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The COMMERCIAL and FINANCIAL CHRONICLE

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Charles S. Dewey Now Vice-President of Chase National Bank

Charles S. Dewey, widely known as an authority on monetary and fiscal problems, has been appointed a Vice-President of the Chase National Bank.

Chas. S. Dewey

His appointment on the bank's staff was announced by Winthrop W. Aldrich, Chairman of the Chase board of directors. Mr. Dewey recently has been assisting Mr. Aldrich in his capacity as President of the International Chamber of Commerce and accompanied him to London for the meetings held there in mid-August by representatives of that organization from many countries.

Mr. Dewey was a Republican member of Congress from the Ninth District of Illinois for the two terms covering the four-year period 1941-1944. He was a member of the Banking and Currency Committee and the Ways and Means Committee in the House of Representatives.

During World War I Mr. Dewey served in the United States Navy and was a Senior Lieutenant on

(Continued on page 1347)

Index of Regular Features on page 1368.

"Now One Party Against Another"

By HON. ROBERT E. HANNEGAN*

Postmaster General

Chairman, Democratic National Committee

Democratic Party Spokesman, Pointing Out That With End of War an Appeal for Unity Outside Party Lines Is No Longer Required, States That the Republican Leaders Are Returning to "Old Fashioned Conservatism" and Are Obstructing the President's Post-War Unemployment Policy. Shares President Truman's Optimism and Urges All Democrats to Support the President's Policies and Prepare to Gain the Forthcoming Congressional Elections. In Subsequent St. Louis Address States That President Does Not Consider Whether He Is Going "Right" or "Left" but Whether He "Is Going Right or Wrong."

For me, a trip back to Missouri is well timed whenever I can make it. There is always a thrill in homecoming, in seeing old friends and fellow-Democrats and shaking their hands. But I am especially glad to be with you at this time, because there are some things that I have been wanting to say about politics, and this is the place, Missouri is the State, where I think they ought to be said.

Robert E. Hannegan

It was our State, you know, that proposed the name of Harry S. Truman for the Vice-Presidency at the last national convention. We did that because the late President Franklin D. Roosevelt preferred Truman; and of course, we of Missouri were gratified by that preference.

*An address by Mr. Hannegan before the Democratic Women's Meeting, Springfield, Missouri, Sept. 17, 1945.

(Continued on page 1364)

Germany After the Debacle

By HERBERT M. BRATTER

(Special Cable to the "Chronicle")

No Chance of Doing Business With Hitler's Successors. Conditions in Bremen and Hamburg. Inflation, Black Markets and Poverty Rampant. Hitlerism and Militarism Not Yet Extinct.

WIESBADEN, GERMANY.—It used to be repeatedly said, and correctly, that "You can't do business with Hitler." For the benefit of today's American businessmen, this correspondent bluntly reports it will be a long time before you can do business with Hitler's successors. There is just no international trade in this dazed, defeated and occupied country. Such goods as arrive are brought in by, and chiefly for, the military occupation forces. If a businessman came to this city to try to get things started again, he would not get to first base. Without the army's aid, he could not find sleeping and eating quarters or traveling accommodations.

Herbert M. Bratter

Flying into Germany from liberated Denmark, one views a Germany of farmers. The country looks the same as its neighbors, but upon landing at Bremen's airport, one commences to see a bombed city as he travels on an army-commandeered bus to his assigned billet. This is a city that has had the hell knocked out of it, and the billet may be the only habitable house on the block. Then one goes to town to the House of the Reich and,

(Continued on page 1359)

Inflation Breeds Economic Insecurity

By IVAN WRIGHT

Professor of Economics, Brooklyn College

Professor Wright Maintains the Chief Elements of Economic Security Are Still Lacking in This and Other Countries, Despite Low Interest Rates and Technological Advances, and That Present Uncertainties Are Similar to Those Experienced in the Past. He Points Out That Real Relief Consists of Preventing the Occurrence of Conditions That Make for These Business and Financial Collapses, and That the Most Powerful Force in This Direction Would Be the Re-establishment of a Sound Currency Based on Gold. Recounts the Disastrous Effects of Inflation in Europe and Shows How It Adversely Affects Our Own Prosperity.

In these days of atomic power, and promised social security and made work for everyone, it might be well to compare some of the monetary explosives of the present times making for insecurity with some of the lesser similar conditions of recent history.

Dr. Ivan Wright

The rush to find security in the United States and England is probably the most striking indication of the growing insecurity. When men and their possessions are insecure it is natural to seek a haven of protection. Is insecurity greater now than in the recent past or is history just repeating itself? I believe an examination of economic and financial conditions will verify

(Continued on page 1356)

How Far Should We Aid Europe?

By HERBERT HOOVER*
Former President of the United States

Ex-President Hoover, Though Upholding the Necessity for Helping European Recovery, Warns That There Are Limitations to Our Commitments Without Safeguards to Ourselves and Without Endangering Our Economy. Points Out That We Are "Far More Impoverished Than at End of Last War" and That Loans Are "a Poor Road to International Friendship." Urges a Five Year Moratorium on International Obligations and Lays Down Twelve-Point Program to Be Followed.

I shall respond to the invitation of your members that I should discuss the proposals for large post-war loans or financial aid from our Government for relief and reconstruction of our former allies. I refer to proposed direct aid from our Government over and above our indirect commitments already made through Bretton Woods, the Import - Export Bank and UNRRA.


Herbert Hoover

Let me say at the outset that I favor such financial assistance under safeguards and limitations.

Never in human history has there been such imperative need for wisdom and imagination in facing the common problems of mankind. They call for concepts of great generosity and tolerance that faith may be restored to the earth.

We in America can let no child, woman or man starve — whether friend or enemy—as long as we have an ounce of surplus. When it comes to financial assistance for post-war reconstruction, if we act without wisdom and without regard to experience, far from curing the ills of the world, we will make them worse.

Limitations to Lending

It is therefore the safeguards and limitations with which I am concerned. These are serious and if properly imposed will require great official frankness, courage and boldness of leadership.

Upon this problem I speak as the sole surviving American official from World War I who combined the functions of authority over a portion of the loans made

*An address by Mr. Hoover before the Executives Club of Chicago, Chicago, Ill., Sept. 17, 1945.

(Continued on page 1352)

Chase Bank Announces Official Promotions

The Chase National Bank announced the following promotions on its official staff:

Ernest R. Keiter, James E. Scully and George F. Sloan as vice-presidents of the Trust Department;

Joseph E. Williams as second vice-president and Frederick C. Miller as assistant cashier of the Trust Department;

Henry Joseph Frank as assistant cashier in the Real Estate Mortgage Loan Department.

Great Britain's Financial Problem

By LORD KEYNES*
Representative of the British Treasury in Washington

British Economist Stresses His Country's Heavy Burden in the War and Points Out the Difficulties Involved in Britain's Recovery of Its Exports and in Abandoning the Financial Technique of the Sterling Area. Says Britain Is Faced With the Alternative of Economic Isolation Within the Sterling Area or of Cooperation "With Aid" From the United States. Asserts That "We Shall Not Lend Ourselves to the Soft and Deceptive Expedient" of Repeating the Experience of Last Time's War Debts, and Urges That U. S. and Great Britain Work Together in a Common Program to Build Up a Currency and Commercial Structure in the Best Interests of the World.

I am rather glad to have this chance of explaining the purpose of the present Mission to Washington in its proper perspective as we see it. The British Government had no reason to expect that lend - lease would continue for a significant length of time after the end of the war or would be available for any expenditure except that which arose out of the war in its concluding phases. We had been contemplating for some time back that a Mission ought to come from London to Washington not later than the present month to discuss with your Administration the mutually convenient basis for winding up lend-lease and reverse lend-lease and the financial and other arrangements to follow on, so as to cover the transitional period before normal conditions of trade could be re-established. We


Lord Keynes

attached great importance to the avoidance, if possible, of an interregnum between the old arrangements and the new; and our intention was, therefore, to complete these conversations before the end of the war. You must remember that up to almost the other day the instructions of both our Governments were to act on the asumption that the war with Japan would last beyond the end of 1945. And even though some of us thought that we ought to be ready for a collapse by the end of 1945, the beginning of September looked last July soon enough for getting down to the matter in view of the very great difficulties in the way of an earlier date—in particular our General Election and a possible change of Government and the Potsdam Conference which caused the chief immediate concentration of attention of leading members and officials of both Governments on a different set of problems, namely, the defeat of Japan and the settlement of Europe. It had, however, been previously decided in London as long ago as last June that these Washington discussions ought to be started not much later than the beginning of September.

The atomic bomb and Japan's

(Continued on page 1345)

*A statement issued by Lord Keynes at a Press Conference, Washington, D. C., Sept. 12, 1945.

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First Month of Peace-Time Boom

By EDSON GOULD*
Smith, Barney & Co., New York

Stock Market Analyst, Noting the Rapid Rise in Industrial Shares, Predicts That It Is Unlikely That the Recent Pace of Advance Will Be Sustained, but Does Not Look for Immediate Sizable Reversal. Stresses Replacement Boom, but Points Out Economic Distortions May Lead to Sizable Decline in Stock Prices Quite a Few Months in the Future.


Edson Gould

The first month of peace witnessed a great resurgence of business and financial confidence that resulted in the most rapid rise in industrial stock prices in this whole bull market. Since sharp movements—whether bear panics or bull stampedes—seldom last more than 30 days, it is unlikely that the recent pace of advance in the market will be sustained. But it does not follow that a sizable reversal or reaction is in the offing. The outlook for stock prices continues favorable and a fully invested position still appears reasonable.

What we have been witnessing over recent weeks has been the effect upon the price structure of the market of only a trickle of investment of the huge supply of liquid assets in the country. As of the middle of the year these liquid assets (cash, bank deposits and U. S. Government securities held by individuals and businesses) amounted to $219 billion (a figure more than three times the market value of all

*The views and opinions expressed herein are those of Mr. Gould and not necessarily those of Smith, Barney & Co.

(Continued on page 1346)

SEC Decision on NASD By-Law Amendments

The Securities & Exchange Commission refused to disapprove the recent By-Law Amendments of the National Association of Securities Dealers which, among other changes, require registration of salesmen, traders, employees, etc.

The 24-page document constituting the Commission's "Findings and Opinion" emphasizes the invisible interaction and control lying in the shadow of the joint policing job operated by the SEC and the NASD.

The entire intertwining scheme upon which the SEC and the NASD are engaged is basically unsound. The Business Conduct Committees sit in judgment of their competitors. Review from these decisions lie before other competitors, the NASD Board of Governors. Further review is before the SEC, one of the joint policemen operating out of the same precinct.

Are the instant amendments the common brain child of the SEC and the NASD? We do not know. Neither the SEC nor the NASD will tell.

We have asked what conferences did the representatives of these two bodies have upon the subject? Who suggested what provisions? Were minutes kept and if so, will these be thrown open to the public? The answer—a significant silence.

It may well be that in rendering this opinion, the SEC passed upon the legitimacy of its own progeny.

Until the Commission and the NASD make voluntary disclosure of these matters, or until—as was suggested in the argument by the attorneys for the Securities Dealers Committee, a law is enacted making such disclosure compulsory, the Commission and the NASD will continue to be under a cloud.

It is notorious that power-possessing administrative bodies show limitless exertion to extend that power. We can understand why amendments enlarging the jurisdiction of these policing groups are "sympathetically" dealt with by the Commission.

The following are some phases of the decision deserving comment:

On the subject of the ballot, the Commission said:

> "We think none of the charges sufficiently sustained or of sufficient weight to warrant a finding that the proposals were not fairly submitted to vote."

