NOT FROM YOU! He'll call up another broker and buy it (if he likes it) and you'll never hear about it.

This may all seem sort of strange—but there is more to it than appears on the surface. Modern psychology probably has a technical explanation—but it doesn't matter how many frustrations this fellow has had in his childhood—the main point of importance to the salesman, is to recognize him when you meet him, and then give him the kind of soothing syrup HE LIKES.

It's the same old dose—you can use it time and again. It always brings results. First, don't pressure your points. Become friendly—be sympathetic to his ideas. Take him to lunch. Show an interest in his interests. Find out what he owns and why he owns certain securities. Don't criticize his investments, his ties, or his ideas. Tell him about a certain situation and why you like it. Suggest that you believe it would make a suitable addition to his portfolio. Answer his questions and be as thorough as is necessary in explaining your reasons why he should make the investment. If possible END YOUR INTERVIEW BY LEAVING HIM SOME LITERATURE TO READ AND EXPLAIN THAT YOU ARE GOING TO CALL HIM ON THE TELEPHONE IN A COUPLE OF DAYS. If you have done this job thoroughly and well, nine times out of ten you can then pick up the telephone and say, "Hello Harry, how are you?" "Harry, you can buy ten of those Consolidated Psychology 5s, they are all right." He may only buy five of them, but if he is going to buy at all, this is the way he'll do it.

Of course, Harry knows all the time that he wanted to be sold; but he never wants **you to know it.** Incidentally, Harry never reads those long SEC prospectuses—he also wants you to do it and then tell him about it in language that he can understand.

Spain Troops Quit Tangier

In response to an Allied demand that Spanish occupation of the former international zone at Tangier, on the northeast coast of Africa, end, the last of Spain's troops were withdrawn from there on Sept. 6, according to United Press advices on that date.

She will continue to share top representation with France in a new international governing body, on which the United States, Britain and Russia also will be represented, the Associated Press reported from Washington, Sept. 4. The invitation to the United States and Russia to participate in the government of the international zone of this little city at the western end of the Strait of Gibraltar gives these two nations their first peacetime position in the Mediterranean. Qualified authorities disclosed, according to the Associated Press, that:

This will be the pattern for Tangier's government, as determined by American, British, French and Russian experts who met last month in Paris:

Spain and France each will have four representatives on a legislative assembly and one each on a control commission. Britain, Russia and the United States will have three each on the assembly. It isn't clear yet what voice they will have on the commission.

The strong position allotted Spain gave diplomats something to talk about. Because of its Axis-supported origin and its conduct during the war, President Truman, Prime Minister Attlee and Premier Stalin took a stern stand at Potsdam against letting the Franco government join the United Nations.

Tangier used to be under international control but Franco shoved out the international regime in 1940 and took over for Spain alone.

The new arrangement must be approved by the governments concerned. The plan would:

1. Re-establish the sovereign rights of the Sultan of Morocco in the Tangier zone.

2. Provide for a formal international agreement later for governing the zone.

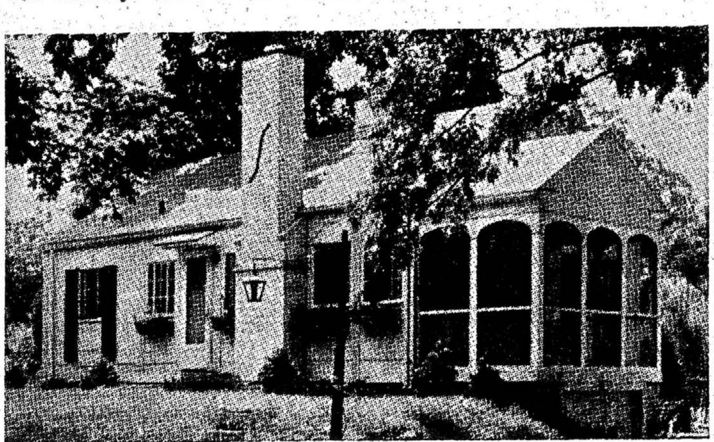
3. Permit eventual consideration of changes in the Tangier statute, which created the original international zone in 1923.

Prefabricated Homes and the Real Estate Market

(Continued from page 1226)

"Headlines" Makes a Survey

Because all these questions deserve serious study, "Headlines" has attempted to analyze the prefabricated houses situation to determine its effect on normal real estate business after the war. The editors of "Headlines" felt that Realtors want to know as much as possible about post-war distribution plans for prefabricated houses. We therefore sent comprehensive questionnaires to 351 companies which had either gone into prefabrication before or during the war, or who demonstrated an interest in this field. Many of them are engaged in prefabrication only as a temporary war activity. Others have been building houses or parts for a long time. Still others have broken into this field within recent months. Some engage only in the production of assembled segments of houses. But the companies to whom the questionnaires were sent represented, without question, nearly the complete list of actual or potential prefabricators in this country.



Gunnison Homes, Inc.

Who Replied?

Naturally, not all of the companies who received our inquiry replied. Some of them, such as those operators filling war contracts, have no permanent interest in prefabrication, and they did not respond. Others who had merely some curiosity about the field could not reply about their post-war plans because they had none. Others have had a taste of the business and they don't want any more. But out of the total queried, 69 responded—a larger number than we have noted in other surveys for different purposes. This proportion of responses is significant in itself. Most of the companies best known in prefabrication *did* answer the survey. In turn, this means that the answers received are based on facts and opinions of those best established in this field. But we also received answers from newcomers who intend to prefabricate after the war. So our study covers this element also.

How Many Firms Will Be Active?

Sometimes you will hear accounts about prefabricated house manufacturing that would lead you to believe that there will be a plant turning out assembled homes in every city. You hear glowing accounts of the possibilities in this field. This would indicate considerable investment, considerable interest, and considerable output. But the responses from the men already in the business, or who have seriously investigated it, indicate a somewhat different story.

Altogether 59 of the 69 companies answering expect to prefabricate or are considering it. Taking into account the proportion of known prefabricators who did not answer and the proportion of new companies turning up with prefab plans, we estimate that not more than 100 companies—at the outside—will try to manufacture prefabricated homes when material is available.

Thirty-seven companies located in 20 states (California and Wisconsin leading) have definite plans to manufacture prefabricated homes. (Two additional companies will manufacture, but probably for export only. Two more were still formulating their plans but indicated they would be in the market in substantial force.)

Another 18 companies were undecided as to their post-war activity. Some indicated live interest. Others indicated they are not yet "sold" on the practicability of their participation.

The remaining 10 companies were sure they will not participate. Reasons of those withdrawing from the field varied. Some of them were: "Our experience leads us to doubt"; "Savings are questionable." Frequent opinion was that only large companies can afford to gamble on "much opportunity for gains and large possibilities of loss."

Offset against the doubts of the 18 who are undecided and the 10 who have decided against participation is the enthusiasm of the 37 companies who are going ahead with definite plans. Typical of these is the attitude of perhaps the best known company in the field. Its president says: "We shipped to 38 states before the war and will *greatly expand* after the war."

Distribution

Perhaps of most interest to Realtors is the question of how prefabricated houses will be distributed in the post-war market. Will Mr. and Mrs. Prospect be able to go to some department store, look through the houses offered, and say, "We'll take that job with the green shutters and picket fence?" Will they sit down and select it from a catalog? Or will a local dealer show them sample houses on site?

Just how deeply real estate offices will participate in the marketing of prefabs is not easy to determine. But one fact does stand out. There may be considerable opportunities for the real estate office in this field. Many of the companies think they can work through Realtors. The most popular distribution pattern among the active companies is sale at factory prices to local distributors. Twenty-two of the 37 companies checked this plan; 16 of the 22 checked real estate offices as likely distributors. Real estate offices are also at the top in other sales patterns to be used. Distributor "mentions" of real estate offices, development builders, and home builders far exceed the "mentions" given by the companies to building materials dealers, contractors, and department stores. By far, the majority of companies expect to market their houses regionally—not nationally.

One of the major companies, which has been most aggressive in developing prefabrication, summed up fairly common sentiment when it noted: "Our experience showed that we had a higher degree of success with Realtors, and thus intend to look mainly among the Realtors for our post-war dealers."

Despite much publicity about shopping for homes in department stores in the future, very few companies are considering this as an outlet. Not more than three or four indicated interest in this method of sale.

Land Use

What about building lots for prefabs? How about developments featuring prefabs? Who will buy the land and make the site plans? Manufacturers? Distributors? Ultimate consumers?

Here is a series of questions which have a most direct bearing upon the real estate office. It was not possible to lay out specific, categorical answers to these questions, because so much depends upon the acceptance of the product. That will determine the size of the market, which in turn will affect land use practice. Out of the active companies answering the "Headlines" questionnaire, only eight expect to acquire land directly for mass-location of their product. Seventeen expect to operate this way through their local agents. This means that about half of the active companies are thinking in development terms. However, only 18 companies altogether will acquire land directly or through an agent. Of these 18, a total of 13 expect to use real estate offices to acquire and develop land. Only nine companies indicated they will leave land acquisition entirely up to the customer.

There is no great degree of exactness in plans for land use. Apparently not many companies have projected plans for complete developments. "Headlines" asked all companies about preparation of sites for dwellings, particularly as to who would provide grading, foundation, utilities, walks, landscaping. Four companies expected to do that part of the work themselves; 15 expected to leave that to their local agent; five wanted to leave it to the customer; some split the various operations between buyer and agent. Some failed to answer the question at all.

As to the actual erection and finishing operations, sentiment here also was split, with most companies leaving this up to the local agent. Seven out of 37 companies expected to do the actual erection and finishing themselves.

How Much Prefabrication?

Prefabrication is a loose term. To some of the companies it means complete houses with equipment; to others it means only parts. Of the total responding, 33 concerns expect to produce complete houses, but not all of these structures will be completely prefabricated. Construction principles and products vary widely. They range all the way from large multi-plan houses shipped in sub-assembly portions to small trailer-type houses ready to be hauled away from the factory completely assembled. One company offers elaborately styled log cabins that are delivered with the logs all cut. The complete houses vary somewhat in style and appearance; many are appealing and of good character for attractive neighborhood environment.

Price

Present indications are that the prefabricated market will be essentially a low-price market. The most popular price range reported to "Headlines" is the \$2,000 to \$4,000 house. Twenty-eight of the 35 companies answering this question are represented in this range. However, most companies will market in more than one price range. But only six companies, according to present plans will sell exclusively above $4,000 while 12 will confine themselves exclusively to under $4,000. Sixteen companies will enter the above $6,000 field but none of them will take a chance exclusively in this bracket. They will produce lower-cost houses also. Only one company hopes to be able to keep entirely under $2,000.

As to financing, most companies indicate they plan to use conventional mortgages covering house and lot that will be arranged by their local agents.

Significance

It is difficult to draw firm conclusions about the post-war prefabricated house market. Even concerns in the business are not any too certain in their answers to questions. As a largely untried field, it needs testing by experience. Most companies are considering several plans and sometimes the answers supplied are ambiguous or contradictory or highly qualified. For this reason the actual numerical tabulations may sometimes be a little "off the beam." They serve more as indicators rather than rigid scientific summaries.

Some conclusions, however, are possible:

1. Apparently most of the prefabricated houses will be aimed at the low-cost market.
2. Distribution will be more regional than national.
3. The maunfacturing companies need local agents, and they prefer Realtors or local builders and developers.
4. Most companies have not given too great thought to land use; few have thought out the problems of developments.
5. The number of prefabricated houses that will be sold is highly problematical. Obviously the public will need some education to create wide acceptability. And acceptability is the key to the size of the market.
6. Not all technical problems of transportation, weather hazard during erection, willingness of union labor to accept prefab methods, etc., have been solved.
7. While prefabricated houses will be marketed, without question, there may be more excitement about the prefabricated idea than actual production.
8. If the idea does catch, there may well be a new field for real estate operations in the marketing of the prefabs.

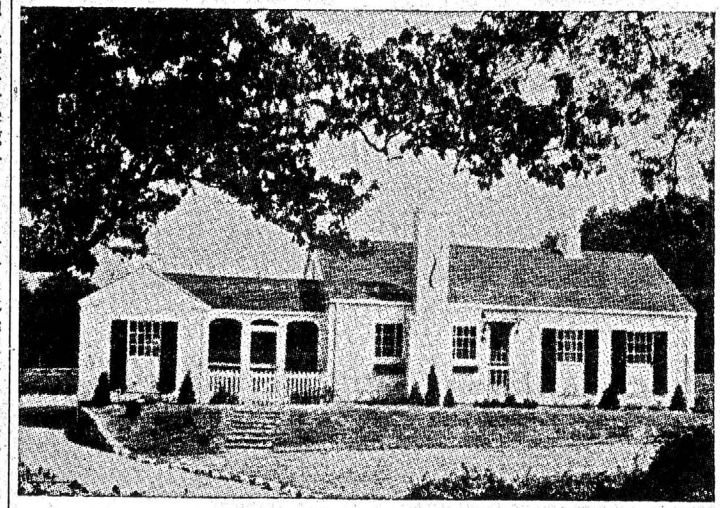
Summary

"Headlines" does not pretend that it has brought out new and hitherto unknown facts about the prefabricated house market. It would take a crystal ball and some sharp work by Dunninger and Houdini to give you a complete and comprehensive forecast of what is going to happen. The best that can be done at the moment is to query the firms that are in the business and reduce this to the essential facts. For the benefit of those Realtors who would like to analyze for themselves the numerical returns resulting from the "Headlines" inquiry, the essential tables covering the questions in our form are given. With them, you might be able to draw conclusions of your own:

1. Do you expect to manufacture prefabricated homes after the war?

Yes	37
No	10
Don't know	18
Yes—for export only	2
Indicate "yes"—making studies	2

Of the ten companies that said "no," at least half of them have been in prefab and will withdraw. One said, "Our pre-war market was the individual home builder. While we have manufactured a substantial volume of prefabricated buildings during the war period, we do not consider prefabrication is practical or economical as applied to the individual home builder, who is opposed to inflexible standardized designs, and with factory wages as high as they now are, savings are questionable except in standardized volume production. . . . We believe some companies will do well but the merchandising



Gunnison Homes, Inc.

and delivery will continue to be a big problem. . . ."

Some of the "don't know" companies had similar doubts as to whether they could muster enough financing and organization to compete in the field.

2. Do you plan to develop your own sales organization?

Yes	25
No	9
Don't know	3

A majority of the companies plan to have their own sales organizations, under which they use varying dealer plans. One company specified it will have nine regional, 43 zone and 275 district sales managers supervising dealers who handle its product exclusively or as a separate department. Although nine companies said they do not intend to develop their own sales organizations, five of these (in answering the next question) said they plan to develop distributing agencies under which local sales agencies will be exclusive agents in their communities.

3. Do you plan to develop state or area distributing agencies under which local sales agencies will be exclusive agents in their communities?

Yes	19
No	11
Don't know	4
Didn't answer	3

In all, 29 companies checked the above plan or "our own sales organization" plan, or both. Within some such supervisory sales framework, then, it is clear that most companies expect to operate.

4. Do you plan to sell through wholesale dealers to local distributors such as:

	Yes
Real Estate Offices?	6
Building Materials Dealers?	6
Development Builders?	7
Contractors?	7
Department Stores?	2
Home Builders?	6
Number companies checking one or more	13
Number companies not checking this plan	19
Number companies undecided	5

Only one company checked this plan exclusively. Otherwise the companies checking it, checked other plans also. Established dealers feel generally that they don't want to resort to a wholesaling operation in the chain of sale because it would add a middle-man cost partly defeating their low-cost objectives. But some companies apparently hope for wholesale handling to relieve them of distribution problems.

5. Do you plan to sell at wholesale prices to local distributors such as:

	Yes
Real Estate Offices?	16
Building Materials Dealers?	10
Development Builders?	12
Contractors?	11
Department Stores?	4
Home Builders?	11
Number companies checking one or more	22
Number companies not checking this plan	10
Number companies undecided	5

Here is the most popular sales pattern and under it real estate offices get highest mention. Most manufacturers apparently plan to supply houses or parts f.o.b. the manufacturer's loading platform. The local agent does what is necessary in the field and makes his own price accordingly.

6. Do you plan to sell your product on a commission basis through such distributors as:

	Yes
Real Estate Offices?	9
Building Materials Dealers?	6
Development Builders?	9
Contractors?	7
Department Stores?	3
Home Builders?	7
Number companies checking one or more	14
Number companies not checking this plan	18
Number companies undecided	5

Only two companies checked this plan exclusively. The others apparently regard it as a possible method of distribution. In cases where the sales operation is separate from responsibility for erection, a real estate company would get a commission for selling the house but sub-contractors in the territory would erect the house for the company.