Here the Commission muffed its duty by not permitting the taking of testimony on the factual issues. Such an application was made, counsel for the Securities Dealers Committee asserting that he was prepared to establish an improper submission of the ballot and the use of coercion and duress on non-voters.

(Continued on page 1365)

The Road to Peace

By ELLIOTT V. BELL*
Superintendent of Banks, New York State

Urging That We Do Not Botch the Job for an Enduring Peace, Mr. Bell Asserts That the Breakdown After the Last War Was Not Due to Failure of Private Enterprise but to Failure of Governments to Solve Economic and Political Problems. Says Remedy for Depression Is More Production and Not Government Spending and Points to Heavy Potential Demand for Goods as Means of Creating Post-War Prosperity. Holds International Picture Is Not So Bright and Advocates a Four-Point International Program and Cooperation With Great Britain to Restore the Basis for World Wide Trade and Economic Progress.


Elliott V. Bell

One month ago the war in which our two countries fought side by side came to a victorious end. In that war Canada and the United States, with their great allies, were solidly united behind a magnificent cause—the cause of making secure in the world the right of decent men and women to live their own lives in peace and freedom, safe from tyranny, cruelty and fear.

Victory over Germany and Japan will not alone insure the goal for which we fought. Enduring peace cannot be won

*An address by Mr. Bell before the International Meeting of the Jefferson Lewis Counties Bankers Association at Brockville, Ontario, Canada, Sept. 15, 1945.

(Continued on page 1361)

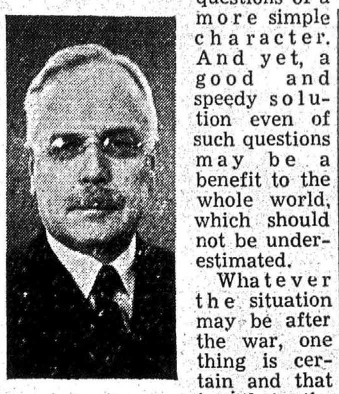
International Through Bills Of Lading

By ALGOT BAGGE*

President of the Association of International Maritime Law
Vice President of the International Law Association

Prominent Swedish Jurist Points Out the Handicaps to International Trade Because of the General Lack of Through Bills of Lading Which Would Cover a Shipment Requiring Several Different Means of Transport From Its Initial Point to Final Destination. He Recommends an International Agreement for a Through Bill of Lading Which Would Fix and Apportion the Liabilities of All Carriers Participating in a Single Shipment as a Means of Facilitating International Trade and International Commercial Transactions.

In the present discussion of the very intricate economic post-war problems it is, I suppose, not very easy to get a hearing for trade questions of a more simple character. And yet, a good and speedy solution even of such questions may be a benefit to the whole world, which should not be underestimated.



Algot Bagge

Whatever the situation may be after the war, one thing is certain and that is, that the very remarkable development of the communications by air, by sea and by land, which is diminishing more and more every distance of the globe, tends to put trade between far away countries on about the same footing as trade between countries, which are more near to each other. To sell and send from one end of the world to the other should therefore be as natural and easy as to send goods between places rather near.

But to arrive to such a progressive state of affairs it is necessary not only to abolish, as much as possible, the trade barriers but also to take every possible positive step to the benefit of international trade.

Importance of Carrier Liability

Amongst such measures the introduction of a Through Bill of Lading, covering transport to every part of the world, is of the most important.

The rules as to the liability of the carrier in respect of the goods entrusted to him are of paramount importance for international commerce. Owing to the strictness with which, ever since the times of Roman law, that liability could be enforced, the buyer of merchandise coming from abroad, could, with some degree of certainty, expect to receive the goods undamaged within the time specified and, as a consequence, make his arrangements accordingly, or at least, if things turned out badly, obtain compensation for damage caused either by the loss or deterioration of the goods or by the delay in their delivery. It is on the basis of these rules and on the documents of carriage, embodying the rights of the buyer-consignee,

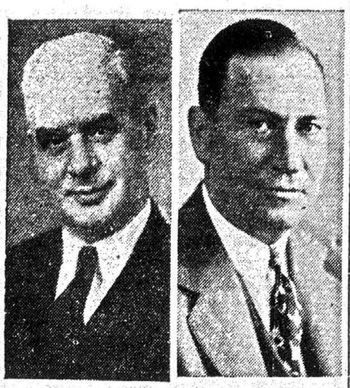
(Continued on page 1362)

*Justice Bagge was until recently a member of the Supreme Court of Sweden and is an internationally recognized authority on Maritime Law, and has participated in international conferences on commercial and legal matters. He is President of the Stockholm branch of the International Chamber of Commerce and attended the recent meeting of its Council at London.

The Steel Wage Controversy

Both Sides Make Public Their Contentions. Benj. F. Fairless of U. S. Steel Holds Increased Wages Would Mean Higher Steel Prices. Philip Murray, President of United Steel Workers, Contends Steel Companies "Have Never Before Been So Rich."

As forerunners of the proposed forthcoming demand of the CIO United Steel Workers for an increase of $2 per day in wage rates,



Philip Murray Benjamin F. Fairless

statements were issued recently both by Benjamin F. Fairless, Pres. of the United States Steel Corporation, and by Philip Murray, who is President of the United Steel Workers, in addition to being President of the CIO. Mr. Fairless' statement, which was released on Sept. 15th is as follows:

"The newspapers report that the United Steel Workers of America (CIO) will soon demand $2.00 a day increase. Two dollars a day is twenty-five cents an hour. Two dollars a day means a 32% increase in the basic labor rate, and a 21% increase in the average over-all straight time rates in U. S. Steel's steel producing operations. The Union proposal also means an average increase in direct cost from this demand alone of at least $6.00 per ton, when costs are already so high in relation to OPA ceiling prices that two-thirds of the industry's production of ordinary steel products is now being sold at an average loss. Price increases for steel products are absolutely necessary now and have been for some time, to take care of wage and other cost increases already imposed during the war years.

"It is time to put the record straight. No matter how much United States Steel may believe in high wages, wages cannot be increased in the steel industry at this time unless prices are materially increased.

"Wages cannot be considered separate and apart from steel prices. Wages paid in the steel industry and in the industries from which steel manufacturers obtain the articles and services needed for their operations represent a major cost of making steel. The Office of Price Administration now has data from steel companies making 85% of the country's ingot tonnage which show that on an over-all average basis these steel companies are losing money on two-thirds of the tonnage they produce.

"The reason is simple. It is because costs of making steel products, primarily labor costs, went up during the war far more rapidly than they could be absorbed while, except for minor adjustments, OPA ceiling prices did not advance. Any national policy which is concerned with maximum employment must help to create conditions under which employment in private industry is

(Continued on page 1367)

Investors Need Not Be Alarmed by Economic Blueprints: Byfield

Holds They Are Streamlined Substitute for Political Slogans of Bygone Days Like "A Chicken in Every Pot."

"We see no reason," says Robert S. Byfield of the stock brokerage firm of Byfield & Co., "why the American investor should be alarmed by the economic blueprints of the future recently presented by various men in public life here and abroad. In bygone days political slogans comprised such simple phrases as 'a chicken in every pot' or 'two cars in every garage,' and these have merely been modernized and streamlined to appeal to the 1945 type of voter. We don't know what proportion of the ideas for the prosperity of all will ever find their way to the statute books because they will have to be paid for by taxes or borrowing, and this may be awkward and embarrassing. Just now these plans are like a corporate balance sheet which shows only the assets but omits the liabilities. The proposal to increase wages by a major fraction without increasing the selling price of the products manufactured has been highly criticized. We can only add that, like the Indian rope trick, it would be great if it worked.

"Actually the investor may derive some comfort from the knowledge that the 1945 version of the Brave New World, unlike the 1933 to 1939 versions, has no harsh words for him. True, he is not recognized as pulling much of an oar in the new craft, but there are hopes that his willingness and ability to provide tools, equipment and plants to help make high wages possible will entitle him, like all the other citizens to some 'rights,' such as, for example, the 'right to a fair return or profit.' Actually there are bullish implications in the President's message to Congress. If we are to have the optimum volume of business, we must place the capitalist in a happy and cooperative frame of mind to assist in this undertaking."

First Boston Offers Indiana Gas & Water 3⅛% Bonds Due 1970

The First Boston Corporation was awarded at competitive sale on Sept. 17 $6,000,000 Indiana Gas & Water Co., Inc. first mortgage bonds, due 1970, on its bid of 101.489 for a 3⅛% coupon. The underwriter today is publicly reoffering these bonds at 102.187 to yield 3%.

Indiana Gas & Water Co., Inc. was organized this year to acquire from Public Service Co. of Indiana, Inc. all of the latter's gas and water properties together with one small ice company. Proceeds from the sale of the bonds will be applied toward the purchase price for the acquired properties.

V. Zrike Co., Inc.

V. Zrike Co. is now doing business as a corporation from offices at 2 Rector Street, New York City. Victor Zrike, formerly proprietor of the firm, is President and Treasurer and Esther C. Buchman is Vice-President and Secretary.

Sees Danger Of Profitless Prosperity

Henry H. Heimann, Executive Manager of National Association of Credit Men, Mentions High Wages, Tax Burdens and Price Controls as a Tourniquet on the Flow of Profits.

The possibility of a profitless prosperity era confronts American industry as it starts back on a reconversion to peace time production, declares Henry H. Heimann of New York City, Executive Manager of the National Association of Credit Men, in his Monthly Business Review released on Sept. 17. High wages, increased burden of taxation, direct or indirect price controls all are factors he says which may constitute a tourniquet on the flow of profits. It will take great ingenuity and resourcefulness to conduct a profitable business under such conditions, he points out, as these extra items of cost cannot be offset by economies in other fields.

Henry H. Heimann

"There is nothing that can be done to escape the burden of the cost of servicing our national debt", Mr. Heimann says. "There is much to be done and much that should be done in arranging the debt service costs on the best possible terms and in the most businesslike manner. In addition to the cost of servicing the debt and the maintenance of the postwar military establishment, the ordinary costs of Government are going to remain abnormally high. Indeed, it will require constant pressure on our Representatives for economy to keep the burdens of ordinary Government costs at levels we can afford. The tax cost levied upon business is going to be extremely heavy for years to come. The next result is going to be a reduction in the net profits per dollar of sales, as well as a reduction on the interest or earning return for invested capital employed in business. It will also require an abandonment of the demands by pressure groups, in the interest of a sound economy for the whole nation instead of special privileges for various segments or groups of our people.

"In the matter of wages there is a worldwide pressure for an exceedingly high level. This demand is universal and must be met if we are to avoid much social unrest and work our way out from under our high burden of debt. The most logical way to meet the high wage scale is to have as a corollary to it a higher production performance. That is the sound and economic way. However, at the present time, labor representatives do not appear willing to admit that a higher production schedule is essential in support of a high wage policy. Unless they do accept this fundamental fact, high wages and restricted production will be in-

(Continued on page 1347)

Public Utility Securities

Standard Gas Bondholders Benefit by Court Decision Upholding SEC Plan

Standard Gas & Electric filed a recap plan with the SEC in March, 1943, but a number of subsequent changes were made. The final amended plan was approved Nov. 18, 1944 and an enforcement order requested from the Federal District Court at Wilmington. Under this plan, the bondholders were to be paid off in a package of cash and securities with an estimated value of $1,000 (bonds were not allowed the redemption price because this was considered an involuntary dissolution).

To the surprise of the SEC, which previously had had good luck in its dealings with the courts, District Judge Leahy disapproved the plan, holding that bondholders should be paid off entirely in cash instead of in a package whose value would vary with market conditions. The SEC carried the case to the U. S. Circuit Court of Appeals at Philadelphia, which on Sept. 14 upheld the Commission. The Circuit Court's unanimous decision holds that if Congress had intended to make a distinction between the way in which shareholders and creditors were to be paid under the Holding Company Act, it would have so indicated. The SEC was also upheld on the point that the call premium should not be allowed to bondholders, since dissolution was involuntary.

The latter opinion seems a little beside the point because under the package plan bondholders may receive much more than the call prices (which range between 100 and 104 for the various issues). When the plan was first formulated the SEC attached a proviso that the amount of cash would vary according to an index of utility stock prices; if utility stocks should decline cash would be increased, and vice-versa. During the relatively short period in which the plan was considered by the Commission stocks advanced moderately and cash was reduced from $310 to $304.95.

Unfortunately, however, this equalizing factor ended when the plan was taken to the District Court, and the amount of cash was thereafter "frozen." But the utility market has continued to advance sharply during the intervening 10 months considerably increasing the estimated value of the package. Assuming that the market continues around present levels when the actual distribution is carried out, bondholders will receive a "windfall" at the expense of the preferred stockholders, who obtain what is left of the assets (represented by new stock of the holding company). The latter might have some theoretical interest in carrying the case to the Supreme Court, but there is no indication of such a move, and the SEC would doubtless oppose it.

Pacific Gas, originally valued in the package at $32 a share, is now around $40; Mountain States, then valued at $21 is now 25½. The other three stocks, California Oregon Power, Oklahoma Gas & Electric and Wisconsin Public Service are fully owned by Standard Gas, hence values must be estimated. California Oregon was valued by the SEC (under the plan) at roughly 11 times earnings and a higher multiple would now seem warranted. On the other hand, earnings in the first half of 1945 made a bad showing due to federal taxes (1944 earnings apparently reflected nonrecurring tax savings), indicating a possible decline for the year of about 75¢; this factor seems to offset any change in the multiplier.

Oklahoma Gas & Electric's earnings for the 12 months ended June 30 were $1.86 compared with $2.09 in the previous year. The Commission apparently used a multiplier of about 10. With the average utility now selling at 15.7 times earnings, a mutliplier of say 13 would seem reasonable, which applied to the lower earnings would produce a figure of 24 compared with the previous valuation of 21. Even this figure may be too low, since current earnings do not give full effect to the bond refunding of February, which resulted in a saving of 1% on $35,000,000 bonds (less increased taxes).

Wisconsin Public Service for the 12 months ended June 30 reported $1.16 vs. 92¢ in the previous period. The SEC valuation of 10 reflected roughly about 11 times the previous earnings; a present multiplier of at least 12 would seem warranted which applied to the increased earnings produces a value of 14.

In this brief analysis it is impossible to review the reasoning of the SEC in setting these former values, nor to make a comprehensive study of the factors which might enter into present appraisals. However, the fact that average utility stock prices have advanced about 22% in the past year tends to support the general conclusions here reached. Based on these market or estimated prices, the present value of the package would be about $1,136.

The bonds opened at 110 (up about five points) on the day after the decision.

However, there is always a possibility of further long delays if the case should be carried to the Supreme Court.

Tomorrow's Markets Walter Whyte Says—

Difficult area around 180 figure confirmed by recent market action. Half positions sold at profits permitting sideline seats in comfort. Hold other half until further advice.

By WALTER WHYTE

According to all reports the wave of strikes, some started and some threatening, is responsible for the market's weakness. Well, it's an excuse, even if it is not a particularly convincing one. Certainly it is not the major reason for the decline. It would be naive to suppose that people with enough money to affect trends were not aware of the labor unrest and the possibilities of strikes. I don't know the answer but I do know that the average market participant, always looking for "reasons" for something which caught him flatfooted, grasps on anything as the explanation. That the labor disturbances had some bearing on the decline I'll agree. But I maintain that the market was ready for a halt and the news merely gave it the excuse and not the reason.

* * *

Readers of this column are well aware that the 180 figure represented a tough obstacle. Last week's column pointed out that the 180 point didn't necessarily mean the end of the move, it was even possible that the figure wouldn't even be reached! Well, it wasn't; it was missed by a fraction. How long a resting period, or how deep a reaction will take place before prices turn up again is something the market doesn't indicate at this writing. It is

(Continued on page 1363)

Dealer-Broker Investment Recommendations and Literature

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

Building Boom — Comparative analysis of 15 companies likely to profit from the anticipated building boom, citing passages from President Truman's message to Congress which appeared to have a direct bearing upon the future of these 15 companies—Brand, Grumet & Ross, 120 Broadway, New York 5, N. Y.

Comment on Railroad Securities—Contained in the current issue of "Railroad Securities Quotations" issued by B. W. Pizzini & Co., 25 Broad Street, New York 4, N. Y.

Also available is a new six-page analysis pertaining to the **Boston & Maine $7 Prior Preference Stock.**

Railroads in the Reconversion Period—study of the outlook for the railroads—McLaughlin, Baird & Reuss, 1 Wall Street, New York 5, N. Y.

Texas Bond Yield Figures — Data on 10 Texas municipal issues — The Ranson-Davidson Company, Inc., Milam Building, San Antonio, Texas.

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

Also a leaflet of **ICC Comment on Transportation Statistics.**

Abitibi Power and Paper 5% of 1953 — Memorandum — Stern & Company, 120 Broadway, New York 5, N. Y.

Aetna-Standard — Complete report—Luckhurst & Co., 40 Exchange Place, New York 5, N. Y.

American Forging & Socket Company — Memorandum — Syle and Company, 19 Rector Street, New York 5, N. Y.

Atlantic Coast Line Railroad Company — Special analysis — A. W. Benkert & Co., Inc., 70 Pine Street, New York 5, N. Y.

Also studies are available on **Pere Marquette Railway Company** and **St. Louis-San Francisco Railway Company**, the latter an original analysis giving effect to the plan of reorganization.

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.

Cliffs Corp. — Memorandum — Kitchen & Co., 135 South La Salle Street, Chicago 3, Ill.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**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.

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.**

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.**

Le Roi Company — Study of common stock as a sound speculative purchase — First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Also available are studies of **Pittsburgh Railways, Simplicity Pattern Co., Inc.,** and **Winters & Crampton.**

Lipe Rollway Corporation—Circular — Herrick, Waddell & Co., Inc., 55 Liberty Street, New York 5, N. Y.

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.

Maryland Casualty Company—Report—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

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

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.**

(Continued on page 1367)

New NASD By-Laws Effective December 15

National Headquarters of Association Moved to Washington, D. C.

Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, Inc., announced yesterday that registration of partners, officers and certain employees of members will be effective as of Dec. 15, 1945. Originally, the Association intended to register principals and employees of member firms as of Oct. 1 but postponed the effective date awaiting decision of the Securities and Exchange Commission which on Sept. 14 upheld amendments of NASD's By-Laws and Rules of Fair Practice under which registration will be carried out.

Mr. Fulton also announced that the Association had moved its National Headquarters from Philadelphia to Washington, D. C.

H. Cushman Ballou With Dominick Firm

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that H. Cushman Ballou, recently retired as Lieutenant Commander in the United States Naval Reserve, had joined their investment department. Mr. Ballou has been a well known figure in the financial district for the past 20 years.

Correction

In the "Financial Chronicle" of Sept. 13, it was indicated in a headline that the fourth annual Symposium on Federal Taxation would be held at N. Y. U. As reported in the body of the article, this Symposium will be held at the New School, 66 West 12th Street, New York City, Oct. 2, and for 10 Tuesday evenings from 8:30 p.m. to 10:10 p.m. Alex M. Hamburg is chairman.

Real Estate Securities

GLEANINGS

BELIEVE IT OR NOT, WE KNOW OF A NEW YORK STOCK EXCHANGE FIRM WHICH HAS UNSUCCESSFULLY TRIED TO FIND A MERE 3,000 SQUARE FEET OF VACANT SPACE IN THE FINANCIAL SECTION OF NEW YORK FOR AN OFFICE. . . . . If this is indicative of a demand for space in this section, it might be a practical idea for the buildings to request the Government to vacate some of the space they now occupy. Surely the end of the war must mean that some of the large amount of space the various Government agencies occupy could be relinquished.

. . . . Gradual liquidation of Government leases would be more sound for real estate values, rather than a wholesale cancellation of these leases—say in a year or so hence. Higher rents could be maintained if this were done. A gradual availability of space could be taken up in a much orderly fashion than if the market was flooded with space all at one time.

SPEAKING OF THE FINANCIAL SECTION, WE LEARNED THAT THE 165 BROADWAY CORPORATION HAVE BEEN ACQUIRING THEIR BONDS.... THEIR STATEMENT DATED SEPT. 13 SHOWS $98,178.70 AVAILABLE FOR SINKING FUND. . . .

. . . . Another sinking fund available is that of the Sherry Netherland Hotel (Sherneth Corporation 5¾s, 1956). We hear that they have $77,654.93 available for this purpose and that they will be looking for tenders next week.

HERE IS A LONG RANGE SINKING FUND POSSIBILITY. . . . ONE OF THE DIRECTORS OF THE BEACON HOTEL HAS STATED THAT THIS YEAR'S OPERATION WILL PERMIT THE HOTEL TO PAY ITS BONDHOLDERS 3% INTEREST (PAYABLE APRIL 1, 1946). THIS WOULD AUTOMATICALLY PROVIDE ABOUT $44,430 FOR SINKING FUND, INASMUCH AS ALL EXCESS INCOME ABOVE 2% ON THE BONDS IS DIVIDED ½ FOR EXTRA INTEREST AND ½ FOR SINKING FUND. THEREFORE, AN INTEREST PAYMENT OF 3% WOULD MEAN 1% OF THE ISSUE FOR SINKING FUND.

. . . . These flush times have made possible some very remarkable interest payments, for instance the Savoy-Plaza Hotel. . . . In October, 1943, this bond paid $21.00 interest per $1,000 bond—October, 1944 it paid $95.00 per $1,000 bond and this October it will pay $111.00 per $1,000 bond, a total of $227.00 in three years. . . . We recommended buying this bond in this column in December, **1942 at 9% or $90.00 for the whole $1,000 bond** (it's worth $850.00 now!).

THOSE LOOKING FOR A HIGH INTEREST YIELD BOND MIGHT CHECK INTO MASTER PRINTERS BUILDING 6s, 1951. LAST INTEREST PAYMENT AT THE RATE OF 5%—BONDS OFFERED AT 52%.

NSTA Notes

SUGGESTIONS FOR YEAR 1945-1946 AS PRESENTED AT MACKINAC MEETING BY THOMAS GRAHAM

1. A committee be appointed for revision of the constitution. There have been many changes in the NSTA and the trading and securities business since 1936. A report to be submitted at the next meeting of the National Committee.

2. Change from fiscal to calendar year for NSTA. Enlarge Executive Council by at least two additional members.

3. Effect closer bond with affiliates by during next year inviting all Presidents of affiliates to National Committee meetings and Executive Committee meetings.

4. Conventions in the future will be run by the National organization.

5. Policy to try not only to give information to all members, but also to senior officers and members of firms having NSTA membership designation. This will mean a supplemental mailing list must be carefully compiled. The membership as a whole must be kept informed. This is vital to NSTA success as an association of 2,300 individual members.

6. A Past Officers Club will be formed composed of all past officers and past Executive Council members. The annual meeting will be the first day of each Annual Convention, when the current officers will report to the "elder statesmen" on their stewardship.