7. Will you directly acquire and develop land for the purpose of selling lots and houses complete?

Yes	8
No	26
Don't know	1
Didn't answer	2

Most companies apparently don't intend to go into community development in order to place their homes. Many of the well known companies do not want to get involved in this. One will work through an operating company which will acquire land. Notice that more than two-thirds

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Prefabricated Homes and the Real Estate Market

(Continued from page 1245)

say "no." And of the eight companies which expect to acquire land themselves only one checked this plan exclusively.

8. *Will your local agents acquire and develop land for the purpose of selling lots and houses complete?*

Yes	17
No	12
Don't know	5
Didn't answer	3

Nearly half the companies expect their local agents to acquire land, thus showing a disposition to leave this problem up to local, professional "know how." In all, 18 companies expect to acquire land either directly or through the local agent. Eleven expect to do it through the local agent only and six intend to do it both ways—by the company and by the agent.

9. *Will you or your local agents use real estate offices to acquire and develop land for the purpose of providing sites?*

Yes	13
No	1
Didn't answer	4

A high percentage of companies intending to acquire land directly or through local agents (13 out of 18) expect to use real estate offices for this purpose—whether the local agents happen to be real estate dealers or not. This shows a disposition to depend on Realtors rather than to try to take over Realtor functions.

10. *Or will you leave land acquisition up to the customer?*

Yes	14
No	2
Don't know	5
Didn't answer	16

While 14 companies will leave land acquisition up to the customer, only 9 will depend entirely on sales to buyers who have their own lots. The other five expect to use this plan in combination with land acquisition by themselves or their agents. Answers to these questions indicate that a large majority of companies believe they cannot depend simply on having houses for sale. In addition to having houses available for lot-owners, they expect to push sales largely through having local agents sell houses and lots complete.

11. *Do you plan to use*

	Yes
Conventional mortgage covering house and lot arranged by local agents?	22
Conventional mortgage covering house and lot arranged by your company?	10
Special finance company to finance purchase of house only?	5

Twenty-eight companies checked one or more of these arrangements. Four companies said it would be up to the buyer or local agent. One company expects to sell its low-cost small house usually for cash only. Two companies said they didn't know yet and two didn't answer.

12. *What prices and what sizes?* (35 companies answering)

Will prefabricate homes costing more than $6,000

1-2-3 bedrooms	4
2-3 bedrooms	3
3 bedrooms	9
	16

Will prefabricate homes costing $4,000 to $6,000

1-2-3 bedrooms	7
2-3 bedrooms	8
3 bedrooms	3
2 bedrooms	3
1-2 bedrooms	2
	23

Will prefabricate homes costing $2,000 to $4,000

1-2-3 bedrooms	5
2-3 bedrooms	6
1-2 bedrooms	12
2 bedrooms	4
1 bedroom	1
	28

Will prefabricate homes costing less than $2,000

1-2-3 bedrooms	1
2-3 bedrooms	1
1-2 bedrooms	3
2 bedrooms	2
1 bedroom	8
	15

Most companies will participate in two or more of these price fields. Another tabulation shows that only six companies will sell only above $6,000; that 12 companies will sell only below $4,000; that no company will try to sell only above $6,000 and that only one company hopes to be able to sell entirely below $2,000. With 28 companies out of the 35 answering saying they will be represented in the $2,000-$4,000 range, this is the most popular field. But notice that 23 companies will go above $4,000. Most of the houses under $2,000 will have one bedroom only.

13. *Do you expect to produce complete houses? Or parts of houses?*

Expect to product complete houses	33
Expect to produce parts for houses only	4
Expect to produce houses and parts also	3

What proportions of the houses do you expect to prefacribate?

Walls	28
Ceilings	28
Floors	26
Foundations	2
Roofs	25
Kitchen Units	19
Bathroom Units	13
Plumbing Panels	13

Seven companies said they will produce complete house but did not check the list. Twenty-eight checked the list. All of these will prefabricate walls and ceilings but, after that, the actual prefabricated parts of the houses they will produce begin to decline. One company specified its product (log cabins) is precision-built, ready-cut. Another specified it would produce a complete house except for foundation and mechanical equipment.

14. *Who will prepare the site for the dwelling?* (Grading, foundation, utilities, walks, planting)

Done by company	4
Done by local agent	15
Done by buyer	5
Done by buyer or local agent	2
Grading, walks, planting by buyer	6
Not answering	5

In most cases, the manufacturers will depend on local agents to get the site ready. Even when the buyer provides the grading, walks and planting, the company intends that it or its agent will put in foundation and utilities. Only five companies expect the buyer to be responsible for all these site operations.

15. *Who will perform the principal building or finishing operations after your product is delivered to the site?*

Buyer	5
Buyer's choice	4
Local agent	13
Company	7
Company (through subcontractors)	3
***Other**	1
Didn't answer	4

*Mfg. panels for assemly plant only.

Here again the local agent gets the most mention, although 10 companies will provide erection crews themselves or hire subcontractors to do the job. Four companies plan to deliver the house, either knocked down or set up, according to the buyer's wish.

16. *Percentage of manufacturing capacity devoted to homes prefabrication?*

100%	26
60	2
50	4
75	1
24	1
Don't know	3

17. *Other products manufactured when not devoted exclusively to homes manufacture?*

House trailers
Millwork
Furniture parts
Woodwork
Farm buildings
Etc.

18. *Do you expect to sell your product*

Nationally?	9
Regionally?	17
Locally only?	9
Don't know	2

COMPANIES WHICH HAVE INDICATED THEY EXPECT TO PREFABRICATE HOUSES

BARRETT & HILP
Box 1737, Norfolk, Va.
MIDWEST FABRICATING CO.
Box 334, Mansfield, Ohio
CUMBERLAND HOMES
Box 500, Middlesboro, Ky.
SCHULT CORPORATION
1830 S. Main St., Elkhart, Ind.
AMERICAN HOUSES, INC.
570 Lexington Avenue, New York 22, N. Y.
LESTER LUMBER CO., INC.
Box 1184, Martinsville, Va.
GUNNISON HOMES, INC.
13th and River Sts., New Albany, Ind.
GREEN'S READY BUILT HOMES
1221 18th Avenue, Rockford, Ill.
SOUTHERN MILL & MFG. CO.
525 S. Troost Avenue, Tulsa 1, Okla.
NORTHWEST WOOD PRODUCTS CO.
2309 N. 36th Street, Milwaukee, Wis.
PALACE CORPORATION
Hemphill Road, Flint, Mich
CAPITAL CITY LUMBER CO.
6616 Dallas Highway, Austin, Tex.
NEW ENGLAND HOUSES
276 No. State Street, Concord, N. H.
FIRESAFE BUILDERS PRODUCTS CORP.
167 Mill Street, Cranston 5, R. I.
PICKLING & WALKER, INC.
564 Mulberry Street, Macon, Ga.
TECHNICAL APPLIANCE CORP.
516 W. 34th Street, New York 1, N. Y.
HARNISCHFEGER CORP.
4460 W. National Ave., Milwaukee, Wis.
CONTINENTAL HOMES, INC.
Box 323, Crawfordsville, Ind.
PREFABRICATED LUMBER PRODUCTS CO.
Box 1628, Tacoma 1, Wash.
HOUSTON READY CUT HOUSE CO.
3601 Polk Avenue, Houston, Tex.
NETTLETON & BALDWIN
1109 N. 36th Street, Seattle, Wash.
JACKSON COMPANY
1225 Henry Street, No. St. Paul, Minn.
PREFABRICATED PRODUCTS CO.
4014 Iowa Street, Seattle, Wash.
PEASE WOODWORK COMPANY
Blue Rock and Turrill Streets, Cincinnati 23, Ohio
HOME BUILDING CORPORATION
4534 Main Street, Kansas City, Mo.
BURKE MILLWORK COMPANY
No. 34th and Freemont, Seattle, Wash.
GREEN LUMBER COMPANY
Laurel, Miss.
PREFAB MANUFACTURING CO.
Box 7029, Los Angeles 22, Calif.
CAMERON LUMBER CO., INC.
Newburgh, N. Y.
DRYCEMBLE CORPORATION
5335 Southern Avenue, South Gate, Calif.
NATIONAL LOG CONSTR. CO.
1412 So. 72nd Street, Milwaukee 14, Wis.
G. W. WILLIAMS CO.
10 Calif. Drive, Burlingame, Calif.
HENDRY LUMBER CO.
1400 Second Avenue North, St. Petersburg 6, Fla.
WINGFOOT HOMES, INC.
Litchfield Park, Ariz.
STOUT HOUSES, INC.
212 Stephenson Bldg., Detroit 2, Mich.
MIDWEST HOUSING CORP.
Box 628, Janesville, Wis.
PRECISION HOMES CO.
Box 819, Stockton, Calif.

Private Enterprise Versus Full Employment Bill

(Continued from page 1226)

responsibility for Full Employment without full powers."

The real origin of this bill is found in the Constitution of the Union of Soviet Socialist Republics, which states (Article 118) that its citizens have—

"the right to work, that is, are guaranteed the right to employment and payment for their work in accordance with its quantity and quality. The right to work is ensured by the socialist organization of the national economy, the steady growth of the productive forces of Soviet society, the elimination of the possibility of economic crises, and the abolition of unemployment."

However, the Soviet Constitution is more frank than the sponsors of this bill dare to be, for elsewhere in their Constitution (Article 12) we are told—

"In the U.S.S.R. work is a duty and a matter of honor for every able-bodied citizen, in accordance with the principle: 'he who does not work, neither shall he eat'."

We have also seen what Full Employment meant in both Italy and Germany. Their dictators boasted that they had done away with unemployment. At the same time they did away with Private Enterprise.

The sponsors of this bill are also the sponsors of many other deficit spending schemes for the benefit of non-producers, at the expense of the Nation as a whole. This is but one step in their grandiose scheme to bankrupt the Nation, kill off Private Enterprise and create National Socialism. Its loudest supporters are the Communist "Daily Worker" and other radical sheets. A few American politicians are shouting for it, apparently believing they see a band-wagon they think will become popular.

We predict that more than 80% of the American people, if they were properly informed, would condemn this bill.

And probably more than 90% of our soldiers returning from Europe, where they have seen something of National Socialism in action, would throw it out the window.

We think any Senator or Representative who votes for it will have a tough time explainng it to his constituents. The American people are going to keep America American!

Our thirteen million men and women in the armed forces have been told they were fighting for liberty—that when the war had been won they would return to "a better world."

If words have their ordinary meaning, what has been promised to these Americans is that after the war they will have at least as much liberty as before. They know a little bit about Full Employment. They had it, along with job insurance, as G.Is. That is what they want to get away from. They want to be able to live their own lives. They want to be free from government control of their daily tasks.

But the Full Employment Bill would drastically **reduce** American liberty. For liberty consists of several elements, two of the major of which are freedom from excessive burden of taxes and freedom from excessive regimentation.

The Full Employment Bill would add indefinitely, both in the amount of taxes and in the degree of regimentation. If this bill is passed, our soldiers as they are mustered out will take their places as cogs in a machine.

The measure is totalitarian in its theory. If passed it would be one more milestone in the march of the American people back to that kind of European serfdom from which our ancestors fled.

The whole record shows that in spite of whatever defects the American system has, it is vastly better than that of any other country in the world; and that the American standards of living and actual American liberty, have, within the whole lifetime of anybody living today, far exceeded those of any other people.

* * *

The Full Employment Bill is fantastic. It is based on the assumption that it is possible for one man, or group of men, to **Guess**, more than 18 months in advance, what employment actualities will be. It provides for elaborate machinery to assist these governmental masterminds in reaching their Guess. An endless number of bureaucratic jobs will be permanently created. Their questionnaires, by comparison, will make those of NRA, WPB and OPA seem like child's play.

In the bill, the government really makes two Guesses. The First Guess is as to the "estimated aggregate volume of investment and expenditure by private enterprises, consumers, State and local governments, and the Federal Government, required to produce such volume of the gross national product, at the expected level of prices, as will be necessary to provide employment opportunities for such labor force. . . ."

That is to say, the President (which means, of course, his representative) Guesses how many hats women will buy—what enterprises will increase, or decrease their sales and production—what future fads and inventions will succeed—what models will sell and what will not—how much people will spend for services calling for small investments, or for products calling for high investments.

It is impossible for any business man to know these facts about his own business. It is preposterous for the government to know all such facts about all enterprises. In fact, Presidents of the United States have found it impossible to forecast with any accuracy, the expenditures of the Federal Government which they can to a large degree control.

Guess No. 2, is as to the "estimated aggregate volume of prospective investment and expenditure by private enterprises, etc., etc. . . ." This would mean that our official Guessers could forecast the trends of markets and investments affected by world conditions beyond the control or foresight of any human being. Such a Guess could be accurate only under a planned stability aimed to prevent unforeseen progress.

Then the President will compare the two Guesses. If Guess No. 2 is smaller than Guess No. 1, the President will then do two things: First,

"When there is a prospective deficiency in the National Budget [that is, when Guess No. 2 is less than Guess No. 1] for any fiscal year or other period, the President shall set forth in such budget a general program for encouraging such increased non-Federal investment and expenditure, particularly investment and expenditure which will promote increased employment opportunities by private enterprise, as will prevent such deficiency to the greatest possible extent."

That is, the President can recommend to Congress any kind of artificial remedies, reasonable or absurd, and without regard to the cost. Hence the private enterpriser would have a sword of Damocles continually hanging over his head, not knowing when some impractical scheme would be devised and put into effect which might upset all his calculations—might easily drive him out of business completely. All this would have a retarding influence upon him.

In case Guess No. 2 is less than Guess No. 1, the President can do one thing further. He can—

"transmit a general program for such **Federal investment and expenditure** as will be sufficient to bring the aggregate volume of investment and expenditure by private business, consumers, State and local government and the Federal Government up to the level required to assure a full employment volume of production."

Here, of course, would come in unlimited further government spending—and, of course, increased taxation.

* * *

If, however, Guess No. 2 **exceeds** Guess No. 1—that is to say, if the estimated aggregate volume of prospective investment and expenditure for any fiscal year or other period is greater than the estimated aggregate volume of investment and expenditure required to assure a full employment volume of production, then the President—

"shall set forth in such Budget a general program for preventing inflationary economic dislocations, or diminishing the aggregate volume of investment and expenditure to the level required to assure a full employment volume of production, or both."

In other words, here is managed economy. It is purely fascistic. And since many of those who have appeared before the Subcommittee on Banking and Currency are in varying degrees friendly to the revolutionary principles of Soviet Russia, it seems clear that this is a Red Fascist measure. Its enactment would bring this country one step nearer complete domination by Soviet Russia. That is why the loudest shouters for it include the "Daily Worker", the official Communist newspaper in the United States; and such radical publications as "PM," the New York "Post" and others.

* * *

A strong element of falsehood runs through the wording of this bill. Thus, Section 2 says that—

"It is the policy of the United States to foster free competitive enterprise and the investment of private capital in trade and commerce and in the development of the natural resources of the United States."

Nothing could be further from the truth. The enactment of this bill would frighten capital and stifle free competitive enterprise.

Section 2 also declares that when the federal government, pursuant to the theory of the bill, provides increased volume of federal investment and expenditure, it "shall be designed to contribute to the national wealth and well being, and to stimulate increased employment opportunities by private enterprise."

This also contains a lie. The whole experience of seven or eight years of New Deal deficit spending showed that government spending and regimentation discourages private investment. Since the operation of the "Full Employment Law," should this bill become a law, would be likely to be influenced by the same Leftist crowd that is now pressing for its enactment, we may be perfectly certain that they would spend the taxpayers' money in such a way as to do the utmost harm to private enterprise.

* * *

The purport of this bill is that it is the responsibility of the government—

"to assure the existence at all times of sufficient employment opportunities to enable all Americans who have finished their schooling and who do not have fulltime housekeeping responsibilities freely to exercise this right" (the right to work).

Without benefit of any law, private enterprisers, large and small—but mostly small—throughout 150 years of our remarkable history have created a greater opportunity to work, at vastly higher wages, and under vastly better conditions, than anywhere else in the world.

So great was this opportunity of employment that the internal trade of the United States during the period from 1920 to 1939 is said to have exceeded all of the rest of the trade—domestic and foreign—of the whole world.

Yet here come these theorists and scheming Socialists with their followers and friends, to tell us that now the government must step in and run this thing.

If Congress is really interested in putting an end to massed unemployment, it should heed the wise words of Von Mises—who, in his book, "Omnipotent Government," said:

"In an unhampered labor market there prevails a tendency to make unemployment disappear. . . There is but one remedy for lasting unemployment of great masses: the abandonment of the policy of raising wage rates by government decree or by the application or the threat of violence. . . . Artificially elevated wage rates cause permanent unemployment of a considerable part of the potential labor force. . . . Unemployment as a mass phenomenon is always due to the enforcement of minimum wages higher than the potential wages which the unhampered labor market would have fixed."

So if we want Full Employment, let's repeal the laws against employment, such laws as the Wagner Act, the Minimum Wage and Hour Act and all such other laws which tell employers—"You cannot employ." Let's also stop discussing others, such as FEPC. If we really want to raise a crop of employers, let's create favorable conditions which will cause them to flourish, rather than to be plowed under.

If we tell business, as this bill does,—"You invest so many millions of your dollars, and employ so many million Joes and Marys, or we'll tax you out of existence," then prospective employers will invest their money in risk-less government bonds. They will not risk their money in factories or other enterprises where the Treasury and Labor Unions can take their shirts, not to mention possible profits, while they themselves must take 100% of all losses.

Any effort of this nature by the government will do far more harm than good.

Perhaps the real purpose of those who have instigated this bill (not, of course, those who have openly sponsored it) is to adopt that part of the Soviet Constitution (Article II) which states that—

"The economic life of the U.S. S.R. is determined and directed by the state national economic plan. . . ."

This would destroy the American system of private enterprise, or at least make it so unworkable that the government would have to step in with more and more controls.

We submit that this bill should be abandoned and forgotten.

Unless the American people are prepared to have their government adopt a completely fascist control over their lives, this scheme would not work. If they are ready for such control, and we do not for an instant believe it, then why did we fight the recent war?

The Full Employment Bill is utterly alien to America and her institutions. We believe the American people would so resent the jamming of the measure of National Socialism down their throats that they will turn in anger against any Congressman that votes for it.

Secretary Wallace, addressing the Senate Sub-Committee, Aug. 28th, said in part:

"We must not enter the era of atomic energy without recognizing that continued cooperation of business, agriculture, labor and government is imperative to meet the challenge of full production and full employment in peace."

From Mr. Wallace's approval of the Full Employment Bill and the other legislation to which he refers, it is clear that to his mind "cooperation" means surrender, submission, regimentation. It means the kind of cooperation extended by the inmates of a prison to the warden and his assistants.

Is it to obtain this that the thirteen million men and women in the Armed Services have successfully fought two wars?

A. S. Beck Preferred And Common Offered

Lehman Brothers and Wertheim & Co. headed an underwriting group that offered on Sept. 12 39,046 shares of A. S. Beck Shoe Corp. 4¾% cumulative preferred stock at par ($100) per share and accrued dividends, and 20,129 shares of common stock at $17.75 per share.

All the proceeds from the sale will go to certain selling stockholders who acquired some weeks ago 315,387 shares of common stock of Diamond Shoe Corp. amounting to approximately 75% of the capital stock of that company.

Wolfensohn in New York

Samuel C. Wolfensohn is engaging in an investment business from offices at 84 Forsyth Street, New York City.

Mutual Funds

Variety

Although most investors would be quite satisfied with a security which rose steadily in market value and at the same time provided an income at the rate of 10% to 15%, few are naive enough to expect such performance. In fact, no one security or type of investment can fill the needs of all or even a majority of investors. For the needs of individual investors are as different as are their individual circumstances.

It is no doubt in recognition of this basic fact that the mutual funds have developed such a wide variety of offerings. In this field there are now available to the investor bond funds of varying grades, preferred stock funds, common stock funds of many types ranging from the older cross-sectional funds to the more recent highly specialized funds divided as to industry, investment characteristics and price. And, finally, there are the balanced funds which provide diversification among bonds, preferreds and commons with emphasis varied to reflect changes in the business cycle.

No longer can it be said as was in the early days of mutual fund development that they cast all investors into a common mold without providing for the particular needs of the individual. Today, no matter how complex or simple, how orthodox or unusual the needs of a particular investor may be, there is a satisfactory solution available to him through careful selection of the appropriate mutual funds.

Keystone Program

Keystone's current issue of Keynotes presents a program "for income and capital growth" which would be appropriate "for certain investors who have adequate reserves in the form of life insurance and Government bonds." This program provides diversification as follows:

60% in bonds
20% in preferred stocks
20% in common stocks

Prime emphasis on 80% of this portfolio is for income with the remaining 20% aimed at a combination of income and growth. The program is available in any amount through the designated **Keystone Custodian Funds.**

* * *

The September issue of **Keystone Corp.'s** Current Data folder includes the following brief and pointed description of "The Keystone Plan."

"The Keystone Plan does not offer to 'manage the capital' of any investor—or of any group of investors.

"It does not promise to 'time' the intermediate swings of the market or to shift among various classes of securities. It is not a trading medium.

"The Keystone Plan is, in reality, a service to the man in the investment business who adopts a professional method—diagnosis and prescription—in the solution of his clients' investment problems."

Split-Up

Lord, Abbett's current Investment Bulletin on **American Business Shares** refers to the record number of split-ups which are occurring in listed stocks these days.

"Split-ups usually come about in shares selling at high prices and ordinarily have as their purpose the making available of the shares to a broader range of investors. . . . When it comes to split-ups, however, none of those in the day's headlines even begin to compare with that offered daily by American Business Shares. It is not 4 for 1, as Westinghouse Electric and Sears, Roebuck; 3 for 1 like Loew's; or 2 for 1 as Louisville & Nashville. In the case of American Business Shares the split is more than 3,000 for 1!"

By means of a diagram, the bulletin then illustrates that each American Business Share at $4.90 provides a direct ownership interest "in a group of stocks and bonds which, figured in terms of the minimum unit normally traded in for each item, have a present market value of $14,872." These securities are spread over 79 corporations in 22 industries.

National Securities Series

In a "thank you" note to dealers, **National Securities & Research Corp.** reports that sales of the new **National Speculative Series** and **National Selective Groups Series** between the opening date on Aug. 17 up to and including Aug. 31 were in excess of $1,800,000.

"This splendid volume of business," writes the sponsor, "is particularly gratifying as our Research Department had spent many months prior to the offering date in special analyses of the post-war outlook and the type of securities it deemed advisable to broaden the scope of our usefulness to dealers and their clients."

A special commission of 7% to dealers on these two new series remains in effect until Oct. 15.

Performance

Distributor Group's special month-end price comparison of the various classes of **Group Securities** reveals that during the first eight months of this year 16 of the 18 stock classes outperformed the Dow-Jones Industrial Average. During this period, the Average showed a gain of 14.4% as compared with 23.6% for **Aviation Shares,** 24.3% for **Low Priced Shares,** 17.3% for **Railroad Equipment Shares** and 22.2% for **Steel Shares** — the groups currently considered most attractive by the investment management of this fund.

Selected American Shares

In the current issue of "These Things Seemed Important," **Selected Investments Co.** compares the market rise so far this year with the performance of **Selected American Shares.** The record (covering the period from the first of the year through Aug. 24) is as follows: Dow-Jones Industrials up 11.5%, Dow-Jones Rails up 12.8%, Dow-Jones Utilities up 22.7%, Dow-Jones Composite up 11.4%, Selected American Shares up 16.5%.

Keystone Custodian Fund Reports

Keystone Series B-3 and **S-4** ended their fiscal years on July 31. Total net assets of Series B-3 increased from $20,980,394 to $25,058,077 during the fiscal year. Total net assets of Series S-4 increased from $5,662,991 to $9,762,490 during this same period. As of Aug. 24, the date of these reports, the 10 Keystone Custodian Funds had total assets of about $135,000,000.

Mutual Fund Literature

National Securities & Research Corp.—September issue of Current Information folder on **National Securities Series** and **First Mutual Trust Fund;** portfolio memorandum showing changes during August on all **National** sponsored funds. . . . **Lord, Abbett**—Composite Summary folder for September on all **Lord, Abbett** sponsored funds.

Dividends

Group Securities, Inc.—The following dividends payable Sept. 29. 1945, to shareholders of record Sept. 12:

Class—	—For Third Quarter— Regular	Extra	Total
Agricultural	.07	.08	.15
Automobile	.05	.10	.15
Aviation	.07	.08	.15
Building	.05	.10	.15
Chemical	.04	.06	.10
Electrical equipment	.10	.10	.20
Food	.04	.11	.15
Fully administered	.05	.10	.15
General bond	.10	.05	.15
Industrial machinery	.07	.08	.15
Institutional bond	.10	--	.10
Investing company	--	.10	.10
Low priced	.03	.17	.20
Merchandising	.05	.10	.15
Mining	.03	.05	.08
Petroleum	.04	.06	.10
Railroad bond	.05	.15	.20
Railroad equipment	.04	.04	.08
Railroad stock	.03	.07	.10
Steel	.04	.06	.10
Tobacco	.04	.04	.08
Utilities	.04	.06	.10

Putnam Fund—A quarterly dividend of 15 cents per share payable Oct. 20, 1945, to shares of record Sept. 29.

Union Trusteed Funds, Inc.—The following dividends payable Sept. 20 to stock of record Sept. 10 for UBA, UBB and UBC and to stock of record Sept. 13 for UPS and UCS:

	Regular	Extra
Union Bond Fund A	$.21	$.90
Union Bond Fund B	.20	1.00
Union Bond Fund C	.07	.50
Union Preferred Stock Fund	.14	.64
Union Common Stock Fund	.05	.30

Finds Patience Is a Virtue Made of Necessity

Patience is a virtue,
Of this there is no doubt,
And Mr. Burgess found it so
When he was eating out.

He waited for an hour
Before he got a table.
The hostess "scratched" the menu sheet
As fast as she was able.

He ordered a shrimp salad,
Fruit pie and well-iced tea.
The waitress took the order
And vanished for to see.

The waitress took ten minutes
And returned without a dab.
"No shrimp—no ice—so no iced tea;
We've lobster and we've crab."

"Then I will take the lobster,"
Mr. Burgess weakly cries.
But when he's served he gets the crab,
And "got no berry pies."

"However, we have apple,
Which is very good, they say."
"O. K.," says Miles, "I'll take it,
And, if you please, *today!*"

Ed. note: Mr. Burgess is Vice-President of Distributors Group, Inc., 63 Wall Street, New York City.

Urges Congress to Double Its Pay

The reconvened Congress has been told by President Truman that it ought to give itself "a straight, out-and-out salary increase," his suggestion being a salary of $20,000 a year, or double the present pay, an Associated Press report stated from Washington on Sept. 6. The President's proposal included the recommendation that the House repeal the legislation by which, earlier this year, it gave each of its members an expense allowance of $2,500 a year.

Mr. Truman's message stated, according to the Associated Press, "There is no doubt in the mind of any thinking American that members of Congress are grossly underpaid and have been for many years." "I think," he said, "they are entitled—and have already so expressed myself—to a salary anywhere from $15,000 to $25,000 a year. I recommend that the Congress enact legislation providing that the salaries of its members be increased to $20,000 per year."

The President recommended also "an adequate retirement system" for members of Congress and said that more pay for them "should be the first step in creating a decent salary scale for all Federal government employees —executive, legislative and judicial."

Congress's last raise came in 1925. That year it boosted salaries of its members from $7,500 to $10,000. Prior to 1907 the salary was $5,000.

Fox to Be Partner in Stern, Frank Co.

LOS ANGELES, CALIF.—A. B. Fox, who became associated with the firm in January, will be admitted to partnership in Stern, Frank & Meyer, 325 West Eighth Street, members of the New York and Los Angeles Stock Exchanges, on Oct. 1st. Mr. Fox in the past was Manager of the Investment Department for A. W. Morris & Co. and prior thereto was an officer of the Union Bank & Trust Co.

Labor's Rights and Responsibilities

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not be mentioned in the same breath, or in the same speech, particularly in the hearing of the princes of privilege who have long ears that, beleive it or not, they can wiggle. As a matter of fact, as you know, I seldom engage in politics. Essentially I am just a quiet, friendly homebody who likes to go about patting people on the back. I know that it has sometimes been said that, instead of patting people on the back, I bat them on the chin. But that is not my fault. It's just that the people that I hit on the chin are leading with that part of their anatomy. It stands to reason that if they were turned the other way I would be patting them on the back instead of the chin.

Labor in Politics

For some reason the thought that the laboring man should have a voice in politics strikes a great many in this country as a new and frightening idea. Their attitude is not much different from that of those who viewed the invention of the automobile and the aeroplane as impossibilities. The car and the plane were born in the same era as Labor Day. All were viewed with suspicion and alarm.

There are, I suppose, some who still regard Labor Day in this manner, just as there are a few who still think that the automobile will never replace the horse. And, I suspect, the same people who hold today that labor and politics do not mix, are direct descendants of those who sneered at the Wright Brothers as a couple of crazy visionaries.

The evidence is everywhere at hand that labor and politics do mix. As a matter of fact, properly mixed they make a very stimulating draught which the doctors have found to be particularly good in mitigating the effects of that chronic and dread disease—entrenched greed—which sometimes encrusts and enfeebles the body politic.

Last year this country had evidence that labor and politics do mix when the working men and women of America went to the polls in astonishing numbers and defeated the forces of reaction. England gave evidence of how overwhelmingly well politics and labor mix when, in her first election in 10 years, she threw out the Conservative Party, even though in so doing she had to sacrifice one of the world's great war leaders — Winston Churchill. Again, in this country, just recently, labor surprised even its most devoted followers when it nominated Richard Frankensteen of the United Automobile Workers of America for mayor of Detroit by a primary vote so large that it petrified the "professional" politicians.

The British elections will have decided repercussions, not only on the continent of Europe but, sooner or later, here in the United States. Some of the reactionaries in this country whose very blood curdled at the thought of the New Deal and who hated "That Man" with all of their might may find themselves wishing, one of these days, for something as conservative as the New Deal. For it was essentially conservative. The only trouble with it, from the point of view of the economic royalists and those in whose hands were concentrated great wealth and economic power, was that its principal concern was the health, welfare, and happiness of the ordinary human being.

Aims of Labor

The health, welfare, and happiness of the average man have constituted the traditional aims of labor for years. Dictators have risen; tyrants have reigned, yet during all of those years and despite the great power wielded by the privileged, the ideals of labor have survived and grown stronger and nothing apparently can keep them from continuing to flourish.

Ideas — good ideas — are less tangible than smoke and more insidious. They seep into a country despite every precaution. To try to halt the march of ideas is as silly as ordering the tide to stop. The fact is that a good idea is indestructible.

The atomic bomb, that awful miracle that marks the beginning of a new epoch in human history, can wipe out and has wiped out cities. It can destroy every and anything for miles about. Under the terrific explosive power generated by the release of the atom, steel and rock vaporize and disappear into nothing. Yet despite all of its mighty power, the atomic bomb cannot destroy a **good** idea. It remains to be seen whether it can destroy the very **bad** idea of war. If it doesn't, God knows what will happen to the world.

If we were to save civilization there was an urgent necessity for a permanent peace, even without the invention of the atomic bomb. This historic invention has now made it self-evident that there must be no more wars. But, because the conviction that we must have a permanent peace is self-evident, does not mean that it is either self starting, or self operating. The mechanism whereby we hope to achieve that end must be refueled continually with the high resolve and hard work of men everywhere. Labor, in particular, should dedicate itself wholeheartedly to the proposition of an irrefragable peace and should work everlastingly to the end that there shall be no more war. I say that this is true of labor in particular because it is the workingman and his family who have borne the brunt of the war which has just ended so victoriously, just as his ancestors have carried the greater burden of past wars.

In England, in France, in Russia, and in all of those European countries which were engaged in the desperate fight against Hitler, it was the homes of the laboring men which suffered the most under the strafing and the bombing. Of course the rich and the privileged in those countries suffered the same rigors of war and they too lost their homes. Even in those countries which the Germans occupied, the rich and the well-to-do, even if they did not collaborate with the Nazis, even if they joined the underground and fought against the Germans, nevertheless, because of their accumulated wealth, managed to make out better than the poor. In fact, it may truthfully be said that the rich and the privileged lost the most in this war, because they had the most, but it may also be truthfully said that it was the laboring man who suffered the most.

This may seem paradoxical but the paradox is easily explained if we remember that when a wealthy man lost one of his homes in the war, he still had another home or the money and the power to get another one. Many had taken the precaution of depositing funds in foreign countries where it might be drawn upon in time of need. The laboring man when he lost his home, lost everything. He had no money in a foreign land either in his own name or in that of another.

Labor's War Effort

Although the bombings which ravaged the homes of Europe's working man never reached the United States, labor here also carried a heavy burden. Labor, which bore so much of the brunt of the war, was also largely responsible for the winning of that war. None will deny the vital role of the men and women in our armed forces. Nothing that I could say or that anyone could say could detract from their heroic deeds. No one would want to do so. Nevertheless, without the production miracles performed by labor, this war could not have been won. We were well on the way to overwhelming our enemies with the countless thousands of planes and ships and tanks and guns which labor and this country produced. When, without holding back, Russia kept her promise and came in against Japan on the very second the inevitable end was already in sight. The atomic bomb left no doubt of the outcome. And it was labor which produced the atomic bomb which won the count in this war. Those civilians who worked so long and so hard to achieve the 20th century miracle played just as vital a role in the final victory as any of our heroes or any of our armies.