Proposed list of Committee Chairmen:

J. Wallace Kingsbury, Kingsbury & Alves, New Orleans—Municipal Chairman.

J. Victor Mosley, Stroud & Co., Inc., Philadelphia—Corporate Chairman.

Paul Yarrow, Clement, Curtis & Co., Chicago—Vice Chairman.
Jack Hecht, Butler-Huff & Co., Los Angeles—Vice Cairman.
Richard Abbe, Van Tuyl & Abbe, New York—Vice Chairman.
J. W. Means, Trust Co. of Georgia, Atlanta—Government Bond Chairman.

Paul Moreland, Moreland & Co., Detroit—Educational Chairman.

Willis Summers, Troster, Currie & Summers, New York—Vice Chairman.

Harold Smith, Collin, Norton & Co., New York—Advertising Chairman.

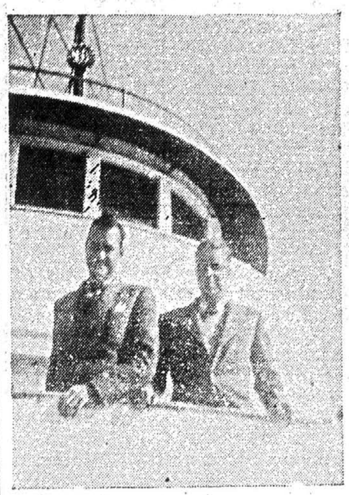
Al Tryder, W. H. Newbold's Son & Co., Philadelphia—Vice Chairman.

R. Jeremy Glas, Glas & Crane, New Orleans—Membership Chairman.

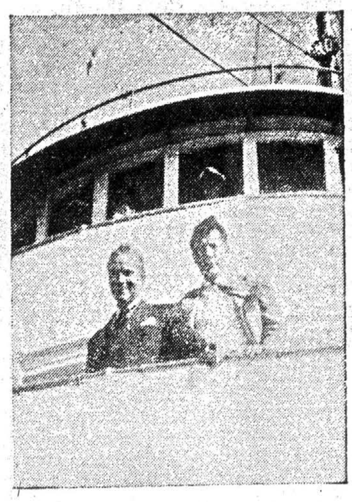
Homeward Bound From Mackinac Island

Jerry Glas, *Glas & Crane*, New Orleans

Edward H. Welch, *Sincere & Co.*, Cgo.
Herni P. Pulver, *Goodbody & Co.*, Cgo.



R. A. Morton, *Blue List*, New York
C. M. Zingraf, *L. M. Marks & Co.*, N. Y.



Patrick B. McGinnis & Henry Oetjen
Pflugfelder, Bampton & Rust, New York

Mrs. Ora Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville—Publicity Chairman.

7. Regarding General Policy Committee: The Policy Committee is the Executive Council when the National Committee is not in session. Following labor circle ideas, a General Policy Committee will be appointed, advisory in powers only, composed as follows:

Officers and members of Executive Council; Chairmen of all Committees; Past Presidents of NSTA; Presidents of all affiliated organizations.

All major policy matters will be transmitted to this Committee for suggestions to the officers and Executive Council, subject, of course, to the action of the National Committee. A small group cannot accomplish anything worthwhile without the support of its members and the tie with local affiliates must be increased for the general good.

8. In the past the Association has had a Contact Committee or Special Executive Committee of three members. This Committee has been primarily responsible for contact work with the Securities and Exchange Commission, National Association of Securities Dealers and Investment Bankers Association. It is felt by members of the Executive Council that this Committee should be re-formed.

9. Increase the democratic processes in the organization. The first meeting of the Executive Council and National Committee will be designated—"Presidents Conference." All Presidents of affiliates and Past Presidents of NSTA will be asked to attend and advise with the National Committee on matters coming up before them.

Suggestions will be appreciated by the officers. It is hoped to hold the first "Presidents" National Committee meeting before the end of the year. Suggestions regarding membership of the above Committees should be sent direct to the Chairmen.

Great Britain's Financial Problem

(Continued from page 1338)

sudden collapse have thrown our time-table out and we find ourselves faced with the prospect of just that interregnum which we had hoped to avoid. Nevertheless, that is far from being the fundamental problem which faces us in the ensuing months. We have received far too much liberality and consideration in the famous Lend-Lease Act to make any complaint about the clean cut. Speaking personally, I in fact, rather envy you your characteristically drastic methods which you are applying, I notice, no less to yourselves than to us. I wish sometimes that there was something more of that spirit in my own country. We are in some danger of reacting too slowly to a radical change in circumstances and of not bracing ourselves forthwith, as we must do, to the new efforts ahead of us. It has to be admitted that after a full six years of war accompanied, not only by intense effort and sacrifice, but also by considerable privation, people in England were expecting a little relaxation. You in this country can have no idea how tired we are and what a difference it makes in the long run on the top of all the other miseries of war to have your standard of life cut by 20% and possess not near enough homes for the boys and evacuated civilians to come back to. Nevertheless, it may well be wholesome for us to be brought sharp up against the realities of our post-war position instead of being deceived, as well as comforted, by temporary expedients which would do little or nothing to solve the real problems of the transition.

Britain's Difficulties

Let me now turn to our particular difficulties and our fundamental problems. They have arisen out of the way in which it has been to the common interest to conduct the common war. Our role has been to mobilize a greater proportion of our population and for a longer period than in any other Allied country for actual fighting and the production of munitions. This has suited the common cause best. We have been enabled to do this mainly as I will now explain. Instead of having to expand our exports so as to pay for our own consumption and to provide for the consumption of our Allies we have been enabled and encouraged by lend-lease from the United States, by Mutual Aid from Canada and by the equivalent of loans from the countries in the Sterling Area, to sacrifice two-thirds of our normal exports so as to employ the manpower thus released in direct, instead of indirect, war activities. This arrangement has had various consequences.

In the first place, we are much worse off in tackling the task of recovering our exports and paying our own way than we should have been if the roles had been reversed. The result is that much more time inevitably must elapse in our case than in yours before we can restore the level of our exports even to the pre-war level whilst in addition the loss of a considerable part of our assets, which helped us to pay for our imports before the war, means that we shall not break even until we have reconverted our industry so as to achieve a volume of exports more than 50% above the pre-war level. To reach this is a colossal task.

In the second place, the financial technique adopted in relation to the Sterling Area, which has played an indispensable part in mobilizing our common resources for the war, especially in the early days, has had the effect that the financial and commercial arrangements of a considerable section of the world have become almost inextricably intertwined with our own financial and economic affairs in London. Most of the Sterling Area countries have in effect advanced to us substantially the whole of their external resources. The result is that they cannot continue to trade freely with the rest of the world in the post-war period unless we are in a strong enough position to release to them as available purchasing power some part of these resources.

There are therefore serious impediments in the way of the return of ourselves and of a number of other important trading countries to normal trading practices, as early as we should wish, and to the expanding world trade which is essential if standards of life throughout the world are to take the advantage they ought to take of the technical advances of our age.

The Alternatives

The United States and we in Britain and the other countries concerned are faced, therefore, broadly speaking, with two alternatives. Since trade is two-sided the problem is two-sided also.

The first alternative is for us to do the best we can with the resources we still command and aim at emerging slowly from our temporary difficulties with as little outside aid as possible, depending on the various defensive trade mechanisms which have been developed by war controls; matching the purchases we make from any country with the purchases that country makes from us and inevitably curtailing our overall import program on the lines of the greatest austerity of which we find ourselves capable.

There are a good many people in England who think that this is really our best plan. Personally, I think that they greatly underestimate the disadvantages of it not only to ourselves but to the trade of the world as a whole and above all to the prospect of avoiding occasions of friction and difficulty between friends and former allies.

The other alternative is to work out with you, and with your aid, some means of returning at the earliest possible date to normal trade practices without discrimination and to increased freedom and liberality in commercial and tariff policies; in the belief that the resulting general expansion of world trade will result in the final outcome in you and other countries as well as ourselves being much better off on balance than under the first plan. As the Ambassador has emphasized, we shall certainly not expect your Congress to approve any arrangements which have not been proved to their full satisfaction as being in the long-term interest of the United States itself.

Nevertheless, we have to face the fact that this second and, as it seems to some of us, far preferable alternative will not be at all easy to work out. We shall have to strive after it in a bold and constructive spirit with all the earnestness and concentration of purpose which the two sides to the discussion can command.

No doubt an easy course would be for you to offer, and for us to put our name to, a substantial loan on more or less commercial terms, without either party to the transaction troubling to pay too much attention to the question of the likelihood of our being able to fulfill the obligations which we were undertaking. But not only do I fear that the deception would probably have a very short life but it would be extremely shortsighted if the absence of friction and bad feeling between our two countries is—as I hope it is—one of our principal aims. However this may be, we shall not lend ourselves to any such soft and deceptive expedient. We are not in the mood, and we believe and hope that you are not in the mood, to repeat the experiences of last time's war debts. We would far rather, and here I know that I speak for all shades and sections of opinion and sentiment in my country, we would far rather do what we can to get on as best we can on any other lines which are open to us.

We hope for your understanding collaboration in finding the right way out of the transition. We are not concerned or anxious about the ultimate outcome. It is not only our fighting men who have proved themselves in this war. In relation to their numbers and our resources at home our administrators, our scientists, our manufacturers, our farmers and our workers have shown that they can hold their own with anyone. It would be absurd to suppose that the trouble a few years hence, either ours or yours, is likely to be due to an insufficient power to produce material goods. Our pains, ours and yours, are more likely to be due to our stomachs being fuller than our heads and our appetite weaker than our opportunity. Our immediate task and our first duty is to avoid an unnecessary mess meanwhile and a false start along the wrong paths.

A World Problem

We have to look at the financial and commercial problem of the world as a whole; and, moreover, build up a currency and commercial structure which is in the best interests not only of world prosperity (which our technicians will make easy) but of peace and good-will amongst men (which does not come so easily); so as to avoid the violent disturbances of international commerce which are the road to discontents which can shake the social order, and to maintain full employment and good wages everywhere by means that do not beggar but, on the contrary, enrich our neighbors.

I am sure that my country and yours have no conflict of purpose or of interest which need prevent us from working together in a common program. But we, as well as a large part of Europe and Asia, are being subjected to a violent disturbance of our economic equilibrium; at a time when men's spirits are exhausted, their patience and their tempers threadbare, and they are the prey to suspicion and fear and all uncharitableness. There was never more need of a truthful and objective judgment and of faith and faithfulness if the world is to harvest the fruits of what it has endured.

It is therefore at a bitter crisis of men's souls and minds, though the war itself be over, that we come "as a faithful ally," in Winston Churchill's words, to take counsel with the Administration of the United States on the ways and means of restoring the economic strength of ourselves and of that considerable part of the world, the economy and finance of which has, as I have said, become inextricably intertwined with our own.

Before leaving London I participated in a series of fruitful conversations with Mr. Clayton. We now hope to continue these in a wider framework and have an opportunity of putting the position without reserve, and exactly as we see it, before the leaders of your administration. There is no occasion here for secret diplomacy. Any proposals which the experts may work out amongst themselves will have to be justified before public opinion and the legislatures of our two countries and, indeed, of the whole world. There must therefore be no withholding of any part of the factual and statistical evidence on which they are based. But it will be desirable, in our opinion, that these should be presented in due course as a whole and not piecemeal prematurely.

Legion of Merit to Commander M. Ward

LOS ANGELES, CALIF.—The Legion of Merit was awarded by Fleet Admiral Chester W. Nimitz to Commander Murray Ward, a Vice-President of Hill Richards & Co. on leave of absence, for invaluable services during the war in the Pacific.

Commander Ward, who participated in the invasions of Guam, Saipan, and Iwo, has served as fleet chief of press censorship for three years and is a member of Admiral Nimitz's staff.

During his years in the investment banking business, Ward was a devotee of yachting and was commissioned a lieutenant in the Naval Reserve nearly six months before Pearl Harbor. It is expected that he will return to the Spring Street financial community at an early date.

Guaranty Inv. Co. Formed

DALLAS, TEX.—Guaranty Investments Co., Inc. is being formed with offices in the Irwin-Keasler Building to engage in a securities business. Officers are George F. Newell, Sr., President: Joseph L. Love, Vice-President: and Marion W. Hulsey, Secretary and Treasurer.

First Month of Peace-Time Boom

(Continued from page 1339)

listed shares on the New York Stock Exchange).

Reconversion Proceeding Rapidly

The process of reconversion to peacetime work is proceeding with gratifying rapidity and apparently with excellent cooperation from governmental bodies and authorities. Controls are being relaxed and abandoned with far greater dispatch than most thought probable and many peacetime articles will be in large supply within a few months.

The President's Program

President Truman's 21-point reconversion and post-war program submitted to Congress last week tended to confirm the validity of the opinion expressed a month ago: "Now the prospect of very early termination of the Japanese war probably means early adoption of government attitudes that will tend to be inflationary." [1]

Requests for expansion of the GI Bill of Rights, for increased unemployment compensation, for strengthened crop insurance and price support programs, for passage of the full employment bill, for higher minimum wages, for housing legislation, for resumption of the public works program are scarcely calculated to exert a deflationary effect upon the economy.

Wages

Labor, anxious to retain its wartime gains, is already pushing hard for wage increases. Some have already been granted and others will follow. [2] The months ahead will probably witness a series of strikes and other labor difficulties, but this aspect of the situation is unlikely to have a bearish influence upon stock prices.

Price Control

OPA is anxious to continue price controls as an anti-inflationary measure and controls over rents and scarce materials are likely to continue for a further period, but for the great majority of manufactured articles the outlook now is that prices before too many months have passed will have found levels that will permit profitable operations in an active economy. The Government now seems as well aware as industry of the necessity for profits if production and employment are to be maintained.

Taxes

It is almost a foregone conclusion by now that corporate taxes will be lower in 1946. The only question is by how much. Reasonable opinions range from no excess profits tax (but retention of carryback provisions) and a 40% normal and surtax to a much reduced (now 85½%) excess profits tax with a 40% or moderately lower normal and excess profits tax.

At any rate there appears a good chance that taxes may be sufficiently lower next year to permit, on the assumption of a good volume of business activity, a fair gain (10% to 20%) in industrial corporation net earnings after taxes over 1945 results.

If this materializes, higher-than-current dividends are a good probability and this would have a direct (and favorable) bearing upon the price structure of the market. Over the past month, incidentally, there have been more increases than decreases in industrial corporation dividends. [3]

Replacement Boom

The probability is that so far as the stock market is concerned, the replacement boom is here. In other words stock prices are in process of discounting the earnings to result from the large volume of goods expected to be produced and distributed over the next year or two, at least.

When and as we approach the time when the insistent replacement demand shows prospects of ending and especially if, as seems probable, further distortions creep into the economic structure, stock prices may make a temporary top from which a sizable decline may occur, but that juncture, at this time at least, appears quite a few months in the future.

Intermediate Term Outlook

The outlook still is that the market is in process of readjustment from a wartime yield basis of approximately 4% to a peacetime basis approximating 3%. [4] Dow-Jones Industrial equivalents are 170 and 225, so that there is ample scope for further advance, providing no shock to confidence intervenes. The intermediate term outlook suggests that apart from normal reactions of 5% to 6% (9 to 10 points in the industrial average) the trend may well continue upward to above the 200 level.

The stocks that have shown the greatest strength over recent weeks have been typical "peace stocks," namely, stocks representing companies in a position greatly to benefit from cessation of hostilities, and these stocks are likely to continue market favorites over a further period. Sooner or later the heavy industries—steels, metals, machinery and rails—are likely to participate more actively than in recent weeks in stock market strength.

It is entirely normal for the market to have some sort of fourth quarter decline and thereafter to have a strong year-end rally and these tendencies may well be seen this year.

Investment Policy

A policy of maintaining a fully invested position appears warranted on the basis of the outlook described. Where funds are awaiting investment protracted delay in anticipation of, or hopes for, a sizable reaction appears unwise. The virtual certainty that wages, commodity prices and living costs will move higher before moving materially lower, and the probability of at least some relief in individual tax burdens, combine to suggest that equities in American corporations are likely to prove entirely satisfactory holdings for a further period.

1 See "The Chronicle" Aug. 16, 1945, p. 731—"Bull Stampede—Accent on Inflation."

2 CIO-United Steel Workers are seeking a 20-25% increase ($2 per day); CIO-United Automobile Workers are demanding a 30% increase.

3 Increases include W. T. Grant, Kayser, Electric Auto-Lite, Thermoid, Howe Sound and City Stores; Cutler Hammer reduced its dividend.

4 Wartime markets—because of the many attendant uncertainties—tend to sell lower in relation to dividends than peacetime markets. This was explained in some detail in the memorandum, "Bull Stampede—Accent on Inflation."

John J. O'Kane Heads Wall St. Legion Post


John J. O'Kane, Jr.

John J. O'Kane Jr. was elected Commander of the Wall Street Post, American Legion for the year 1946. He will be supported by newly elected Vice Commanders Alfred W. Miller of Dominick and Dominick, Lawrence Lyons of Allen & Co., and Irving Manney of L. J. Schultz & Co. Finance Officer Richard Hettler and Adjutant-Past Commander Clement D. Asbury, both of Thomson & McKinnon, were reelected to their offices. Sydney Melven of S. R. Melven & Co. was returned as Service Officer.

Membership of the Post has risen to 212, mostly brokers and stock traders, but no element of the financial fraternity is unrepresented. About 100 members fought in World War II and one of them is an Ex-Wac.

Annually the Post celebrates Bill of Rights Birthday on the steps of Federal Hall where the Post has quarters, with a patriotic public rally. The Bill of Rights was enacted Sept. 25 on the site of Federal Hall 156 years ago and this year the date falls on Tuesday and all folks downtown are urged to gather at Wall and Nassau Streets to honor the first public exhibition of the Perry Flag, of 31 stars flown by the Commodore when he opened Japan in 1853 and carried above the table on the decks of Admiral Halsey's Battleship Missouri when Japanese delegates signed their nation into unconditional surrender. The Flag has just returned from Japan and Captain H. A. Baldridge is bringing it from Annapolis Naval Academy Museum.

At this rally, the post makes an award of a gold medal to that citizen deemed to have done most to uphold and preserve our fundamental liberties as typified by the Bill of Rights. Cecil B. deMille of Hollywood was selected as the man who had most effectively focussed on attacks on political freedoms inherent to Americans and for his determined fight against political coercion, the 1945 Americanism medal will be bestowed on him. Mr. deMille is coming from Hollywood especially to receive this award and be principal speaker that day. For the American Legion, County Commander John J. Lawlor will make a Bill of Rights address. Mr. Messmore Kendall will read Governor Dewey's message and Congressman Alvin E. O'Konski from Wisconsin will speak for a World Bill of Rights. The Legionnaires will be lead in a recitation of their oath to preserve and protect the Constitution by Commander Reeve C. Lahr of the Wall Street Post and Mr. Barney Balaban, Vice-President of the Bill of Rights Commemorative Society will present Mr. deMille with a replica of the Library of Congress copy of the Bill of Rights. All discharged veterans of the Wall Street District are urged to don their old uniforms that day and appear on Federal Hall steps as a part of this program and in honor of the Perry Flag.

In the evening at the Hotel Pennsylvania the Post is tendering a banquet to Mr. deMille, application for tickets, $5 per person should be made to Finance Officer Richard Hettler, Thomson & McKinnon, Hanover 2-5100.

Roy Bard Partner in Shearson, Hammill Co.

CHICAGO, ILL.—Roy E. Bard, member of the Chicago Stock Exchange and Chicago Board of Trade, will be admitted to partnership in the New York Stock Exchange firm of Shearson, Hammill & Co. He will make his headquarters at the firm's office at 208 South La Salle Street. Mr. Bard was previously a partner in Clement, Curtis & Co.

Ermand J. Rifflard Dead

Ermand J. Rifflard, a partner in Roosevelt & Son, investment banking firm of 30 Pine Street, New York, died at the age of 73. Mr. Rifflard, who joined the Roosevelt firm in 1888, became general partner in 1934. For more than 10 years he had been in charge of the real estate owned by the various Roosevelt estates on Long Island.

Laidlaw Opens New Municipal Bond Dept.

Laidlaw & Co., 26 Broadway, New York City, private banking firm founded in 1842, has announced the opening of a Municipal Bond Department to conduct a general business in municipal bonds.

Frank L. Lucke, who recently became associated with the firm, will direct the activities of this department. Mr. Lucke was associated for a number of years with the Municipal Bond Department of the Manufacturers and Traders Trust Co. of Buffalo, New York.

The firm also announces that Edward J. Meyers has become associated with them in this department. Mr. Meyers was formerly associated with Kidder, Peabody & Co., in their Municipal Bond Department.

Laidlaw & Co., besides being private bankers, are members of the New York Stock Exchange, the New York Curb Exchange, the Boston Stock Exchange, the Chicago Board of Trade, the American Bankers Association and the New York State Bankers Association. The main office and banking quarters are located at 26 Broadway, New York. Branch offices are located in Boston, Washington, Bloomfield, N. J., Oil City, Penn., Montreal and Toronto.

Rakestraw, Betz Will Admit Two Partners

PHILADELPHIA, PA.—Edward H. White, Jr., member of the New York Stock Exchange, and Neil J. Sullivan will become partners in Rakestraw, Betz & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges. Mr. Sullivan has been with the firm for a number of years.

William J. Smith & Co. To Be Investment Dealers

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — William J. Smith, Theophilus C. Ponting, and Thomas E. Austin have formed William J. Smith & Co. to conduct a general securities business. Offices will be maintained at 111 West Washington Street, Chicago and in the First National Bank Building in Effingham, Ill. All the partners of the firm have been with the State of Illinois. In the past Mr. Austin was with Shillinglaw, Crowder & Co. and Midland Securities Company.

Chicago Personnels

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — **Ralph M. Sommers** has joined the staff of **Farwell, Chapman & Co.**, 208 South La Salle Street. Mr. Sommers, who has recently been serving in the U. S Navy, was formerly with Hornblower & Weeks.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—**William L. Graham**, recently serving with the Navy, has become connected with **Mitchell, Hutchins & Co.**, 231 South La Salle Street.

Charles S. Dewey Now Vice-President of Chase National Bank

(Continued from first page)

the Battleship Mississippi while overseas. After the war he was elected a Vice-President of the Northern Trust Company in Chicago and engaged in the banking business for several years.

Mr. Dewey was appointed Assistant Secretary of the Treasury in 1924 by President Coolidge and served in that capacity until 1927. In that year, upon nomination by the Federal Reserve Board, he was invited by the Polish Government to go to Warsaw as financial advisor to the Republic of Poland and Director of the Bank of Poland. During the ensuing three years he planned and directed the reorganization of the monetary and fiscal systems of that country, an achievement which was widely acclaimed.