To me it seems right and necessary that those who suffered so much in the war, who played so vital a role in its writing, should play a great part in the winning of the peace. Hence, while this first Labor Day, in peacetime, in nearly 10 years, should be a day of celebration, it should also be a day of dedication. Labor must not only consecrate itself to the proposition that there shall be no more war, labor must also dedicate itself to full employment, to higher pay and better working conditions, and to the ending of racial discrimination.

All of the things to which labor must devote itself are part and parcel of the larger question which we are likely to overlook in the debate about whether a "hard" or a "soft" peace shall be imposed upon our defeated enemies. The aims and aspirations of labor are an integral part of the question: What peace terms are we going to impose upon ourselves?

The Reconversion Problem

Do we propose to levy upon our people a Carthaginian peace that will result in the plowing up of the great industrial power that we mobilized for war while we sow salt in the furrows? Will we thus make barren the great productive facilities—the great Glen Martin plant, to mention but one —into which have been poured the effort and the skill and the knowledge and the money of our people? Or will we turn our war factories into peace factories—factories for making plowshares? This is a grave and pressing question. We must face it squarely and now. We cannot escape to some never-never-land of the **status quo ante.** The factories and facilities are here. They were created under the urgencies of war, but they can be productive of peacetime jobs and peacetime goods under peacetime enterprise.

I want to believe that there was laid at San Francisco the foundation of a world that will not again prodigally make our people and our resources available for the disasters and the dislocations of war. The productive capacity, as well as the instrumentalities that we fashioned to win this war, will be influential in making this objective a possibility. We may hope that we have laid at rest the uneasy spirits of the world outside of our borders that make for war. But this alone will not assure a world without fear that is everyone's hope for tomorrow. We must grapple, as well, with our internal instabilities and insecurities.

What justification is there for scrapping our great industrial plant? Unless it can be said that all of us in this country have all of the things that we want, the liquidation of our wartime manufacturing plant would be a crime. For instance, here in Baltimore any proposal to scrap the Martin Bomber Plants would be equivalent to saying that all of those who need or want air transportation now have it. We are as far along as the men of Biblical times who beat their swords into plowshares, but we must beat our output for war not only into plowshares but into all instrumentalities that would for prosperity and contentment in an era of peace.

The insecurities and instabilities in this country that would arise from the scrapping of our war plants would not lead to revolution, but there is grave danger of discontent and unrest unless a program of full employment is achieved. To prevent this there is need of all of the wisdom and probity and deep seated faith that we have at our command. Full employment includes social and industrial justice, achieved through the genuine rule of the people. This is your objective, your purpose. The methods for achieving these results are merely expedients finally to be accepted or rejected as actual experience shows that they work or do **not** work.

Leadership Needed

In order to succeed we need great leaders and inspired idealism—leaders to whom are granted great vision, who dream largely and strive to make their dreams come true. Leaders, whoever they may be, are but instruments to be used until their usefulness is ended. It is of little matter whether any one man fails or succeeds, but the cause cannot fail, for it is the cause of mankind. Mankind has ever been on the march. It will ever be on the march.

Our leaders, whether they be in labor, industry, or government need our help to bring about full employment in the country. We must all of us work toward that goal. By all of us, I do not mean the Government alone; I do not mean private industry, alone. I mean both the Government and private industry and, in addition, labor—the working man, both as a member of his union and as an individual.

There is an ever growing notion that a nation owes every man the right to a job. As a general principle, that is correct. But because the Government owes every man the right to a job does not mean that each and all of us individually can sit on the back of our necks and say "Well, where's the job?" The initative in setting up enterprises which provide jobs for the working man in this country should not be the prerogative of Government or of industry alone. The working man and his unions also have a duty to partake in the creation and finding of jobs and to my mind that duty consists of a good deal more than lobbying in the halls of Congress or in writing to Congressmen.

Labor-Industry Relationships

The relationship of labor with industry is no more of a one-way street than is the obligation of industry to labor. Moreover, the public interest in both labor and industry is paramount and both industry and labor would do well to recognize this paramountcy. I am deeply interested in the aspiration of labor to better its condition as to wages and in all other matters that pertain to employment. It is my belief that labor, that is not only fully employed, but is happy and satisfied because it is persuaded that it is earning a fair

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Symposium on Guaranteed Wage

(Continued from first page)

recognize that the extension of income and employment securities to an ever widening circle of employees is an important and worthwhile effort. Under normal peacetime conditions, as we have known them in the past, there are large numbers in our economy who have had the assurance of income for the entire year. The purpose of the guaranteed annual wage is to extend this to more and more wage-earners. While it may not be applicable in the immediate future during the problem of reconversion, we must begin to think and plan for it at the present time.

Mr. Dale: The annual wage gives an opportunity now to discuss practical methods which individual businessmen could take to make employment in their own companies more stable. The businessman is still the kingpin in providing most of our jobs, but, rather surprisingly, his role has been omitted in the current debate on the full employment bill of Congress. This is probably the last important economy in which the free-enterprise system promises to function. This may be a last chance of private business to provide full employment. As a distinguished economist from Chicago, John Morris Clark, predicted many years ago, the stakes are heavy, for, unless we tame the new leviathan of unemployment, he may yet devour us.

Mr. Spencer: If it is as important as that—if the continued existence of the system of free enterprise is dependent upon a guaranteed annual wage—I think at the outset that we ought to find out what we mean. What specifically is involved in a guaranteed annual wage?

Mr. Chernick: Specifically, it means a changeover from a system of wage payment in which the employer hires workers by the day or by the week to a system in which he hires them for a period of a year or for a period of somewhat less than a year — 45 weeks or 40 weeks.

Mr. Dale: That is a terrifically important implication for collective bargaining, because the unions will be bargaining now, not only for wages between 95 cents and a dollar an hour, but for fifteen hundred or two thousand dollars a year.

Mr. Spencer: I would like to have you make a statement, however, on this aspect of it. Are you going to guarantee everybody in every industry this annual income?

Mr. Chernick: No, at the outset, I do not believe that is possible. At the outset it is necessary for the employer to evaluate the conditions existing in his own firm, the employment conditions in his own industry, and to devise a plan accordingly. This may mean that it is restricted in the extent of the length of the guarantee. It may also mean that it is restricted in the number of employees that it covers, but I think that we should hold as a goal the extension of the number of employees covered and the stringency of the guarantee to as wide a circle of employees as possible.

Mr. Spencer: From what you say the kind of plan which exists in any given business will depend upon the conditions in that particular business. It may be a conditional guarantee for a number of weeks for a number of employees, or it may be unconditional, or it may be a system in which an employer guarantees wages dependent upon the business that he is able to carry.

Mr. Dale: The CIO has come down very much from its original guaranteed demand for 52 weeks a year to 40 hours a week. They have just concluded an agreement with the Wildman Manufacturing Company in Pennsylvania which gives employees with more than five years' service 30 weeks employment in the year, and this is the important thing: the Government is going to guarantee the rest of that employment for the year, because for the remaining 20 weeks these workers are going to get unemployment compensation from the State of Pennsylvania at $20 a week.

Mr. Chernick: Look at some of the plans that are in effect at the present time. Consider what it means to an individual employee under the Hormel Plan; for example, an individual employee who starts out the beginning of the year at the Hormel Company knows that he has 52 weeks of income coming to him in the period of a year—in the following year, that is—and on the basis of that he can go ahead and plan his budget, and, on the basis of studies made there, it is obvious that he goes ahead and spends on the basis of the knowledge of the fact that he has income for 52 weeks.

Mr. Dale: In spite of the great efforts made by Hormel, we really have talked too much about the Hormel Plan. It is not really representative of the American economy.

Mr. Chernick: It may be considered representative of consumers' goods industries, I think.

Mr. Spencer: I would like to put in this statement here. I can see from the point of view of the individual employee that it is a very good thing to give him a deeper sense of security. It will undoubtedly improve his morale, and it will undoubtedly make him a more efficient worker; but, from the point of view of the employer, it seems to me that he is sticking his neck out pretty far.

Mr. Dale: It involves an awful lot of disadvantages to the employer in giving a guarantee. In fact, it is a big burden to him because it increases his rigidity. The annual wage cost, which used to be flexible, will become fixed. This is certainly hard in a depression, because, when sales fall, he will have to go on spending money each week to his workers.

Mr. Chernick: That is true and it limits the application of the plan, or limits the stringency or rigidity of the plan in particular industries, but Spencer has mentioned some of the advantages, the greater morale on the part of employees. . . .

Mr. Dale: That is an intangible factor.

Mr. Chernick: Yes, it is intangible, but some of the firms have been able to reduce it to dollars and cents.

Mr. Dale: For example?

Mr. Chernick: In the Hormel case, his dollars and cents figures are not very accurate, he agrees, but he feels that in terms of dollars and cents the plan has been advantageous to him.

Mr. Dale: That is being pretty general. I have never seen any figures from Hormel, though I do think he has done a good job in stabilizing.

Mr. Spencer: Assuming that it does help the employee and the employer, does it have some implication from the point of view of the community?

Mr. Chernick: Certainly, the social implications of the thing are enormous. In the first place, what are we interested in as a society? We are interested in maximizing the extent of human satisfaction, and the security that comes with the knowledge that you have pay for a year seems to me one of the primary ways of introducing the peace of mind that leads to the expansion of human satisfaction.

Mr. Dale: A great characteristic of the American economy really was taking a risk—the pioneer spirit—and I am afraid tnat we are getting far too much in the habit that we must all be secure and leave it to George to do it.

Mr. Spencer: I think that I understand now what you mean by a guaranteed annual income. I think that I can see what the advantages are from the point of view of the employee, from the point of view of the employer, and also from the point of view of the whole economy, but I see some rather serious difficulties involved in the inauguration of this plan on any wide-scale basis. For instance, how in the world is any given employer going to be in a position to predict with sufficient accuracy a year ahead what his business is going to be so that he can say, "Now, boys, this next year you are going to get a certain amount of money, and you do not have to work and you do not have to worry, but we are going to give you the money just the same at the end"?

Mr. Dale: Some nasty people have said, "Give me a Washington economist and three martinis, and I will tell you what money you will make next year." Unfortunately, we have not discovered yet the brilliant statistician that can predict a rational future on the basis of a nonrational past. Unfortunately, our consumers are still changing their habits so much without advance notice that many companies just do not know what that amount is going to be during the coming year.

Mr. Spencer: And yet the successful inauguration of a guaranteed annual wage depends upon the ability of a given employer to predict with some degree of certainty what his share in the economy's business is going to be.

Mr. Chernick: That is right, but put it this way. You can list the industries in order of the extent to which they are able to predict demand ahead, and the guaranteed annual wage is a flexible instrument. It can be adjusted and applied in particular industries in accordance with the degree of predictability of demand.

Mr. Dale: You get ready for great trouble, here, in the investment goods industry. Suppose that after the war the demand for shoes expands. Then, say, the Nunn-Bush Shoe Company, which has a very fine plan, will order more shoemaking machinery, and they will give employment to the International Shoe Corporation to make this machinery for a year; but, when the machinery has been made, the employment of the International Shoe Corporation will be greatly reduced, but Nunn-Bush can go ahead as before because, as you know, "All God's children got to have shoes," but they do not have to have machinery. They can wait with replacing it.

Mr. Chernick: That is true, but what it means is that in the shoe-machinery production field the rigidity of the plan is much less than in the case of a consumers' goods industry, but it does not mean that a plan cannot be applied.

Mr. Dale: That does not mean much there because there we have a situation that the annual wage can be best applied where it is least needed, at Nunn-Bush, where they have security anyway, and it can be least applied where it is most needed, namely, in the investment goods industry.

Mr. Chernick: I think that there is some advantage in introducing a plan even in industries in which employment security is pretty bright. There is a difference between an employee knowing definitely that he is going to get 52 weeks of wages or work and feeling that there is a possibility that he will.

Mr. Spencer: I still would insist that the capital goods industries as contrasted with the consumer industries are going to present a problem which is very serious as a long-run matter in the introduction of a gauaranteed annual wage. In addition to what Dale has said with respect to the continuance of employment in these two types of industries, people will simply buy shoes more periodically than employers buy machinery. In other words, we as consumers will buy much more readily, whereas the replacement of capital equipment can be postponed indefinitely, and you can have very much greater fluctuation of employment.

Mr. Dale: Many companies have written to the American Management Survey and have said that if they were forced to give a guarantee of employment for a whole year to all their people, they would go bankrupt within a year after the war economy stopped or a boom stopped.

Mr. Chernick: Put it this way. Guaranteed annual wages primarily are designed to eliminate the irregularity of employment which occurs within the period of a year, and there are large groups of industries in which that is possible. Let us solve the problem of irregularity, of intermittent employment, in those industries. Then it is true that in industries which are subject to cyclical boom and depression much more so than others the extent to which the plan is applied to its employees has to be restricted.

Mr. Spencer: Another difficulty that I see in the inauguration of this plan is that we do have certain industries which may be described as dying industries, which have declining employment. What are you going to do about that? How are you going to make provision for that type of industry?

Mr. Dale: I do not think that they have so much difficulty. Here you can argue that in the long run we are all dead. That is to say, in the course of a year an industry does not decline so terribly, and we believe it is the function of every business executive to look ahead for five and ten years in those industries and to think of products which they can introduce to make their employment more stable.

Mr. Spencer: I understood that that had always been the function of management, and I had understood that management had always been engaged in planning and looking ahead and seeing where it is going so far as its products are concerned.

Mr. Dale: Employers have been talking in general terms, but they have not done enough about it. That is the finding on our survey.

Mr. Chernick: What is the matter with giving the employer an additional incentive if in past years, statistically, the employment in a firm has been such that, say, 50% of the employees have had year-round employment? It seems to me that, to give the employer an incentive as a result of cooperation between the union in the plant and the employer, they could arrive at a figure of 55%. For instance, the employer guarantees a year-round employment to 55% of his employees. That gives him an incentive, an additional incentive to the ones he has now to try to find new products, to try to expand the regularity of the unemployment he offers.

Mr. Spencer: As soon as depression comes along, the employer is likely to chuck the whole thing out of the window because he cannot stand it.

Mr. Chernick: All right, that is true. Depressions in that sense constitute a major obstacle, but the guaranteed annual wage in itself is not the answer to that. You have to have additional supplementary policies that do maintain a high level of employment.

Mr. Dale: The greatest sin that business has committed is the improper spacing of purchases of capital goods. If we think back to the end of the last war and look at a study made of the purchases of locomotives at a locomotive company by railroads, we find that in 1920 this company sold 2,500 locomotives; in 1921, 200; in 1922, 2,000; and the next year dropped back to about 300.

Mr. Spencer: In an individualistic society and a system of free enterprise, how are you going to tell a railroad company that "you have got to space your buying"? How are you going to tell a consumer that "you ought to buy one pair of shoes now and in another year buy another pair of shoes in order to regulate employment"? As long as we insist on a system of free enterprise, we have to leave the consumer, we have to leave the capital investor, completely free to buy when and where and at what price they want.

Mr. Dale: First of all, the private enterpriser has not always been as intelligent in his purchases as he should have been. In the case of the railroads, for example, if they had spaced their purchases more regularly, the locomotives would have been obsolete less soon; secondly, they would have cost less money; and, thirdly, they would have made a real contribution to employment stabilization. I think that we have to get in this private-enterprise system a philosophy by which the individual businessman gives up his individual selfish interests in favor of their true, long-run collective interests.

Mr. Spencer: To whom is he going to give them up? That is what I want to know. To whom is he going to surrender them? We have always preached the doctrine that the individual enterpriser must go out, he must be alert, he must be militant, he must be aggressive—and, if I get your advice, what you are advising is that the enterpriser must not be so alert.

Mr. Chernick: We must get him to recognize that there are social consequences of his action. We have a twofold educational job. We have to educate consumers to the fact that capricious actions with respect to purchases have the effect of providing an irregular employment.

Mr. Spencer: I would still say that on your part that is mere wishful thinking. As long as you retain a free society in which the choice to buy or not to buy is left with the consumer . . .

Mr. Dale: I know, but business prefers to have a free system and free decisions because it thinks that it can provide more employment and can provide it more efficiently, but, unless it does something in a collective way to improve the employment situation, the system is going out anyway.

Mr. Spencer: Are you talking now about collective activity on the part of business to get this system of annual guaranteed wage? Because, if you are talking about agreements between employers on this basis, I think that you are getting on very dangerous ground.

Mr. Dale: No, I do not think of that at all. I think that, naturally, the individual business which would hold back the sales in a boom would lose money and that if it did not retrench in a depression it would go bankrupt. But if a large number of businessmen thought of regularizing their purchases, the situation would be entirely different.