As a member of the United States Congress during the wartime period he was an able advocate of sound fiscal policies and participated vigorously in the discussions of post-war monetary and trade problems. He was an observer at the Bretton Woods Conference last year.

Mr. Dewey is a graduate of St. Paul's School at Concord, New Hampshire, and of Yale University. For many years his home was in Chicago, but he has been residing in Washington and New York recently.

Calder Director of Lehman Corporations

Curtis E. Calder, Chairman of the Board of Directors, Electric Bond and Share Co., has been elected a director of the Lehman Corp., according to an announcement by Robert Lehman, President.

Mr. Calder, before becoming Chairman of Electric Bond and Share last year, had been President of American & Foreign Power Co., Inc. since 1927. Prior to that date he had been President of Texas Power & Light Co. and Dallas Power & Light Co., and had occupied other executive positions in the electric power industry.

In 1943 Mr. Calder served as director general of the War Production Board in Washington, and from 1939 to 1941 he was a public director of the New York Stock Exchange. He is a director of The National City Bank of New York, the American Bank Note Co. and other corporations.

Albert Williams Dead

Albert J. Williams, senior partner in Boenning & Co., 1606 Walnut Street, Philadelphia, died at his home at the age of 46. Mr. Williams, who served with the Royal Air Force during the first World War, joined Boenning & Company in 1934, being made senior partner in 1943. He served on the governing board of the Philadelphia Stock Exchange and held directorships in several companies.

Sees Danger of Profitless Prosperity

(Continued from page 1342)

flationary or, in case of rigid price control, confiscatory of business capital. Here is a vital matter—an issue that must be solved by business and labor if we are really going to enjoy high production, reasonably priced unit costs, wide distribution and consequent prosperity.

"Price control pressure also is worldwide. Unless a compromise that permits of reasonable price adjustments can be found, which policy should reflect in part at least the added costs, the incentive to invest in private enterprise will be gone, for capital can under these circumstances expect inadequate returns. The normal forces of competition in many, if not most industries, it would seem, would be adequate and effective price control. This competitive or natural economic governor or evaluator would suffice to keep prices in line for most commodities. Artificial price control by legislation is usually impractical in a peace-time economy.

"Please note these three important factors which will bear down on the earnings capacity of business and the return on capital investment. It also should be noted that some of these conditions are almost wholly beyond amelioration by business, irrespective of its ingenuity and resourcefulness. There are other factors involving the same consequence, of perhaps lesser importance."

On the proposed bill for full employment, Mr. Heimann declares that it is fraught with many dangers.

"All of the high-sounding social aims and objectives of the best intended legislation to reach the millenium will collapse like a house of cards if the effect is to destroy man's incentive to venture and to explore new fields for reasonable investment returns or personal rewards," Mr. Heimann declares. "The issue really boils down to a simple equation—if the capitalistic system we have utilized to build the greatest nation on earth is to survive, we cannot weaken its foundation by destroying that incentive to build. If, on the other hand, we want a socialistic system to replace the free enterprise system, which has made America great, then the philosophies that are moving us into a profitless prosperity era constitute the shortest way to attain such a socialistic goal. In keeping with the above thought it would be well to reflect a bit on the full employment bill now before our Representatives and bearing the endorsement of the Administration.

"It is obvious that every man, woman and child in this country has a deep sense of appreciation and gratitude for the way our present leadership has met the most critical period in our history. The record will show how well these tremendous responsibilities were discharged and the nation will be eternally grateful for the services of our statesmen in these critical times. It is because of this very fact that it becomes most difficult to criticize any piece of legislation, the theory of which is so worthwhile and the purposes of which are so humane and which bears the endorsement of those we respect. It is even more difficult to object to such legislation when its consequence depends as much upon its administration and use as upon its legal implications. It is, however, in a representative form of government, the duty of each citizen to analyze measures of far-reaching consequence such as the full employment bill, and to subject such legislation to public discussion and debate."

Clement, Curtis to Admit Franklin Clement

CHICAGO, ILL. — Franklin G. Clement will be admitted to partnership in Clement, Curtis & Co., 134 South La Salle Street, members of the New York and Chicago Stock Exchanges, on Oct. 1. Mr. Clement has been associated with the firm for many years.

Republic Investment Co. Formed in Chicago

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—The Republic Investment Company is being formed with offices at 231 South La Salle Street, to engage in a securities business. Officers are A. Morris Krensky, President; Harris S. Krensky, Vice-President, and Ida M. Krensky, Secretary and Treasurer.

Mr. A. M. Krensky in the past was a partner in A. M. Krensky & Bros., with which Mr. Harris Krensky was also associated, and was an officer of Lowell Niebuhr & Co., Inc.

Michigan Brevities

Stainless steel sheet and strip, never before produced in the Detroit area, is now in production at McLouth Steel Corp., according to President Donald B. McLouth.

Although production is limited by the firm's present facilities, a separate division for the manufacture of McLouth stainless steel is now under construction on property adjoining the present plant site.

Full output will be attained for a wide range of gauges and types of stainless steel to meet the rapidly increasing demand in the automotive, refrigeration, home appliance, dairy food equipment and other industries, Mr. McLouth said.

* * *

Details of three new products were revealed at Detroit by M. G. O'Harra, Vice-President and General Sales Manager of the Norge division of Borg-Warner Corp. They include a portable water cooler, a home and farm freezer and an automatic cycle washer.

Salient features are as follows:

Portable water cooler—Adaptable for use in offices, homes, etc. Capacity of 1½ gallons can be cooled in one hour.

Home and farm freezer—Four sizes. Capacity 6 cubic feet, 11, 18½ and 26. Chest type, lift lid construction.

Automatic cycle washer—Design and features are such as to lead company officials into the belief it is likely to open up an entirely new segment of the field for this type product. Fully automatic in operation.

* * *

Frederick W. Pritchard has been made Vice-President & Treasurer of Goebel Brewing Co., it was announced by Edwin J. Anderson, President. Pritchard replaces F. C. Bishop, who has resigned.

Mr. Pritchard was formerly Vice-President and Treasurer of the McAleer Manufacturing Co., and President of the Trust Company of North America of New York.

* * *

William D. McIntyre, Vice-President and Treasurer of the Monroe Auto Equipment Co., announced the purchase of a new plant in Hillsdale, Mich., and expansion of the company's main factory and another recently-acquired plant at Detroit.

The entire expansion program involves an expenditure of approximately $1,500,000 for plants and equipment, according to Mr. McIntyre, who also observed that the Hillsdale plant will be in full operation before the end of the year.

With the new facilities available, the firm's reconversion has been reduced to a minimum and operations are under way on a volume of peacetime orders that is by far the largest in the company's history, McIntyre added.

* * *

Miller Manufacturing Co. has announced that, through Baker, Simonds & Co., it has arranged to borrow $850,000 through a combination of a bank term loan and a 25-year debenture issue to finance the purchase of 98% of the stock of Monroe Steel Castings Co., Monroe.

New York Stock Exchange Weekly Firm Changes

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

Privilege of William J. Crowley to act as alternate on the floor of the Exchange for Walter Hirshon of Hirshon & Co. was withdrawn on Sept. 13.

Privilege of Milton C. Pfizenmaier to act as alternate on the floor of the Exchange for J. Truman Bidwell was withdrawn on Sept. 15, and on the same date the firm of Bidwell & Co. was dissolved.

Hall & Wyle was dissolved on Sept. 15.

Howard C. Rand, partner in Proctor, Cook & Co., died on Sept. 9.

Interest of the late Michael Nerlinger in Jewett, Newman & Co., ceased on Sept. 11.

Bond Club of Detroit Elects New Officers

DETROIT, MICH.—The Bond Club of Detroit has elected the following officers for the fiscal year 1945-46—President: Howard L. Parker of M. A. Manley & Company; Vice-President: Douglas H. Campbell of First of Michigan Corporation, and Secretary-Treasurer: Joseph F. Gatz of McDonald, Moore & Company. These officers and the following constitute the Board of Directors of the Club: William M. Adams of Braun, Bosworth & Company, Ex-Officio; Jones B. Shannon of Miller, Kenower & Company; William Siler of Siler & Company, and H. Russell Hastings.

The Club plans the customary activities for the coming year, including luncheons with speakers, an Annual Dinner, a Spring and Fall golf outing, and such special functions as events may make advisable. At the present time, the Club has a total membership of 110.

Detroit Personnels

DETROIT, MICH.—**Albert J. Curley** is with **Bache & Co.**, Penobscot Building.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**Bernard T. McQuillan** has joined the staff of **Carr, Chapin & Co.**, Penobscot Building.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**William D. Fitzhugh** has become affiliated with **Mercier, McDowell & Dolphyn**, Buhl Building. In the past Mr. Fitzhugh was with James E. Ryan & Co. and Wm. C. Roney & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**Waldo A. Hammett** has become associated with **Paine, Webber, Jackson & Curtis**, Penobscot Building. Mr. Hammett was formerly with Baker, Simonds & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**James C. Finn** has been added to the staff of **Watkins & Fordon, Inc.**, Penobscot Building.

Robert C. Jones & Co. Admits August H. Schmidt

WASHINGTON, D. C.—Robert C. Jones & Co., Metropolitan Bank Building, members of the Washington Stock Exchange and New York Curb Exchange, admitted August Henry Schmidt to partnership in the firm on Sept. 1.

Westheimer to Be Partner

CINCINNATI, OHIO—Robert I. Westheimer will be admitted to partnership in Westheimer & Co., 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges, on Oct. 1. Mr. Westheimer has been with the firm for a number of years. In the past he was associated with L. F. Rothschild & Co. and Hirsch, Lilienthal & Co.

Connecticut Brevities

On Aug. 29, the Town of Easton, Conn., sold $60,000 school bonds dated Sept. 1, 1945, due $5,000 each year Sept. 1, 1946, to Sept. 1, 1957, to Day, Stoddard & Williams, at 100.469 for bonds carrying a coupon rate of 1%. The issue was sold privately.

* * *

The income account of the Hartman Tobacco Company for the year ended June 30, 1945, showed net income of $137,997 against $167,416 for the preceding 12 months. Earnings per share for this period on the $4 prior preference stock were $9.71 against $11.79. Net working capital was $1,004,713 while equity per prior preference share was $131.65 compared to $129.49 a year ago.

* * *

Marlin Rockwell declared a 50¢ dividend on the common stock payable Oct. 1, to holders of record Sept. 15, the last previous dividend being 75¢ on July 2.

* * *

Chandler-Evans Corp., a subsidiary company of Niles-Bement-Pond, has announced it will move all operations to the parent company's plant in West Hartford. With the curtailment in production due to cancellation of war contracts, adequate space becomes available in the Niles-Bement-Pond plant to meet Chandler Evans' requirements, and upon completion of this move, the Meriden plant will be sold.

* * *

The consolidated income account of North & Judd Manufacturing Co. of New Britain for the year ended June 30, 1945, showed net income of $334,621 against $307,646 for the 12 months ended June 30, 1944, or $3.47 per share and $3.19 per share, respectively.

The balance sheet showed current assets totaling $3,304,139, with net working capital of $2,892,244. Cash amounted to $927,369 which together with $1,478,465 United States Government securities (having a market value of $1,526,957) accounted for approximately 48% of the entire assets.

Equity per share was $46.52 compared with $46.18 at the end of the previous fiscal year.

* * *

The Hartford Rayon Corp. is planning to construct an additional factory to employ some 300 employees.