Mr. Spencer: At numerous times in the past we have discussed the whole question of free enterprise and ways and means by which it can save itself, because I think that at least we all here want to save it. I would like to know here what you think is likely to be the result of a successful inauguration of the guaranteed annual wage plan on the preservation of the system of free enterprise?

Mr. Chernick: The guaranteed annual wage is primarily a device that fits into a private-enterprise system—a device which, at the same time that it somewhat limits the scope of the activities of the employer, retains for him a maximum field of decision-making.

Mr. Spencer: Are you counseling that we should slow down the processes of our economic society?

Mr. Chernick: Inevitably I think the guaranteed annual wage would have that effect.

Mr. Spencer: That is defeatism, is it not?

Mr. Chernick: It is not. It is a question of alternatives. What do you want? Presumably we do not want to remove the task of decision-making from the individual employer, but at the same time we want, as I have said, to expand the area of human satisfaction, and we have to make choices on that basis. We have to ask what the costs are of furthering security.

Mr. Spencer: That would seem to me to put a premium upon the chiseler every time. In other words, the high-minded, alert, rational enterpriser, of course, would do this, and the chiseler would not do it, and he would profit by reason of the fact that he would break over.

Mr. Chernick: However, the firms which have introduced the annual wage have done so partly for their own profit, and those that have introduced it and are satisfied with it are satisfied that it has increased their own interests.

Mr. Dale: I think that the lessons from abroad—the English election and what has happened in other countries—have demonstrated to business in this country that it is very necessary to do much more than in the past, and that in itself would be a very important program to make them do more.

Mr. Spencer: I think that anything which you can do to get private enterprise to pick up the ball and run with it is a wonderful thing. What I am still worried about is that these schemes for a guaranteed annual wage may tend to be like our old incentive plan—a thing which you would work as long as it works and you would drop the moment that it ceases to work. As a long-run proposition that is not going to cure our economic ills.

Mr. Chernick: No, it is not, and that is why I have said that we need supplementary measures to maintain a high level of employment.

Mr. Dale: I think Chernick shows that very well in his study of Hormel. He showed there that the stabilization effort of the Hormel people resulted in a much greater stability in the community of Austin, Minnesota, and that could be repeated in many other communities all over the country.

Mr. Spencer: I am not sure that the experience in Austin is very good so far as the whole nation or the whole economy is concerned; however, we will take it for what it is. But there is another aspect of this thing which still bothers me. I assume that, in the inauguration of these plans and in order to attempt to furnish work for those who have been guaranteed wages for a year, employers will be picking up all sorts of allied lines—side lines—in order to give employment during the period in which the worker will not be working on his regular job.

Mr. Dale: That is a very good scheme. For example, the General Foods Company has done an excellent job. They produce Postum products in winter and Jello in summer. But, on the other hand, smaller companies whose basis of efficiency and competitiveness is specialization will find it very difficult to add other products if their costs are not to increase too much. Otherwise, there is a very great danger that small, specialized business will have to combine to produce several products in order to make the employment more stable.

Mr. Spencer: The extent to which that goes on endangers the specialist in the kind of society in which we live. He gets his fingers in too many pies, and he will not be able to do these side lines very well and may be endangering the thing that he is best prepared to do.

Mr. Chernick: I would not worry about that consequence too much. These small firms which you are talking about are usually appendages of larger industries, and a regularity of employment in their plants depends on the regularity of employment in the larger industries.

Mr. Dale: But there is one final important thing that we must keep in mind. The businessman cannot be expected to do all the stabilizing. First of all, the progressive labor unions have shown that they can go beyond a desirable ideal and actively cooperate with management in bringing about more stable employment.

Mr. Spencer: Right now we have before us in this country the prospect of employment of dimensions of the type that we had in 1930. There are some who think that it will be even more extensive, and I would like to make this statement: I do not see in this particular plan which you people are espousing here any hope in assisting us in this reconversion period or in the maintenance of high levels of employment.

Mr. Dale: The guaranteed annual wage is welcome as an ideal, but most employers cannot provide more than a partial guarantee. However, the discussion of the guaranteed annual wage must be strictly distinguished from the possibilities of employment stabilization. The latter is a prerequisite of a guarantee. Business should try and examine as carefully as possible the various measures which it could take to make its own employment more stable.

Mr. Spencer: I can see that it will make employment somewhat more stable, but I do not see how it is going to create any more employment.

Mr. Chernick: It is not designed to create any more employment except in an indirect way. For creating higher levels of employment, I insist that we still need other measures. What guaranteed annual wages will do after they are introduced in any level of employment will be to expand security for individual employees and to contribute to the mitigation of depressions by maintaining purchasing power by spreading stability from some plants to other plants in the economy.

Mr. Spencer: We must, in other words, go ahead with all the plans which the Government, management, labor and those working cooperatively together to bring ourselves out of this reconversion period can present, establish high level employment, whether they be fiscal policies or policies with respect to international economic relations, or policies with respect to the Full Employment Act, or policies with respect to the extension of unemployment compensation, which is another way of guaranteeing annual income.

Mr. Chernick: Yes, but whatever level of employment we reach, there is a place for the guaranteed annual wage.

Mr. Spencer: You think of this, then, as being just one device in the total program which, we hope, can be established and administered for the purpose of bringing about a sound, well-balanced economy.

Mr. Chernick: I agree to that.

Mr. Dale: Perhaps one of the most important omissions of business has been the irregular spacing of the purchases of capital goods. Given a more favorable climate of Government legislation and attitude, business should be able to space the purchase of capital goods better than in the past. Sometimes it may be possible for consumers to space their purchases more regularly. This is especially important as regards the buying of durable consumer goods, such as automobiles, refrigerators, radios, etc. If the purchase of this type of goods is too heavily "bunched" after the war, a point may come when most of the purchases will have been made and the time for replacements has not yet come. Such behavior on the part of consumers might then cause a most disturbing drop in the sales of durable consumer goods.

Mr. Spencer: I think that that is a fine, pious wish, but in a system of free society you are just talking when you tell people to space their purchases.

Mr. Dale: We have done it during the war, and I think that we can do it again.

Mr. Spencer: I think that we are agreed that a guaranteed wage has promise in the period following reconversion—that it would give workers a deeper sense of security and that it will tend to give the employer a more efficient, stable labor force and that to that extent it will make some contribution to stabilizing our whole economy. All of us, I think, agree that the government itself should not participate in the formulation and administration of such plans; that they should be worked out by management alone or by management in cooperation with labor. Perhaps I have less faith in the guaranteed annual wage than Dale and Chernick. I am not at all sure that it will do what you gentlemen think it will do. It may even be another managerial fad like the incentive plan, but at the same time we do have here a concrete, practical plan which employers can try with a view of stabilizing employment; and, if they can do it in their own establishments, I think that it will spread to others. But, in the meantime, I think that we all agree that the Government, labor, and management itself must carry forward other plans to bring us out of reconversion and in the post-reconversion period to establish high levels of employment so that we can get a sound, well-balanced economy.

Municipal News & Notes

Dealers and investors in municipal bonds who may be inclined to judge the financial status of Jersey City on the basis of carelessly phrased news stories, rather than on facts, should lose no time in securing a copy of the report just issued by Wainwright, Ramsey & Lancaster, 70 Pine St., New York 5, N. Y. This document, covering the financial operations of the New Jersey community during the period 1940-1944, incl., serves to once again deflate the recurrent politically-inspired "charges" of maladministration of the city's fiscal affairs, etc., etc.

Perhaps the most revealing and impressive section of the report is that bearing on the course of the municipal debt structure in recent years.

The record discloses, for example, that the city's net debt at June 30, 1945, amounting to $41,736,510, reflected a reduction of no less than 41.4% since Jan. 1, 1936, when the total was $71,173,114. Moreover, under the present schedule of maturities, the city will retire over 50% of the current net indebtedness in the next seven years.

In the present year alone, there will be paid off, through budget appropriation, $2,233,000 of general serial bonds, $455,000 school serial bonds and $288,000 of water serial bonds.

The total bond and note indebtedness at June 30 last was $52,113,510, against which there was a sinking fund of $10,377,000, leaving net indebtedness at $41,736,510. By virtue of appropriations from surplus early this year, sinking funds are now equal to outstanding term indebtedness.

Coincident with the action of establishing sinking fund assets at 100% of requirements,

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Municipal News And Notes

(Continued from page 1251)

the city canceled a total of $1,366,255 of assets which consisted of that amount of various term bonds of the city previously purchased by the funds.

With respect to the total outstanding funded debt of $52,113,510, it may be noted that this includes $11,659,000 of water bonds. The municipal water system is fully self-sustaining and produces an annual surplus, after provision for debt service charges, operating expenses, maintenance costs., etc. These surpluses are utilized in part to reduce taxes for general budget operations.

An interesting and informative section of the study by Wainwright, Ramsey & Lancaster, is a discussion of the lengthy litigation involving the payment, or non-payment, of more than $100,000,000 in taxes by the various railroads whose facilities are situated in New Jersey.

The subject is of considerable importance to Jersey City, which is assured of receiving a minimum of close to $5,000,000 under existing conditions, and more than twice that amount in the event that its claims are fully satisfied.

The report contains comparative statistical data on such subjects as assessed valuations, tax rates and tax collections, budgets, annual cash and unencumbered surpluses (latter reached a peak of $12,472,236 for the year ended Dec. 31, 1944), also a calendar of debt service requirements.

Sweden's "Planned Economy"

(Continued from page 1228)

Asked about the influence of Russia in Sweden and Sweden's reflection of different foreign influences, Mr. Jacobson commented: "Yes, in Stockholm some people are influenced by Russian ideas. Here in Gothenburg, that does not apply. In the past Sweden has been influenced a good deal by German ideas. We like to study all foreign systems to see whether there is anything in them we can glean. To illustrate what I mean by Russian influence: when the USSR began the five-year plan people in Sweden said we should see whether that carries a lesson we can emulate. After the Nazis launched their domestic program before the war we saw that they put people to work, so people began to say here: 'Is there anything in that system which we can apply here?' In the United States and the United Kingdom during the war the governments naturally interfered with private enterprise, and we could not help being influenced in our thinking by that. Sweden looks at any new development abroad to see whether there is in it anything new for Sweden. My point is that State interference with free enterprise in Sweden will be prolonged if it is prolonged in your country, and will be relaxed if it is relaxed in your country, because we are always influenced by what happens among our stronger neighbors. In the future we are sure to be influenced in greater measure than heretofore by the United States and Great Britain for the very good reason that there won't be any ideas emanating from Germany for a long time to come. State interference with business I view as a sort of sickness."

U. S. and Swedish Co-operation

One concrete thing that the United States could do to help Sweden and other countries would be to attend international conferences which deal with standardization and in this respect America has been remiss, according to an interview which this writer had with Dr. Hilding Tornebohm, a Gothenburg industrialist who is president of Sweden's standardization commission. Dr. Tornebohm pointed out that American machine tools are extremely popular with Swedish industrialists. He pointed out that before the recent war Sweden bought about 40% of its machine tool imports from the USA and another 33% from the United Kingdom. Dr. Tornebohm calls machine tools "the golden key to European reconstruction," adding the opinion that "it is not wise to give Europe consumer goods."

The lack of uniform international standards in industry Dr. Tornebohm regards as deplorable. "There are conspicuous exceptions, it is true, as for example ball bearings. But threads are an example of the opposite kind. Had there not been standardization of motion picture films some years ago, the American export market in films just could not have come into existence," this Gothenburg industrialist declared. This is just an example of what could be done, he said. But the USA, which has so large a home market, has not been very interested in the annual meetings of the International Standards Association.

Dr. Tornebohm cited the case of roller bearings, which are a famous Swedish product. In the United States, he said, "they are still making roller bearings on the inch system. If we in Sweden buy an American machine tool and we have to replace a bearing, we must wait perhaps a month. If we want to improve international trade, we must remove all possible trade barriers, and lack of uniform standards is certainly a trade barrier.

"I can give you a good example in threads, which are on different standards in the USA and the UK. On the Italian front the United States had excellent machine shops, yet they were unable to repair French and British tanks, simply because of the difference in threads. This caused material delay in the winning of the Italian campaign and was extremely costly to the Allies.

"Consider the machine tools made by the company of Mr. Robert Gaylord, now visiting this country on behalf of the NAM. That company uses roller bearings which do not conform to the standards other countries have agreed upon. Also all the screws on that company's machines are different. If we have to replace a screw, we have not the tools to do so, unless we make it individually. Here in Sweden we have standardized doors and windows in houses, standardized threads on bottles, standardized sacks, etc. There is a great deal still to be done in this field internationally."

Professor Myrdal's Views

Prof. Gunnar Myrdal, the Commerce Minister of Sweden, declined to comment, when requested by me, on the economic outlook in the United States. It will be recalled that in March, 1944, Prof. Myrdal delivered before the National Economic Society in Stockholm, an address in which he gave voice to very gloomy prophecies as to America's ability to avoid a serious depression. However, persons with whom the writer has discussed the matter in Sweden express the opinion that Prof. Myrdal has since considerably modified his apprehensions about the United States.

Prof. Myrdal's views in March, 1944, were that, after the war, the United States would experience great economic unrest, with shortages in some fields and surpluses in others. The price structure, he then felt, would be badly shattered. He foresaw mass unemployment in large areas, and serious labor troubles. Although there might be a sellers' market during the immediate post-war period, within from six months to three years of the war's end, Myrdal told his Stockholm audience in 1944, this would change into a slump, which might be regarded as the culmination of the deflationary movement of the early 1920s and the great crises of 1929 and 1932.

Although refusing to give his views on the outlook in the USA, Prof. Myrdal made the following statement regarding Sweden's economic policies:

"The best source of information as to Sweden's international economic policy is the report of the Economic Planning Commission under my presidency. What that report recommends is also my view. That report will guide the present Government in meeting the problems ahead.

"As a small country with a highly developed international trade, Sweden is an enthusiastic supporter of the tradition of free trade, and is opposed to any discriminatory trade devices. Our best interests lie in a system of unhampered competition all over the world, with the right to buy where we can buy the cheapest. Moreover, as a small country we are for peace and justice. Hence, we are prepared at every opportunity to enter international organizations. Our main goals include stable exchange rates. However, we see that present tendencies are moving contrariwise and, after all, we are compelled to live in the world as it is. It is for this reason that we are making bilateral trade agreements with other countries like the United Kingdom, Norway, Belgium, Holland, France, Poland and Czechoslovakia. I returned only last week from negotiating the agreement with Poland.

"What these agreements amount to is that, for the present, Sweden is doing a lot of exporting on credit, for we are in a position to supply more goods the other countries want than the amount of goods obtainable by us. We make delivery, even when we cannot get counterdelivery. In doing so we are stretching our economy to the utmost, for obviously we are in need of raw materials from abroad. Indeed, we are rather scared of the situation because of the commercial obligations we have been undertaking. We are hopeful that shortly we shall be able to benefit from the American Trade Agreements Extension Act. It will be recalled that Sweden was one of the very first countries to negotiate a trade agreement with the United States after the original act was passed by Congress.

"I would like to emphasize that Sweden is opposed to autarchism and is for a large volume of international trade and stability in international economic relations. In building up foreign loans and investments, the United States and Sweden today are in very much the same boat. The only way that foreign loans and investments can be economically profitable to the lender is by the

Maryland State Roads Commission Asks Bids On $1,500,000 Bonds

William A. Codd, Chief Auditor of the Maryland State Roads Commission, announces (see official notice in adjoining column) that sealed bids will be received by the Commission until 10 a.m. on Sept. 25 on an offering of $1,500,000 not to exceed 2¾% interest Chesapeake Bay Ferry System improvement bonds. The bonds will be dated Oct. 1, 1945, and mature serially from 1947 to 1960, incl. This constitutes the first new financing undertaken by the Commission for sometime.

Harriman Ripley Syndicate Buys Port Authority Bonds

A syndicate headed by Harriman Ripley & Co., Inc., was the successful bidder for the $7,500,000 Port of New York Authority series J terminal bonds offered for sale yesterday, paying a price of 96.1099 for the issue as 1¾s. The bonds, maturing in 1985, were reoffered by the underwriting group at a price of 98.

The degree of investor interest in the offering is illustrated in the fact that more than $4,500,000 of the bonds had been placed by the syndicate at the close of business yesterday.

In addition to the winning bid, two other offers were received by the Port Authority, with the coupon rate of 1¾% being named in each instance. The second high tender was made by a group headed by Blyth & Co., which named a price of 94.60, and the third and final entry of 94.269 came from an account formed by Halsey, Stuart & Co.

Holders of $70,000,000 Alberta Bonds Already Have Approved Debt Pact

Holders of more than $70,000,000 outstanding Alberta securities have signified their assent to the debt refunding program promulgated by the Canadian Province under date of July 16 last, it was announced on Sept. 11 by Premier E. C. Manning. The advices from the Premier were disclosed by Norman S. Taber & Co., financial advisers to the Province. The figure of $70,000,000 represents over 80% of the amount of assents required under the offer before the program can be declared operative.

In making his report, Premier Manning stated that the response to the refunding offer was most gratifying.

Labor's Rights and Responsibilities

(Continued from page 1249)

rate and that it is working in satisfactory conditions, is necessary to the welfare of our country. It is also a prerequisite to a satisfactory understanding between labor and employment.

But as I have suggested, it cannot be all give and no take either so far as industry or as labor is concerned. If industry owes living wages to labor and working conditions that recognize an obligation to be concerned for the safety and welfare of the employees, so does labor owe it to the country, as well as to itself, to rid its ranks of drones and grafters. We cannot shut our eyes to the fact that there are some disreputable labor leaders—men with grasping fingers and deep pockets. Working men cannot afford to assume the attitude of indifference to this type of leadership because the graft is apparently levied upon others than themselves. We have been all too familiar and too tolerant in this country of improprieties in connection with money. Politicians have thrived on easy money exacted from men who have wanted an improper preference that we call a special privilege. Certain types of businessmen have not scrupled to levy a toll upon those whom they feel that they are in a position to blackmail or from whom they can exact it improperly. And just as the taking of dirty money has been the bane of American life, both as to certain of its politicians and certain of its businessmen, should the working man see to it that he is not impaled upon a hook as bait to dangle for the illegitimate profit of certain unscrupulous leaders. It is a mistake to suppose that the illicit dollar that goes to a labor leader is not a toll that in the end has to be paid by the working man whom the leader purports to represent. I cannot too strongly urge that in this regard, as in so many others, working men set a high standard that will redound not only to their credit but to that of the labor movement generally.

There will be those in the postwar world who will view a program of full employment, with industrial justice for all, as a threat to their privileges and perquisites. Cries of anguish against such a program are already being heard. Beneficiaries of special privilege are already campaigning for a return of the "good old days" that satisfied dear old dad.

Labor's Stake in the Peace

Circumstances have combined to lend weight to these cries. The millions of men who have fought in this war spent much of their time in foxholes thinking about the "good old days" before the war. To a man in a foxhole even the filthiest slums of our greatest cities looked, in retrospect, like paradise. The inarticulate longing for the "good old days" which was so strong within him during his foxhole days will have made a lasting impression. Those who are now entrenched in greed and arrogance know this and they hope to use the soldiers' longing for the "good old days" as an aid in returning to the "good old days" when lawless privilege and unsocial greed were an accepted part of our economy.

It may be that some of the men who fought in this war and, while so doing, longed for the "good old days" will be so bemused by this slogan that they will follow the Lorelei of corporate power and wealth. I think, however, that these men will not be long bewildered. Now that the war is over, the man in the foxhole who had rosy dreams of the slums of Baltimore, Washington, or New York will lose his distorted perspective. He will see the slums for what they are. If he does not, it is up to labor to remove the foxhole-coloration from his glasses and show him how he is being used.

It is clear that labor's stake in winning the peace is as great as its stake in winning the war. It is also clear that all kinds of obstacles will be placed in the way of achieving the time-tested aims and aspirations of labor. That they will be accomplished in the long run is unquestioned. The trouble is that in too long a run we will all be dead. The important goal to keep in mind is the achievement of these objectives now. This generation, too, is entitled to its share of the well-being of life. To this end, the working men and women of America must bend their unflagging efforts.

In this fight, for the first time, labor has the Federal Government on its side. Since 1933, the right of labor to bargain collectively—the Magna Carta of labor—has been written into the law of the land. A measure of social security and unemployment compensation has been achieved. More needs to be done in these fields and they will be. Already President Truman has asked for a broadening of the Social Security Act.

When, and if, another depression should strike this land, a program of public works should be immediately instituted, thus furnishing jobs for millions, not only on the projects themselves but in the factories which supply the materials and to the carriers that transport them. The fact that we may have to spend a few billion dollars on such a program should no longer frighten us when we have already spent well over two billions to develop an atomic bomb.

As a matter of fact, the spending of four or five billion dollars on a public works program to halt a depression would be comparable to priming a pump with an eyedropper. Already war contracts amounting to almost a billion dollars have been canceled here in the Baltimore area alone. In contrast to our wartime expenditure, four billion dollars are but a fraction of 1%. We must immediately set up a reserve of public works so that another depression will not find us without projects blueprinted and ready to go. I regret to say that, so far as I can find out, there is no public works program or list of public works worthy of the name which would be ready for execution if a depression were to strike us tomorrow, despite our painful experience at the time of the last depression.

End Job Discrimination

Within a comparatively few years, I expect to see the end of job discrimination because of race, color, or creed. We are already well on the way to this goal. To me this meeting today, when for the first time this park, located south of the Mason and Dixon line has been thrown open for a public meeting to whites and negroes alike, is a significant step along the truly democratic road which will lead to an era of no discrimination. The time will come when the American people will be ashamed of the economic slavery that in many places continues today to be imposed upon the negroes just as they are now ashamed that in this country the Negro was once held as a chattel slave. And with the end of this unjust discrimination will come finis to the poll tox which, too, is an unfair and unjust discrimination and which is a continuation of slavery in the political field. We may all rejoice that, in spite of the obscurantism of those who seek to maintain the economic and political ascendancy acquired as a result of unfair practices and the practice of discrimination, a shameful chapter in American history is drawing to its close.

We here in America hold in our hands the hope of the world, the faith of the coming years, and shame and disgrace will be ours if, in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of man. If we go on to build a country of great but unjustly opportioned material prosperity, we shall have done nothing and we shall do as little if we merely match the greed of arrogance and thereby destroy the material well-being of us all. We not only must admit, but see to it that there be self-restraint on the part of all of us so that we may be constantly aware of our own duties and responsibilities as well as appreciative of the rights of others.

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lender receiving payment. This means sooner or later an import balance of trade, taking visible and invisible items together. To export without importing is inflationary.

"We in Sweden have built up a whole system for combating depression. Of course, our situation is in many respects different from that of the USA. We are, for one thing, a small and well-organized country. The Swedish State owns or controls industries constituting a large part of the economy, including telephone and telegraph, railroad, and other enterprises. Thirdly, the State practically controls all housing construction by virtue of having taken over most of the financing carrying the greater risks. A fourth point of difference is that here there is close collaboration between the Government and private capital as to investment in industry.

"Our plans for combating depression are to use to the utmost the usual means: particularly credit and monetary policy, i. e., interest rates. We aim to keep housing construction constant. We shall use public investment as a countercycle. For example, in times of low employment we shall engage in electrification of the railroads. Also, we have certain schemes to subsidize consumer purchases of durable goods like furniture somewhat along the lines of the food-stamp plan, with which Americans are familiar.

"Also we are working on plans for stockpiling everything that can be stockpiled without destroying the market. In short, we are going to employ every means we can to keep employment up.

"Two points need to be noted. (1) It is definitely not part of our plans to resort to currency depreciation as a means of combating internal depression. (2) It is not our idea to resort to discrimination against imports.

"What we plan is an expansionist policy. We seek to keep our economy free from contractionist influences. From the long-run standpoint, Sweden would be ill-advised to plan a policy which would decrease its foreign commerce."

Dealer-Broker Investment Recommendations and Literature

(Continued from page 1231)

velopments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Gas Utilities and **The Chicago Corp.**—Circulars—Hicks & Price, 231 South La Salle Street, Chicago 4, Ill.

Consolidated Rock Products—Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

Continental Aviation & Engineering—Study of outlook and possibilities for this company which is a factor in the field of jet propulsion—Ward & Co., 120 Broadway, New York 5, N. Y.

Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass; Continental Aviation & Eng.; Michigan Chemical and Purolator Products.

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 40 Exchange Place, New York 5, N. Y.

Also available is a memorandum on **International Detrola.**

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

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

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

Great American Industries—special analysis—Allen & Company, 30 Broad Street, New York 4, N. Y.

Also available a special report on **Southeastern Corporation.**

Gro-Cord Rubber Co.—recent analysis—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Also available is a study of **Mississippi Glass Co.**

Hajoca Corp.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **Thermatomic Carbon Co.** and a new analysis of **Panama Coca-Cola.**

Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co., 25 Broad Street, New York 4, N. Y.**

Michigan Steel Casting—report—Strauss Bros., 32 Broadway, New York 4, N. Y.

(Continued on page 1256)

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, SEPT. 13

ARMSTRONG CORK CO. on Aug. 25 filed a registration statement for 161,522 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of Aug. 30.

Offering—The company is offering 108,528 shares to holders of common stock of record Sept. 13, 1945, in the ratio of one share for each 13 shares of common held at a price to be filed by amendment. The company also is offering 52,994 shares to holders of its 4% cumulative convertible preferred stock in exchange on a share for share basis. The exchange offer will expire Sept. 25. The underwriters will offer any unsubscribed or unexchanged shares at a price to be filed by amendment.

Underwriters — The underwriters are Smith, Barney & Co.; Kidder, Peabody & Co.; Mellon Securities Corp.; Blyth & Co., Inc.; E. W. Clark & Co.; Dillon, Read & Co., Inc.; Drexel & Co.; Eastman, Dillon & Co.; First Boston Corp.; Goldman, Sachs & Co.; Graham, Parsons & Co.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co.; Lehman Brothers; Moore, Leonard & Lynch; Morgan Stanley & Co.; Reynolds & Co.; Singer, Deane & Scribner; Stone & Webster and Blodget, Inc.; Stroud & Co., Inc., and Union Securities Corp.

FRONTIER REFINING CO. on Aug. 25 filed a registration statement for $400,000 5% sinking fund debentures, due Sept. 1, 1950.

Details—See issue of Aug. 30.

Offering—Price to the public will be filed by amendment.

Underwriters—Boettcher & Co., Peters, Writer & Christensen, Inc., and Sidlo, Simons, Roberts & Co.

FROEDTERT GRAIN & MALTING CO., INC., on Aug. 25 filed a registration statement for 40,000 shares of cumulative preferred stock, par $50. The dividend rate will be filed by amendment.

Details—See issue of Aug. 30.

Offering—The price to the public will be filed by amendment.

Underwriters—The principal underwriters are Schroder Rockefeller & Co., Inc., and Loewi & Co.

SATURDAY, SEPT. 15

AMERICAN TELEPHONE & TELEGRAPH CO. on Aug. 27 filed a registration statement for $160,000,000 30-year 2¾% debentures, due Oct. 1, 1975.

Details—See issue of Aug. 30.

Offering—The price to the public will be filed by amendment.

Underwriters—The debentures will be offered for sale at competitive bidding. Bids are to be received before 11:30 a.m. on Sept. 24, 1945, at which time they will be opened.

SUNDAY, SEPT. 16

BURRILLVILLE RACING ASSOCIATION on Aug. 28 filed a registration statement for $1,000,000 6% 20-year debentures due Sept. 1, 1965, and 10,000 shares class A stock (no par).

Details—See issue of Sept. 6.

Offering—The public offering price for a unit consisting of $500 of debentures and five shares of stock is $500 with the underwriter receiving a commission of $25

Underwriters—Barrett & Co., Providence, R. I., underwriters.

THRIFTY DRUG STORES CO., INC. on Aug. 28 filed a registration statement for 25,000 shares of 4½% cumulative preferred, series A ($100 par), and 150,000 shares of common (par $1). Of the total, 16,259 shares of the preferred will be sold by the company and the remaining 8,741 shares of preferred and the 150,000 shares of common will be sold by certain stockholders.

Details—See issue of Sept. 6.

Offering—The price to the public will be filed by amendment.

Underwriters—Eastman, Dillon & Co., underwriters.

MONDAY, SEPT. 17

MEMPHIS STREET RAILWAY CO. on Aug. 29 filed a registration statement for $3,500,000 first mortgage serial bonds. The bonds are to be offered for sale at competitive bidding, with the successful bidder naming the interest rate.

Details—See issue of Sept. 6.

Offering—The price to the public will be filed by amendment.

Underwriters—Names will be filed by amendment.

GENERAL FINANCE CORP. on Aug. 29 filed a registration statement for $2,000,000 15-year 3¾% debentures, due Aug. 1, 1960.

Details—See issue of Sept. 6.

Offering—The price to the public will be filed by amendment.

Underwriters—Paine, Webber, Jackson & Curtis, principal underwriters.

ADAM HAT STORES, INC., on Aug 29 filed a registration statement for 150,000 shares of common stock, par $1, of which 100,000 shares are to be offered for sale for cash and 50,000 shares reserved for issuance upon the exercise of stock option warrants. Of the stock to be offered, 95,000 shares are being sold by Elias Lustig, President, and 5,000 shares by Harold E. Lustig, Vice-President and Treasurer. The statement also covers 50,000 warrants of which 25,000 are being sold to certain officers and employees of the company and 25,000 to underwriters.

Details—See issue of Sept. 6.

Offering—The price to the public is $8.50 per share.

Underwriters—The underwriting group is headed by Van Alstyne, Noel & Co.

WEDNESDAY, SEPT. 19

ARDEN FARMS CO. on Aug. 31 filed a registration statement for 50,000 shares of $3 cumulative and participating preferred stock, without par value.

Details—See issue of Sept. 6.

Offering—The company has granted holders of its preferred stock rights to subscribe to the new preferred at the rate of one share for each 2½ shares held. The subscription price will be filed by amendment. Unsubscribed shares shall be sold at such price as fixed by the board of directors.

Underwriters—To be filed by amendment.

INTERNATIONAL RESISTANCE CO. on Aug. 31 filed a registration statement for 175,000 shares of 6% cumulative convertible preferred (par $5) and 525,000 shares of common (par 10 cents), of which 350,000 are to be reserved for conversion of the preferred stock.

Details—See issue of Sept. 6.

Offering—The stock will be offered in units consisting of one share of preferred and one share of common stock for $5 per unit.

Underwriters—The principal underwriters are Newburger & Hano, and Kobbe, Gearhart & Co., Inc.

THURSDAY, SEPT. 20

ALLIED CONTROL CO., INC., on Sept. 1 filed a registration statement for 100,000 shares of 55-cent cumulative preferred stock (par $8) and 20,000 shares of common (par $1).

Details—See issue of Sept. 6.

Offering—The securities are to be initially offered in units of one share of preferred and one-fifth share of common at a price per unit to be filed by amendment.

Underwriters—Ames, Emerich & Co., Inc., and Dempsey & Co. are named principal underwriters.

SUNDAY, SEPT. 23

CONSOLIDATED GROCERS CORP. has filed a registration statement for $6,000,000 15-year sinking fund debentures, 40,000 shares cumulative preferred stock, par $100, and 100,000 shares of common, no par. The interest rate on bonds and dividend rate on preferred will be filed by amendment. Of the common stock registered, 50,000 shares are being sold by Nathan Cummings, President and the remaining securities by the company.

Address—135 South La Salle Street, Chicago, Ill.

Business—The company and its subsidiaries conduct a general wholesale grocery business.

Offering—The offering prices will be filed by amendment.

Proceeds—The agregate net proceeds to the company from the sale of $6,000,000 bonds, 40,000 shares of preferred and 50,000 shares of common will be used for the redemption of $2,321,523 collateral installment promissory notes at 102; the redemption of 15,000 shares of 6% cumulative preferred stock at $105 per share and the payment of $6,323,517 3% notes. Any balance will be added to the working funds of the company.

Underwriters—The underwriters include A. C. Allyn & Co., Inc.; H. M. Byllesby & Co., Inc.; Central Republic Co., Inc.; Paul H. Davis & Co.; W. C. Langley & Co.; Paine, Webber, Jackson & Curtis; E. H. Rollins & Sons, Inc.; First Cleveland Corp.; First Trust Co. of Lincoln; Stifel, Nicolaus & Co., Inc.; Ames, Emerich & Co., Inc.; Julien Collins & Co.; Dewar, Robertson & Pancoast; Rauscher, Pierce & Co., Inc.; Mason, Moran & Co., and Mason-Hagan, Inc.

Registration Statement No. 2-5894. Form S-1. (9-4-45).

MONDAY, SEPT. 24

PENNSYLVANIA - CENTRAL AIRLINES CORP. has filed a registration statement for $10,000,000 15-year convertible income debentures due Sept. 1, 1960. The interest rate will be filed by amendment.

Address—Washington National Airport, Washington, D. C.

Business—Air transport business.

Offering—The price to the public will be filed by amendment.

Proceeds—Net proceeds will be applied towards the purchase of additional aircraft and other necessary operating property aggregating approximately $7,500,000. The remaining $2,500,000 would be reserved for general expansion expenses including possible expansion of routes.

Underwriters—The underwriting group is headed by White, Weld & Co., and Carl M. Loeb, Rhoades & Co.

Registration Statement No. 2-5895. Form S-1. (9-5-45).

TUESDAY, SEPT. 25

MURRAY CORP. OF AMERICA has filed a registration statement for 104,500 shares cumulative preferred stock, 4% series, $50 par.