* * *

The income account of Peck, Stow & Wilcox for the year ended June 30, 1945, showed net income (after depreciation and taxes) of $155,944 compared to $204,939 for the preceding fiscal year or earnings per share of $1.56 and $2.05, respectively.

During the year $105,944 was added to earned surplus bringing the total to $627,565.

While net shipments were below the all-time peak of the previous fiscal year, the total was comparable to 1934's results. Completion of sub-contracts and the decreasing manpower supply were chiefly responsible for this decline. In January, 1945, the company paid off its $1,500,000 V-Loan and secured a $300,000 private bank loan.

* * *

On Sept. 13, the Connecticut Light & Power Co. registered with the Securities and Exchange Commission $15,000,000 first and refunding mortgage 3%, series K bonds, due 1980. The underwriters named were Putnam & Co. of Hartford, and Charles W. Scranton & Co. of New Haven. Proceeds from this new issue will be applied to the redemption at 107 on Dec. 1, 1945, of the $15,000,000 first and refunding mortgage, series H 3¼s, due Dec. 1, 1968.

* * *

For the period Jan. 1 to Aug. 12, 1945, Veeder-Root, Inc., reported earnings of $576,478 before Federal income and excess profits taxes and contingencies. The corresponding figure for last year was $1,832,515.

After provision for Federal income and excess profits taxes of $230,688, but before reserve for contingencies, earnings were $345,790, or $1.73 a share which compares with $552,725, or $2.76 a share for the same period in 1944 when Federal income and excess profits taxes were $1,279,790.

Burton Named to Supreme Court

President Truman on Sept. 18 nominated Senator Harold H. Burton (Republican) of Ohio to be an Associate Justice of the United States Supreme Court. In the latter post Senator Burton will succeed Owen J. Roberts (Republican) resigned. In Associated Press advices from Washington, Sept. 19 it was stated:

Hon. H. H. Burton

The Ohio Senator, whose first Senate term would expire Jan. 3, 1947, will become the second Republican member of the Supreme Court when his nomination is confirmed. The other is Chief Justice Harlan F. Stone. Born in Massachusetts, Mr. Burton was Mayor of Cleveland before his election to the Senate.

Metz to Be Stamm Partner

Hines O. Metz, member of the New York Stock Exchange, became a partner in A. L. Stamm & Co., 120 Broadway, New York City, on Sept. 14, Mr. Metz previously was active as an individual floor broker.

Albert Louis Stamm retired from partnership in the firm on Sept. 13.

Urges Settlement of Defaulted Foreign Bonds

Dr. Max Winkler Says Extension of New Loans to Nations in Default Would Mean Disregard of American Creditors' Rights.

Dr. Max Winkler, foreign bond expert and a partner of Bernard, Winkler & Co., members of the New York Stock Exchange, has issued a statement calling for an adjustment of existing defaults on foreign commercial loans as a condition of extending fresh credits.


Dr. Max Winkler

"Adjustment of existing defaults on foreign commercial loans," Dr. Winkler says, "should be insisted on as the *sine qua non* to the granting of fresh credits by the Administration. So long as foreign nations appear, or actually are, unwilling or unable to meet their contractual commitments to American creditors, the extension of new loans would be tantamount to a reward for disregard on the part of such foreign nations of the rights and privileges of American lenders.

"While no objection will be raised, in responsible quarters, to the granting of foreign credits for constructive and revenue producing purposes, failure to consider existing debts would only tend to encourage defaults. Nor is there any reason for believing such action will decide the rest of the world to respect the United States more highly.

"The commercial debts referred to above comprise chiefly the so-called portfolio investments by Americans in the bonds of foreign governments, political subdivisions or corporations. They do not include political loans, i. e. those which were extended to America's allies during and shortly after World War I, or credits arising from or connected with lend-lease transactions entered into during the present conflict."

Truman Scouts Suggestion Aid to Britain to Finance Socialization

President Truman scouted suggestions that American financial assistance to Great Britain was intended to finance socialization of that country. Addressing his news conference, he told reporters, according to the Associated Press from Washington, Sept. 12: "I think that's a perfectly silly conclusion. Great Britain is entitled to the type of Government that Great Britain wants."

The question arose, the Associated Press stated, as a result of criticism by some members of Congress of reported plans of the Administration to give Britain a multi-billion dollar loan.

Mellon Securities Corp. Offers Minnesota Power & Light Co. 3 1/8% Bds.

Mellon Securities Corporation headed a group of underwriters which on Sept. 19 offered to the public $26,000,000 Minnesota Power & Light Co. first mortgage 3⅛% bonds due in 1975. The bonds were offered at 102.46%, to yield 3% to maturity.

The proceeds will be used, together with other funds including $6,000,000 principal amount of 2% ten-year serial notes, to redeem the company's currently outstanding funded debt of $32,289,000 as follows: $10,700,000 first and refunding 5% bonds due 1955, to be redeemed at 102%; $18,000,000 first and refunding 4½% bonds due 1978, at 101½%, and $3,589,000 principal amount of Great Northern Power Co. first mortgage 5% bonds, due 1950, at 102%.

The new bonds have the benefit of a sinking fund commencing in 1956 which is calculated to retire $6,175,000 principal amount issued under the mortgage or to cause the waiver of the right to the authentication and delivery of an equal principal amount. The bonds are redeemable in whole or in part at any time at prices ranging from 105.46%, if redeemed during the year ending Aug. 31, 1946, to 100%, if redeemed after Aug. 31, 1974.

Peter Fahey Dead

Peter R. Fahey, one of Cleveland's early stock brokers and a founder of the Cleveland Stock Exchange, died at the age of 78. Mr. Fahey began his career as telegraph operator for the Associated Press and the United Press in Chicago, Toledo and Cleveland. Later he became an operator for the brokerage firm of Herbert Wright and several years afterward he was admitted to partnership in the concern. When Mr. Wright retired in 1901 he sold his interest to Mr. Fahey and the firm continued as Fahey & Co., until 1903 when he retired from the business. Mr. Fahey then headed other Cleveland companies.

Missouri Brevities

Stix, Baer & Fuller Loan

A 20-year 3% sinking fund loan of $2,250,000 from Metropolitan Life Insurance Company has been effected by Stix, Baer & Fuller, St. Louis department store. Proceeds will be used to carry out company's extensive modernization program, including completion of air-conditioning facilities, installing additional escalators, and for other improvements and extensions to its properties.

Gaylord Container Expansion

Gaylord Container Corporation will begin a $4,000,000 expansion program within the next 60 to 90 days; included will be the construction of plants at Milwaukee, Wis., Greensboro, N. C., and Lancaster, Pa. Cost of these additional facilities is expected to be financed from working capital. Earnings for the six months ended June 30, 1945, were $514,346, equal to 72 cents per share of common stock, compared with $522,620 and 73 cents per share in the corresponding period of 1944.

St. Louis Public Service Company

July net income of St. Louis Public Service Company amounted to $44,312 after $50,000 provision for contingencies, compared with net of $24,807 in July, 1944, after a similar reserve. Seven months net totaled $334,072 versus $251,553, after reserve of $350,000 in both instances.

May Department Stores

Consolidated net sales of May Department Stores Company and wholly owned subsidiaries amounted to $89,003,226 in the six months ended July 31, an increase of 13.5% over the corresponding period of last year, an all-time peak for such periods. In 12 months ended July 31, sales totaled $192,293,724, a gain of 12.6%, and also the highest in the history of the company. Net profit for the six months was $2,626,806, equal to $1 per share on the new common versus $2,225,177 and 90 cents per share last year after contingency reserves of $500,000 and $250,000, respectively.

Mercantile Commerce Appointment

Mercantile Commerce Bank & Trust Company of St. Louis has appointed E. Douglas Campbell Assistant Vice-President. Formerly manager of the credit department of the bank, Mr. Campbell was a Major in the Canadian Army for four years, three of which were served overseas.

Laclede Steel Elects New President

William M. Akin, Vice-President of Laclede Steel Company, has been elected President, succeeding his late father, Thomas R. Akin, who died Aug. 9, 1945.

Kenneth Penzler V.-P. of Miss. Valley Trust

ST. LOUIS, MO.—Kenneth E. Penzler has been elected Vice-President of Mississippi Valley Trust Co., Broadway & Olive Street. Mr. Penzler has been in the bank since 1923. He was originally associated with the trust department and in October 1932 became manager of the bank's investment department. He became an assistant Vice-President of the company in 1940. In his new capacity he will continue to supervise the investment division of the bank.


Kenneth E. Penzler

Railroad Securities

Last week Southern Pacific marketed, subject to ICC approval, $125,000,000 of new First Mortgage bonds, a sizable operation even for these days of widespread corporate refundings. The most noteworthy aspect of the offering, however, was its unqualified success. The two longer maturities were quickly sold, and were bid at premiums before the week was out. The shorter maturity, $25,000,000 of 2⅞s, 1961, while not so enthusiastically received as the other two, sold well. The success of the Southern Pacific lien went far towards dispelling the gloom which had begun to settle over the financial community as a result of the unenthusiastic reception that had characterized new rail offerings for some months past.

Aside from the Southern Pacific there was little excitement or news in the rail section until the short session of the market on Saturday. For most of the week rail securities in general just backed and filled in a relatively narrow range with the trend moderately upward. On Saturday, however, the trend was reversed sharply, apparently in recognition of the fact that widespread labor disturbances could seriously retard reconversion progress with unfavorable repercussions on railroad traffic and earnings.

Following the June-August peace decline rail securities had staged a broad price recovery based on the premise that reconversion would be less of a problem than had originally been anticipated. It was felt that on the whole any sharp drop in traffic that might take place in closing 1945 months would be largely offset by credits against heavy taxes accrued in the first seven months of the year, and that civilian production in the key industries would be well on the way by the opening months of 1946. Any delay in this schedule could have a disproportionate market influence on rail securities, particularly as large sections of the speculating and investing public have not as yet been completely sold on railroad securities in a peace economy.

Despite fairly general agreement among rail men as to the favorable intermediate and longer term outlook for railroad earnings and railroad securities, there are many who at the present time are inclined to advocate caution, particularly in the more speculative sections of the list. In a short time earnings reports for August will begin to appear. Leaving out the angle of possible tax credits there seems to be little question but that operating results will show up poorly in comparison with a year ago. If there are other uncertainties in the picture at the same time security holders are apt to pay far more attention to actual operating results than they are to reported earnings bolstered by the temporary factor of tax credits.

The post-war competitive potentialities are likely to be further publicized in coming weeks. Air transport, with its reduction in rates below those of first class rail travel, and with announcement of plans for production of even more economically operated planes, has been much in the public eye and presumably will continue to bid for public attention. There is, also, the present agitation for the granting to the War Shipping Administration of permission to operate coastwise and intercoastal ship service temporarily.

Earnings reports over the immediate future and publicity given competitive transportation agencies should, at most, have only a temporary market influence. By far the most important consideration is that of labor. The indirect influences of labor difficulties in other industries are bad enough in themselves. The direct influence of possible labor developments in the railroad industry is even more serious. Numerous demands have already been made by various labor groups for increased wages and changes in working conditions. The latest of these was the announcement last week that the AFL Railway Employees Department, representing 400,000 workers, would ask for a cut in the work week from 48 to 36 hours without any reduction in the weekly wage.

It is true that over a long period of years the railroads have demonstrated their ability to offset progressive wage increases through greater efficiency, mechanization of operations, etc., and there is ample evidence that the potentialities for operating economies have by no means been exhausted as yet. Nevertheless, shortages of material and men during the war years have interfered with the ability of the industry to fully offset even the wage increases granted in the past few years. If further wage increases are to be granted, either directly or indirectly through changes in working rules, during the period when reconversion troubles are bringing sharp traffic declines, a more or less prolonged period of quite disappointing earnings would be in prospect. Success of labor in its demands on such key industries as steel and automobiles would presumably strengthen the position of railroad labor. This prospect is alone sufficient reason, in the opinion of many rail analysts, to tread cautiously.