Address—7700 Russell Street, Detroit, Mich.

Business — Pre-war business consisted primarily of the manufacture and sale of parts and assemblies for passenger automobile and truck bodies, etc.

Offering—The company is offering the 104,500 shares of preferred to the holders of its common stock for subscription prior to Oct. 8, 1945, at $50 per share at the rate of 11 shares of preferred stock, for each 100 shares of common stock held of record Sept. 26. The underwriters have agreed to purchase any unsubscribed shares.

Proceeds—The proceeds to the corporation are estimated at $5,081,312, exclusive of expenses of $78,097. Proceeds will be used, in whole or in part, to provide for the rearrangement and expansion of the corporation's manufacturing plants which it is hoped will reduce costs, to provide for new departments, and to increase production of existing and new products, all for the purpose of enabling it to meet anticipated post-war requirements. It is estimated that the over-all expenditures will be between $6,500,000 and $7,000,000, the company to supply any excess funds over proceeds from preferred stock sale from cash resources, borrowings or the sale of additional securities.

Underwriters—The underwriting group is headed by Harriman Ripley & Co., Inc., and Watling, Lerchen & Co.

Registration Statement No. 2-5896. Form S-1. (9-6-45).

GRAY DRUG STORES, INC., has filed a registration statement for 20,000 shares of convertible preferred stock. The dividend rate will be filed by amendment. Company also registered 40,000 shares of common reserved for conversion of the preferred.

Address—2400 Superior Avenue, Cleveland, O.

Business—Operates a chain of retail drug stores located in 35 cities.

Offering—Price to the public will be filed by amendment.

Proceeds—Of the proceeds $570,000 will be applied to the retirement of a bank note which was issued to finance in part the company's acquisition of the capital stock of Widmann & Teah, Inc. All or a portion of the balance will be used for expansion and improvement of existing stores and for the acquisition of additional stores.

Underwriters—Merrill, Turben & Co., Cleveland, heads the underwriting group.

Registration Statement No. 2-5897. Form S-1. (9-6-45).

CROWN ZELLERBACH CORP. has registered 353,103 shares of cumulative preferred stock and 176,552 shares of cumulative second preferred stock. The dividend rate on the stocks will be filed by amendment. Second preferred is convertible into common.

Address—343 Sansome Street, San Francisco 19, California.

Business—Paper company.

Offering — Company will offer 353,103 shares of new first preferred and 176,552 shares of second preferred convertible stock to holders of the presently outstanding 529,655 shares of $5 preferred on the basis of ⅔ of a share of 1st preferred and ⅓ share of second preferred for each share now held. Shares of 1st and 2nd preferred not taken in exchange will be sold to underwriters.

Proceeds—Proceeds of preferred sold to underwriters will be used to redeem remaining shares of unexchanged $5 preferred on Dec. 1, 1945 at $102.50 plus accrued dividends.

Underwriters—Blyth & Co., Inc. principal underwriter.

Registration Statement No. 2-5898. Form S-1. (9-6-45).

THURSDAY, SEPT 27

SOUTHWESTERN BELL TELEPHONE CO. has registered $75,000,000 principal amount of 40-year, 2¾% debentures, due October, 1985.

Address—1010 Pine Street, St. Louis 1, Missouri.

Business—Telephone company.

Offering—Offering price to be filed by amendment.

Proceeds—The company plans to use proceeds to retire $30,000,000 principal amount of outstanding first and refunding mortgage 3% bonds, series C, due July 1, 1968, on next Jan. 1, at 104% and accrued interest, and to redeem $45,000,000 principal amount of outstanding first and refunding mortgage 3½% bonds, series B, due Dec. 1, 1964, on June 1, 1946 at 105 and accrued interest.

Underwriters—To be sold at competitive bidding.

Registration Statement No. 2-5899. Form A-2. (9-6-45).

CINCINNATI GAS & ELECTRIC CO. has registered $45,500,000 first mortgage bonds due 1975 and 280,000 shares of cumulative, $100 par, preferred stock.

Address—Fourth and Main Sts., Cincinnati 1, Ohio.

Business—Public utility.

Offering—Offering price of bonds to be filed by amendment. The interest rate on preferred and bonds will also be filed by amendment. Company will offer the 280,000 shares of new preferred stock in exchange to holders of the presently outstanding 400,000 shares of old preferred stock on a share for share basis. New preferred not taken in exchange will be sold to underwriters.

Proceeds—The proceeds from the sale of the new bonds and the new preferred stock not taken in exchange plus general funds of the company and a capital contribution of $6,000,000 from Columbia Gas & Electric Co. will be used as follows: 1. to redeem $40,024,000 principal amount of old 3¼% and 3½% bonds presently outstanding at 104 and 105½ respectively plus accrued interest; 2. to redeem all of the presently outstanding shares of old preferred stock not exchanged for new preferred stock at $107.50 plus accrued dividends; 3. to make payment to acquire from Columbia the stocks and indebtedness of Miami Power Corp., Union Light, Heat and Power Co. and the West Harrison Electric and Power Co.

Underwriters—To be sold at competitive bidding.

Registration Statement No. 2-5900. Form S-1. (9-8-45).

SATURDAY, SEPT. 29

WILSON & CO., INC., has filed a registration statement for 250,000 shares of cumulative preferred stock and an unspecified number of common shares.

Address—4100 South Ashland Avenue, Chicago 9, Illinois.

Business—Meat packing.

Offering—250,000 shares of the new cumulative preferred stock will be offered to holders of the presently outstanding 274,085 shares of $6 cumulative preferred stock on a share-for-share basis, and the company will also offer an unspecified number of common shares to holders of 50,000 shares of the old $6 cumulative preferred stock on the basis of an unspecified number of common shares for each share of preferred. The company provides that if more than 24,085 shares of old preferred are offered in exchange for the common, the number of new preferred shares offered in exchange for the old preferred will be correspondingly reduced. The exchange offer will expire on Oct. 10, 1945 and the balance of preferred not taken in exchange and still exchangeable for preferred stock will be sold to the underwriters.

Underwriters—Smith, Barney & Co. and Glore, Forgan & Co. named principal underwriters.

Registration Statement No. 2-5901. Form S-1. (9-10-45).

F. L. JACOBS CO., has filed a registration statement for 60,000 shares of 5% cumulative convertible preferred stock, par $50.

Address—1043 Spruce Street, Detroit 1, Michigan.

Business—Manufacturer of metal parts.

Offering—Price to public to be filed by amendment.

Proceeds—Proceeds together with other funds of the company to be used to discharge indebtedness of company in the amount of $5,000,000 to National Bank of Detroit.

Underwriters—H. M. Byllesby & Co., Inc., and E. W. Clucas & Co. head underwriting group.

Registration Statement No. 2-5902. Form S-1. (9-10-45).

MILLER MANUFACTURING CO. has registered $600,000, 5% sinking fund debentures, dated Dec. 1, 1945 and maturing serially from 1952 to 1970.

Address—1725 16th St., Detroit 16, Mich.

Offering—100% plus accrued dividends as to $288,000 principal amount of debentures maturing 1952 to 1960, inclusive; 99¾% as to $160,000 principal amount maturing 1961 to 1965 inclusive; and 99½% as to $152,000 principal amount maturing 1966 to 1970, inclusive.

Proceeds—Of proceeds $463,885 will be applied on the principal amount of company's indebtedness to bank and remainder will be used for other corporate purposes.

Underwriters—P. W. Brooks & Co., Inc.

Registration Statement No. 2-5903. Form S-1. (9-10-45).

SELECTED AMERICAN SHARES, INC. has filed a registration statement for 300,000 shares of common capital stock.

Address—Care of Security Supervisors (Managing Agent), 135 South LaSalle St., Chicago 3, Ill.

Business—Investment trust.

Offering—At market.

Proceeds—For investment.

Underwriters—None named.

Registration Statement No. 2-5904. Form S-5. (9-10-45).

SUNDAY, SEPT. 30

MOORE-McCORMACK LINES, INC., has registered 100,000 shares of $10 par common stock.

Address—5 Broadway, New York, N. Y.

Business—Steamship service.

Offering—Offering price to be supplied by amendment.

Proceeds—Proceeds will go to Emmet J. McCormack and Elizabeth G. McCormack, the selling stockholders.

Underwriters—Kuhn, Loeb & Co. principal underwriters.

Registration Statement No. 2-5905. Form S-1. (9-11-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN CENTRAL MANUFACTURING CORP. on Aug. 24 filed a registration statement for 142,154 shares of common stock, par $1.

Details—See issue of Aug. 24.

Offering—The company is offering the new stock for subscription by its common stockholders on the basis of one additional share for each 2½ shares held. The subscription price will be filed by amendment. Of the total, 85,304 shares will be offered to Aviation Corp., as stockholder, and 56,850 shares will be offered to other stockholders. Any shares not subscribed by other stockholders will be purchased by Aviation Corp.

Underwriters—None named.

ANCHORAGE HOMES, INC. on July 17 filed a registration statement for 505,000 shares of Class A capital stock, par $1 and 250,000 shares of Class B stock, par 10 cents.

Details—See issue of July 26.

Offering—There is to be presently offered to the public 250,000 shares of Class A and 50,000 shares Class B to be offered in units of 10 shares of Class A and 2 shares of Class B at a price of $60.20 per unit.

Underwriters—Andre de Saint-Phalle & Co., heads the underwriting group.

BENSON HOTEL CORP. on Aug. 22 filed a registration statement for $440,000 first refunding mortgage serial and sinking fund bonds series A dated July 2, 1945, due serially Jan. 1, 1946 to July 1, 1957.

Details—See issue of Aug. 30.

Offering—The offering price to the public will be as follows: $75,000 of 3s at 100.50, $84,000 of 3¼s at 100.75 and $281,000 of 3½s at 101.

Underwriters—B. C. Ziegler & Co., West Bend, Wis., is named underwriter.

BROCKWAY GLASS CO., INC., on Aug. 8 filed a registration statement for 10,000 shares of 5% cumulative preferred stock, par $50.

Details—See issue of Aug. 16.

Offering—The price to the public is $50 per share. The company will offer the securities to the residents of the City of Muskogee, Okla., and others who are interested in the establishment of a glass plant by the company at Muskogee, as well as to persons living in the vicinity of Brockway, Pa.

Underwriters — There are no underwriters.

BROOKLYN BOROUGH GAS CO. July 11 filed a registration statement for 15,000 shares cumulative preferred stock. The stock will be sold at competitive bidding and the dividend rate filed by amendment.

Details—See issue of July 19.

Offering—Price to public to be filed by amendment.

Underwriters—To be filed by amendment.

CENTRAL OHIO LIGHT & POWER CO. on Dec 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters—Kidder, Peabody & Co. and First Boston Corp. are named principal underwriters.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St. Louis, will manage the sale of the entire issue.

COLORADO MILLING & ELEVATOR CO. on Aug. 21 filed a registration statement for 111,890 shares of common stock, par $1. The shares are issued and outstanding. The selling stockholders are Union Securities Corp. 101,890 shares, and Joseph H. King, a director, 10,000.

Details—See issue of Aug. 23.

Offering—The price to the public is $13 per share. The underwriters are to receive $1.50 per share.

Underwriters—The underwriters are Paul H. Davis & Co., Chicago, 45,270 shares; Hornblower & Weeks, New York, and Boettcher & Co., Denver, 33,310 shares each.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

EVERSHARP, INC., on July 9 filed a registration statement for 32,500 shares of common stock, par $1. Shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers heads the underwriting group.

GENERAL MILLS, INC., on Aug. 16 filed a registration statement for 100,000 shares of 3⅜% cumulative convertible preferred stock, par $100.

Details—See issue of Aug. 11.

Offering—Common stockholders of record Sept. 7, 1945 are given the right to subscribe at the rate of one share of the new convertible preferred for each 20 shares of common stock at $100 per share. Warrants will expire at 3 p.m. Sept. 19, 1945.

Underwriters—The underwriters are Dillon, Read & Co., Inc., Allison-Williams Co., C. S. Ashmun, Caldwell Phillips Co., J. M. Dain & Co., Frank & Belden, Inc., Goldman, Sachs & Co., Hemphill, Noyes & Co., Kalman & Co., Inc., Kuhn, Loeb & Co., W. C. Langley & Co., Lee Higginson Corporation, Merrill Lynch, Pierce, Fenner & Beane, Park-Shaughnessy & Co., Piper, Jaffray & Hopwood, L. F. Rothschild & Co., Smith, Barney & Co., Union Securities Corporation, Watling, Lerchen & Co., Dean Witter & Co., Harold E. Wood & Co., and Woodward-Elwood & Co.

HAMILTON RADIO CORP. on July 27 filed a registration statement for 150,000 shares of its common stock, par $1, of which 100,000 shares are to be offered presently to the public and 50,000 shares reserved for the conversion of warrants, and 50,000 common stock purchase warrants.

Details—See issue of Aug. 2.

Offering—The common stock is being offered to the public at $5.75 per share. The common stock warrants entitle holder to purchase shares at $5.75 per share before Aug. 1, 1950. The company proposes to sell 30,000 of the warrants to underwriters, 15,000 to Adolphe A. Juviler, President and Treasurer, and 5,000 to Percy L. Schoenen, Vice President and Secretary, at 10 cents each.

Underwriters—Van Alstyne, Noel & Co. is principal underwriter.

HOUDAILLE-HERSHEY CORP. has filed a registration statement for $6,000,000 3% sinking fund debentures, due Sept. 1, 1960, and 190,000 shares of $2.25 cumulative convertible preferred, par $50.

Details—See issue of Aug. 9.

Offering—The public offering price of the debentures will be filed by amendment. Of the 190,000 shares of $2.25 preferred, 173,500 shares are to be offered by the company in exchange, on a share for share basis plus a payment of $5 a share to the company and with a cash adjustment of dividends, to holders of its outstanding Class A no par value stock. The remaining 16,500 shares and the unexchanged shares will be sold to the underwriters and offered to the public at a price to be filed by amendment. The $5 represents the difference betwen the par value of the new stock and the $45 redemption value of the Class A stock.

Underwriters—The underwriting group is headed by Paul H. Davis & Co. and Union Securities Co.

INDIANA GAS & WATER CO. on Aug. 17 filed a registration statement for $6,000,000 first mortgage bonds due 1970. The bonds will be sold at competitive bidding and the interest rate will be filed by amendment.

Details—See issue of Aug. 23.

Offering—The price to the public will be filed by amendment.

Underwriters—The names will be filed by amendment.

Bids Invited—Proposals for the purchase of the bonds will be received at company's office 11 So. La Salle St., Chicago, up to 12 noon EWT Sept. 17, the interest rate to be specified in the bid.

JEFFERSON LAKE SULPHUR CO., INC., on Aug. 9 filed a registration statement for 167,000 shares of common stock, $1 par.

Details—See issue of Aug. 29.

Offering—The company is offering to the holders of its common stock of record on Sept. 3, 1945, the right to subscribe at $9.75 per share for additional shares on the basis of seven-tenths of one share for each share held. Subject to the prior rights of holders of subscription warrants, officers of the corporation, who are not directors, and employees will be entitled to subscribe to 21,287 shares at $9.75 per share.

Underwriters—D'Antoni & Co., New Orleans, is the principal underwriter.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and 4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MINNESOTA POWER & LIGHT CO. on Aug. 11 filed a registration statement for $26,000,000 first mortgage bonds due 1975. The bonds will be sold at competitive bidding and the interest rate will be named by amendment.

Details—See issue of Aug. 23.

Offering—The price to the public will be filed by amendment.

Underwriters—The names will be filed by amendment.

Bids Invited—Bids for the purchase of the bonds will be received at company's office, 2 Rector St., New York, up to 12 noon EWT Sept. 17, the coupon rate to be specified in the bid.

MONTANA-DAKOTA UTILITIES CO. on July 25 filed a registration statement for 223,351 4-6 shares of common stock (par $5).

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment.

Underwriters—To be filed by amendment.

MORRIS PLAN CORP. OF AMERICA on Aug. 24 filed a registration statement for 937,500 shares of common stock, par value 10 cents.

Details—See issue of Aug. 30.

Offering—The company on Aug. 21, 1945, received $7,500,000 in cash from American General Corp. as the purchase price of the 937,500 shares covered by the prospectus. The 937,500 shares are offered by American General pursuant to agreements with Morris Plan Corporation for sale at $8 per share or for exchange under certain conditions. Under offer one the holders of common stock of Morris Plan Corporation, other than Industrial Finance Corp., will be entitled to purchase 1.60 shares of common for each share of new common stock held. The holders of 7% preferred of Industrial will be entitled to purchase 18.5 shares for each share held and the holders of common of Industrial will be entitled to purchase 0.40 shares for each share held. In the event that 7% preferred and common stockholders of Industrial do not elect to purchase the entire number of shares covered by the offer they will be entitled to exchange their shares on the following basis: for each share of 7% preferred of Industrial 12.50 shares of common of Morris Plan, and for each four shares of Industrial common one share of Morris Plan. A plan announced last month provided that Morris Plan would provide the stock to be sold by changing the authorized number of shares of old common from 200,000, par $5, to 3,500,000, par 10 cents each, and to issue four shares of new common for each share of old common outstanding so that as a result 591,165 shares of new common would be outstanding.

Underwriters—American General Corp. is named underwriter.

NOMA ELECTRIC CORP. on July 26 filed a registration statement for 247,361 shares of common stock, par $1.

Details—See issue of Aug. 2.

Underwriters—None.

Offering—Company is offering its common stock to stockholders of Triumph Industries, Inc., formerly known as Triumph Explosives, Inc., on the basis of two shares of Triumph common, $2 par, for one share of Noma. Ansonia Electrical Co., a wholly-owned subsidiary of Noma, owns 200,000 shares of the common stock of Triumph. The offer of Noma is conditioned upon the acceptance of the offer by the holders of at least 80% of the stock of Triumph within the time period designated. The result of the exchange offer, when effective, will be to convert Triumph into a controlled subsidiary of Noma as of July 31, 1945, notwithstanding the fact that the exchange offer will not be consummated until a later date, the statement said. Assuming all of the shares of Triumph are exchanged pursuant to the order the shares of Triumph will be recorded on the books of the company at $3,626,682. Triumph has 494,722 shares of common stock outstanding.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

The shares were awarded May 22 to Blyth & Co., Inc., at $36.76 7/10 per share but the SEC refused to approve the bid, stating that competition had "been stifled."

Bids Invited—The North American Co. on Sept. 5 invited proposals for the purchase as a whole of 700,000 shares of common stock. Proposals will be received at office of North American Co. up to 12 noon (EWT) Sept. 17 at office of North American Co., 60 Broadway, New York 4, N. Y.

PENNSYLVANIA POWER & LIGHT CO. on Aug. 20 filed a registration statement for $93,000,000 first mortgage bonds due Oct. 1, 1975, and $27,000,000 sinking fund debentures due Oct. 1, 1965.

Details—See issue of Aug. 30.

Offering—The price to the public will be filed by amendment.

Underwriters—The bonds are to be sold at competitive bidding, with the interest rate named by the successful bidder. Names of the underwriters will be filed by amendment.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters—The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

PUBLIC SERVICE CO. OF INDIANA, INC., on Aug. 23 filed a registration statement for $48,000,000 first mortgage bonds, series F, due Sept. 1, 1975, and 150,000 shares of cumulative preferred stock (par $100). The bonds and stock will be sold at competitive bidding, with the successful bidder naming the interest and dividend rates.

Details—See issue of Aug. 30.

Offering—The price to the public of the bonds and preferred stock will be filed by amendment.

Underwriters—The names of underwriters will be filed by amendment.

Bids Invited—Proposals to purchase the bonds and preferred issue will be received at company's office, 11 So. La Salle St., Chicago up to 12 noon CWT Sept. 19, the successful bidders to specify the coupon and dividend rates.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

Stop Order Hearings—Hearing set for Sept. 10 to determine whether a stop order should be issued suspending effectiveness of registration statement.

ROBERTS TOWING COMPANY on July 11 filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Details—See issue of July 19.

Offering—The price to the public of the different series ranges from 99 to 102. The average price to the public is given as 100.47.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

STANDARD FORGINGS CORP. on Aug. 10 filed a registration statement for 110,074 shares of common stock, par $1. The shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of Aug. 16.

Offering—The price to the public will be filed by amendment.

Underwriters—Shields & Co., Chicago, heads the underwriting group.

SUN-KRAFT, INC. on August 8 filed a registration statement for 100,000 shares of 30-cent cumulative convertible preferred stock and 200,000 shares of common reserved for conversion of the preferred.

Details—See issue of Aug 16.

Offering—The price to the public is $5 per share. In addition to the public, 10,000 shares of the preferred are to be issued by the company to the estate of Eben D. Norton in exchange for 100,000 shares of common stock owned by the estate. These 100,000 shares of common are to be retired and cancelled.

Underwriters—Floyd D. Cerf Co. is named principal underwriter.

VALLEY OSAGE OIL CO. on Aug. 13 filed a registration statement for 143,659 shares of class A stock. Of the shares registered 113,468 are being sold by the registrant and 30,191 shares are issued and outstanding and are being sold on behalf of the Thomas Gilcrease Foundation.

Details—See issue of Aug. 16.

Offering—The price to the public is $12.50 per share.

Underwriters—The underwriter is Gilcrease Oil Co. of Texas, 165 Broadway, New York, N. Y.

VIRGINIA RED LAKE MINES, LTD. on June 24 filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Details—See issue of Aug. 2.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Underwriters—Willis E. Burnside & Co., New York.

WESTVACO CHLORINE PRODUCTS CORP. on Aug. 18 filed a registration statement for 97,000 shares of $3.75 cumulative preferred stock, no par value.

Details—See issue of Aug. 23.

Offering—Holders of the presently outstanding shares of $4.50 and $4.25 cumulative preferred stocks were afforded an opportunity to exchange their shares for the new preferred stock on or before Sept. 12 as follows: $4.50 preferred valued at $108.6375 for new preferred valued at $100.5104; $4.25 preferred valued at $106.4283 per new preferred valued at $100.5104. A maximum of 95,703 shares of new preferred will be required to effect complete exchange. Shares not issued under the exchange offer, together with 1,297 additional shares, will be offered publicly by the underwriters. Unexchanged shares of the $4.50 and $4.25 preferred stocks are to be called for redemption Nov. 2.

Underwriters—F. Eberstadt & Co. are named principal underwriters.

Snyder to Investigate Needs of Europe

President Truman has appointed a group to go to Europe for about two weeks to study at first hand the nations' needs and the possibilities of their repaying the United States for assistance. The group, according to the New York "Times," which received the dispatch from Washington, Sept. 5, is to consist of John W. Snyder, head of the Office of War Mobilization and Reconversion; W. Stuart Symington, head of the Surplus Property Board, and Senate Secretary, Leslie Biffle. Informed sources are reported to have indicated that Mr. Snyder will direct the purposes of the tour, which, according to the New York "Times," are stated to be approximately as follows:

1. To appraise stockpiles of end-lease materials in warehouses in England and on the Continent. It is an open secret that lend-lease books in Washington are open to question concerning what and how much was sent to Great Britain.

2. To determine which among the Allied Governments should get "first crack" at the stockpiled materials and whether, although the allocated provisions may have been assigned to one or another country, these allocations should be made to stick.

3. To investigate whether the recipients of continued United States aid should pay in dollar exchange or in other considerations acceptable to the American public.

4. To determine the extent to which the United States should consider itself obligated to send foodstuffs and coal to Britain and the liberated countries of Europe.

Courts & Co. Add to Staff

ATLANTA, GA.—Courts & Co., 11 Marietta St., N. W., announce that E. Frederick Korb has become associated with them in Atlanta.

Hugh Lynn has joined the firm's staff in the Greenville, S. C., office at 18 West McBee Street.

DIVIDEND NOTICES

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER.

A second interim dividend on the Ordinary Stock for the year ending 30th September 1945 of tenpence for each £1 of Ordinary Stock, free of United Kingdom Income Tax, will be payable on 29th September 1945.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 196 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E.C., for examination five clear business days (excluding Saturday) before payment is made.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the Press, are notified that Coupon No. 196 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividend to which they are entitled is paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 29th September 1945.

Coupon No. 84 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W.C., for examination five clear business days (excluding Saturday) before payment is made.

DATED 21st August, 1945.
BY ORDER.
D. M. OPPENHEIM, Secretary.
Rusham House, Egham, Surrey.

Exide BATTERIES

THE ELECTRIC STORAGE BATTERY COMPANY

180th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable September 29, 1945, to stockholders of record at the close of business on September 17, 1945. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia 32, September 7, 1945

EATON & HOWARD BALANCED FUND

The Trustees have declared a dividend of 20 cents a share payable September 25, 1945 to shareholders of record at the close of business September 17, 1945.

Sept. 13, 1945 24 Federal Street, Boston

EATON & HOWARD STOCK FUND

The Trustees have declared a dividend of 10 cents a share payable September 25, 1945 to shareholders of record at the close of business September 17, 1945.

Sept. 13, 1945 24 Federal Street, Boston

THE GARLOCK PACKING COMPANY

September 11, 1945

COMMON DIVIDEND No. 277

At a meeting of the Board of Directors, held this day, a quarterly dividend of 50¢ per share was declared on the common stock of the Company, payable September 29, 1945, to stockholders of record at the close of business September 20, 1945.

R. M. WAPLES, *Secretary*

New York & Honduras Rosario Mining Company

120 Broadway, New York, N. Y.
September 12, 1945.

DIVIDEND No. 372

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the third quarter of 1945, of Seventy Cents ($.70) a share on the outstanding capital stock of this Company, payable on September 29, 1945, to stockholders of record at the close of business on September 19, 1945.

W. C. LANGLEY, Treasurer.

DIVIDEND NOTICES

International

MINERALS & CHEMICAL CORPORATION

General Offices
20 North Wacker Drive, Chicago

★

A Dividend was declared by the Board of Directors on September 6, 1945 as follows:

4% Cumulative Preferred Stock
14th Consecutive
Regular Quarterly Dividend
of One Dollar ($1.00) per share

Payable September 29, 1945 to stockholders of record at the close of business September 21, 1945. Checks will be mailed.

Robert P. Resch
Vice President and Treasurer

★

Mining and Manufacturing
Phosphate • Potash • Fertilizer • Chemicals

THE TEXAS COMPANY

TEXACO

172nd Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on October 1, 1945, to stockholders of record as shown by the books of the company at the close of business on September 7, 1945. The stock transfer books will remain open.

L. H. LINDEMAN
August 8, 1945 *Treasurer*

LION OIL COMPANY
El Dorado, Arkansas

LION PETROLEUM PRODUCTS

A quarterly dividend of 25¢ per share and an extra dividend of 10¢ per share have been declared on the Capital Stock of this Company, both payable October 15, 1945, to stockholders of record September 29, 1945. The stock transfer books will remain open.

E. W. ATKINSON, *Treasurer*
September 5, 1945

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"
September 11, 1945

THE Board of Directors on September 10th, 1945 declared a quarterly dividend of 37½c per share on the outstanding Common Stock of the Company, payable on the 29th day of September, 1945 to stockholders of record at the close of business on the 21st day of September, 1945. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

OFFICE OF
LOUISVILLE GAS AND ELECTRIC COMPANY

The Board of Directors of Louisville Gas and Electric Company (Delaware) at a meeting held on September 7, 1945, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company for the quarter ending August 31, 1945, payable by check September 25, 1945, to stockholders of record as of the close of business September 17, 1945.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Comon Stock of the Company, for the quarter ending August 31, 1945, payable by check September 25, 1945, to stockholders of record as of the close of business September 17, 1945.

G. W. KNOUREK, Treasurer.

MARGAY OIL CORPORATION
DIVIDEND NO. 62

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

F. D. OLDENBURG, Treasurer.
Tulsa, Oklahoma, September 1, 1945.

UNITED FRUIT COMPANY

DIVIDEND NO. 185

A dividend of one dollar per share on the capital stock of this Company has been declared payable October 15, 1945 to stockholders of record at the close of business September 20, 1945.

LIONEL W. UDELL, Treasurer.

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market has been a quiet affair showing only minor price changes on light volume. . . . The temporary tightness of the money market, due to war loan calls, and seasonal currency demands, has been largely responsible for this inactivity. . . . However, this condition should be passing soon, since September income-tax payments should ease the pressure of war loan calls, and the return flow of currency from circulation should have a favorable effect on the reserve position of the banks. . . . When the money market begins to feel the full effects of the return flow of currency, and the indicated financing policy of the Treasury, it is believed that Government bond prices, particularly the commercial banks eligible 2s and 2½s, will seek substantially higher levels than those currently prevailing. . . .

The partially exempt obligations, principally the longest maturities, are expected to move into higher ground in sympathy with the price betterment that is anticipated in comparable maturities of the taxables. . . .

Also the restricted 2¼% due 1956/59 are liked for non-commercial bank investors, for both income and price appreciation. . . . Accordingly, it is the advice of certain money market followers, that due to the favorable developments that are likely to take place in the Government bond market in the near future, advantage should be taken of market dullness and price weakness to pick up issues that fit into one's portfolio. . . .

VINSON'S VIEWS

A recent address by Secretary of the Treasury Vinson infers that the coming Victory Loan—to raise $11 billions—may be the last time that the Government enters the market for new money until after the end of the present fiscal year on June 30, 1946. . . . The fact that Mr. Vinson predicted a Government debt of about $275 billions on July 1, 1946, compared with the present figure of around $265 billions, in the face of the $11 billions or more to be sold in the Victory Drive, is the basis for the belief that the Treasury will not need to come into the market for new funds before the middle of next year. . . .

This indicates that for a period of more than six months after the end of the Victory Loan the Treasury will be out of the market, aside from the refunding of callable or maturing obligations. . . .

The only additions to the marketable obligations will be during the campaign, and these will be in the certificates, and the restricted 2¼s and 2½s. . . . The certificate is the only obligation that can be bought by the commercial banks when the loan is over. . . . Thus, from now until the end of the present fiscal year on June 30, 1946, it seems as though the commercial banks will not have any new marketable issues that they can buy, other than certificates of indebtedness. . . .

This means that the commercial banks will have to buy the presently outstanding eligible bonds if they are interested in issues with longer than a note or certificate maturity. . . .

SHORT-TERM REFUNDING

Maturing bills and certificates during the fiscal year ended June 30 next will be "rolled over." . . . In the notes, the Treasury has $531 millions of 3¼% due 12/15/45, that can be refunded with a certificate. . . . The 1% note due March 15, 1946, outstanding in the amount of $1,291 millions will no doubt be refunded with a ⅞% certificate, as was the 2¾% due 9/15/45. . . .

During 1946, and all within the present fiscal year, these are maturities in Treasury bonds of $2,344 millions—all high coupon partially exempt issues, consisting of $489 millions of 3¾% due 3/15/46/56, $1,036 millions of 3% due 6/15/46/48 and $819 millions of 3⅛% due 6/15/46/49. . . .

All of these callable securities can be retired by the Treasury with a ⅞% certificate, or if they feel generous they might issue some 1¼% notes, or they could pay some of them off out of cash. . . . In each instance, the debt burden would be eased, since low coupon short-term securities would be replacing high coupon obligations. . . . Refunding of callable or maturing obligations with certificates or notes would be in line with Mr. Vinson's statement that "interest rates determine the real burden of the debt. They should continue low for a long time." . . . One way to cut the interest burden is to finance with low coupon short-term securities, which is what the Treasury will no doubt continue to do in the future. . . .

LESS BORROWING

With the war ended, Government borrowings should be smaller as we move into more normal conditions. . . . Whether the Treasury will allow its large cash balances to decline substantially under the wartime levels will depend upon what uncertainties the monetary authorities may believe to be in the offing in the not distant future (such as large cash payments to members of the armed forces). . . .

Indications are that these balances will decline somewhat and part of the funds will be used to meet operating expenses of the Government, which will mean less borrowing by the Treasury.

Broker-Dealer Recommendations

(Continued from page 1253)

Midland Realization and Midland Utilities Common—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—A study of Values and Distribution, prompted by consensus of opinion pointing to near-term liquidation of utilities and realization companies—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation** and **Magnavox Company.**

Nashawena Mills—Circular—Du Pont, Homsey Co., Shawmut Bank Building, Boston 9, Mass.

National Radiator Co.—Analysis, for dealers only—G. E. Unterberg & Co., 61 Broadway, New York 6, N. Y.

National Terminals Corporation—circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on **Howell Electric Motors** and **American Service Co.**

New England Lime Co.—Circular—Dayton Haigney & Company, 75 Federal Street, Boston 10, Mass.

New York, New Haven & Hartford Railroad Company—original analysis dealing with the reorganization plan, estimated postwar earnings, treatment of old securities, and other factors—A. W. Benkert & Co., Inc., 70 Pine Street, New York 5, N. Y.

Also a comprehensive study of recent refinancing program, credit position, current earnings, etc., on **Chicago & North Western Railway Co.**

Pittsburgh Railways—Current study—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Pollak Manufacturing—analysis—Raymond & Co., 148 State Street, Boston 9, Mass.

Also available is a study of **Baltimore & Ohio.**

H. K. Porter Company—analysis—Sills, Minton & Company, Inc., 209 South La Salle Street, Chicago 4, Ill.

Also available are statistical memoranda on **Liberty Loan Corporation**, and **Serrick Corporation.**

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