Woodruff to Represent Dominick Co. Abroad

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Harry A. Woodruff has become associated with the firm as its European representative. For the past four years Mr. Woodruff has been in the foreign service of the United States Department of State, prior to which he represented the J. Henry Schroeder Banking Corporation abroad, with headquarters in Paris.

Alfred McGowan With J. G. White & Co.

J. G. White & Co., Inc., 37 Wall Street, New York City, announces that Alfred J. McGowan has become associated with the firm in its trading department. Mr. McGowan was formerly with the trading departments of E. H. Rollins & Sons and Joseph Walker & Sons.

Atlanta, Birmingham and Coast Railroad Company

Notice of Redemption of Preferred Stock

NOTICE IS HEREBY GIVEN that Atlanta, Birmingham and Coast Railroad Company by resolutions of its Board of Directors adopted July 19, 1945, has exercised its option, under its Petition for Incorporation and the Certificate of Incorporation issued to it by the Secretary of State of the State of Georgia, to redeem and will redeem on January 1, 1946, the whole of the Company's outstanding $100 par value Preferred Stock at the redemption price of $103.00 per share together with an amount equal to five per cent per annum per share from July 1, 1945, to said date of redemption, and that on said date the aforesaid redemption price per share ($105.50) will be due and payable and will be paid at the office of The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y., as Agent of this Company, upon surrender of the certificates for such Preferred Stock, accompanied by a Letter of Transmittal properly filled in and signed.

From and after January 1, 1946, right to receive dividends on the Preferred Stock shall cease to accrue and all rights of the holders of such stock shall cease and determine except the right to receive said redemption price.

No transfers of the Preferred Stock will be made after the close of business on December 31, 1945.

ATLANTA, BIRMINGHAM AND COAST RAILROAD COMPANY,
Dated: New York 6, N. Y., September 20, 1945. *By*: F. D. LEMMON, *Vice President*.

Prepayment Privilege

Holders of above-mentioned Preferred Stock may at any time on and after October 1, 1945, obtain payment of the full redemption price thereof ($105.50 per share) upon surrender of their stock certificates at the office of the Agent as aforesaid.

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Third quarter statements of the banks will be appearing in about two weeks. It may be interesting, therefore, to review the trend of their earning assets during the year as reported by the Federal Reserve Board.

Considering, first, figures of the 16 reporting member banks of the Federal Reserve System in New York, it is found that their holdings of Governments average higher in the third quarter of 1925, thus far, than they did during the first and second quarters, and that this is true also of their total loans. The following table brings out this fact:

NEW YORK CITY BANKS

1945 (Weekly Average)	Total Direct U. S. Government Obligations	Total Loans	Total Loans & U. S. Govt.
First quarter	$15,149,000,000	$4,860,000,000	$20,009,000,000
Second quarter	14,795,000,000	4,932,000,000	19,727,000,000
Third quarter (to date)	15,615,000,000	5,727,000,000	21,342,000,000

The same situation, furthermore, appears to be true of banks on a countrywide basis, as shown in the reports for member banks in 101 cities, as follows:

MEMBER BANKS, 101 CITIES

1945 (Weekly Average)	Total Direct U. S. Government Obligations	Total Loans	Total Loans & U. S. Govt.
First quarter	$43,630,000,000	$11,866,000,000	$55,496,000,000
Second quarter	43,353,000,000	11,740,000,000	55,903,000,000
Third quarter (to date)	48,648,000,000	13,266,000,000	61,914,000,000

The weekly reports of deposits of New York Clearing House banks further confirms the fact that earning assets are generally higher in the third quarter of 1945 than they were during the first half of the year.

NEW YORK CITY CLEARING HOUSE BANKS

1945 (Weekly Average)	Total Deposits
First quarter	$25,238,000,000
Second quarter	24,921,000,000
Third quarter (to date)	26,832,000,000

On the basis of such evidence one can hardly escape the conclusion that the upward trend in bank earnings is continuing and that third quarter statements of the banks should show a favorable comparison with first quarter and midyear statements.

Turning now to individual New York City banks, and comparing the trend of deposits of each as reported by the Clearing House, we find the following:

	First Quarter Feb. 15	Second Quarter May 17	Third Quarter Aug. 16
Bank of Manhattan	$1,040,000,000	$990,000,000	$1,973,000,000
Bank of New York	362,000,000	310,000,000	385,000,000
Bankers Trust	1,594,000,000	1,568,000,000	1,687,000,000
Central Hanover	1,686,000,000	1,613,000,000	1,752,000,000
Chase National	4,499,000,000	4,544,000,000	4,558,000,000
Chemical	1,220,000,000	1,117,000,000	1,372,000,000
Corn Exchange	660,000,000	660,000,000	716,000,000
First National	937,000,000	973,000,000	1,005,000,000
Guaranty Trust	3,186,000,000	2,922,000,000	3,223,000,000
Irving Trust	1,055,000,000	1,017,000,000	1,095,000,000
Manufacturers Trust	1,779,000,000	1,837,000,000	2,009,000,000
National City	4,045,000,000	3,998,000,000	4,289,000,000
New York Trust	697,000,000	655,000,000	759,000,000
Public National	386,000,000	405,000,000	458,000,000

In this tabulation, instead of averaging the weekly figures of each bank for each quarter, deposits as reported at the mid-point of each quarter have been used; yet the same general trend obtains.

Summarizing, third quarter figures exceed first quarter figures by the percentages shown as follows:

PERCENTAGE INCREASE, THIRD QUARTER OVER FIRST QUARTER

Member Banks, New York City; U. S. G. Holdings	3.1%
Member Banks, New York City; Loans	17.8
Member Banks, New York City; Total Loans & U. S. G.	6.7
Clearing House Banks, New York City; Deposits	6.3
Member Banks, 101 Cities; U. S. G. Holdings	11.5
Member Banks, 101 Cities; Loans	11.8
Member Banks, 101 Cities; Total Loans & U. S. G.	11.6

Deposit increases by individual Clearing House banks range from as low as 1.2% and 1.3% for Guaranty and Chase, respectively, to 12.5% for Chemical, 12.9% for Manufacturers Trust and 18.7% for Public National.

How Far Should We Aid Europe?

(Continued from page 1338)

during and after the first World War; who as a member of the Debt Commission renegotiated these loans, and who subsequently had to deal with the earlier efforts at their repudiation by the debtors. Knowing the conclusions of my many eminent colleagues of those times who can no longer speak imposes an even more specific duty upon me.

The world had little experience in lending huge sums by governments before World War I. There were mistakes made at that time, but whatever the mistakes, they were the mistakes of pioneers in unknown lands. There will be greater mistakes and losses in handling the problem from World War II unless heed is taken to lessons of World War I.

To follow experience in these matters is the hard way. But if we would promote the ultimate recovery of America and of a demoralized world; if we would promote long-view good feeling, we shall require much more realism than the easy road of starry-eyed sentimentalism.

In order to make the subject clear I will first relate some history; then I will appraise some economic matters which surround us in this field; and, finally, I will offer some suggestions.

World War I Debts

During World War I our Government loaned about $7,000,000,000 to foreign countries for war purposes prior to the armistice and about $3,500,000,000 after the armistice for relief and reconstruction. This did not include private loans, which I am not here discussing. These Government loans were made to 19 different countries. To make these loans the United States Government sold bonds to our own people, and it was agreed by the foreign governments that they would pay principal and interest in such a fashion as to equal the principal and interest which would fall upon the American taxpayer for the bonds issued.

After the war it became evident that the borrowers could not raise and pay the annual amount this would require. And the world was in better condition to pay then than it is now.

World War Debt Commission

The World War Debt Commission was created by Congress to renegotiate the loans. The commission set up the thesis that the settlements should be based upon the annual capacity of each individual nation to pay. While the principal sum of the debt was never theoretically diminished, yet deferments, interest rates, and the period of repayment were so manipulated that the loans to the different countries were reduced all the way from 30% to 75% to adjust them to capacity to pay. The aggregate annual payments of the combined debtors on all loans were reduced about 70% and never exceeded $250,000,000 per annum up until their repudiation in 1933. These annual payments represented less than 5% of the tax income or foreign trade of each country. This amount did not represent any insuperable economic difficulty either in paying or receiving in normal economic times.

However, when the hurricane of the great depression started in Europe in 1931 the annual payments on intergovernmental debts between other nations, added to the payments to us, became a stifling burden upon the stability of exchanges and currency of the world. You may recollect at that time I secured an 18-month moratorium on intergovernmental debts all over the world. I further urged upon the Congress in 1932 that the Debt Commission be authorized to again renegotiate the debts to us to determine if the payments to us for the future seemed more than the capacity of any debtor to meet and at the same time make its own internal recovery.

In any event, every nation except Finland repudiated or, more euphoniously, ceased payment on their debts in 1933. How much Congress contributed to this by refusing my request for renegotiation no one can tell. I was always of the opinion that had Mr. Roosevelt secured that authority from Congress he might have saved something. And this was more possible as by devaluation of the dollar he, in effect, reduced the debt payments by about a further 50%.

Up to the cease-payment signal the actual sum paid upon the original principal of $10,500,000,000 was less than 4½%. The interest payments amounted to only about 20% of what our taxpayers had paid out on the American bonds issued to make these loans.

Reconstruction Loans Unpaid

At this point I wish to call your attention to the fact that this repudiation covered not only war loans, the equivalent of lend-lease during the present war, but it included also the $3,500,000,000 of relief and reconstruction loans made by the American Government after the war was over. If you conceive that all the payments on the principal made by Europeans were applicable to the reconstruction advances, then only about 13% of this segment was repaid with interest. No nation except Britain paid more than 10% of the post-war loans, if all payments be applied to those alone. Britain paid an amount equal to principal and interest on post-war loans of about $600,000,000 and a small amount of interest on the war loans of about $3,800,000,000.

Here enter two great lessons from experience. That is, the moral and emotional coloring matter which comes into these war and post-war financial transactions between governments and certain economic phenomena which lie in them.

The color of the majority American view of the first World War was that we had no part in its origins; that we were in no danger of invasion; that we entered it to save the western democracies from defeat by Germany after Russia deserted them. When it came to the peace we waived any part of the indemnities to which we were entitled, or any part of the territory, nearly as large as the United States, which the Allies acquired. Americans felt we had made great sacrifices to save our Allies and we had continued these sacrifices in the debt settlements.

The coloring matter of the European view was that they had saved us from destruction by Kaiser Wilhelm; that they held the line alone for two years defending us; that our sacrifice of blood and treasure was much less than theirs; that, therefore, we still owed them something.

Statesmen and demagogues in every debtor country at once appealed for votes on platforms of repudiation of our claims with these justifications. Foreign taxpayers naturally took to the idea of getting rid of taxes to pay us. Thereby, in the European view, our national visage had changed from a great idealistic nation, crusading for the right, to that of Uncle Shylock. And a host of domestic fellow-travelers echoed these cries.

I make this point at length because this question of who saved who enters into these post-war financial transactions with great force. Nor is this history confined to the aftermath of the last war. As late as three weeks ago the former Prime Minister of Great Britain, protesting against our stoppage of lend-lease, accused us of a rough and harsh manner to a faithful ally who held the fort alone for two years. And propaganda has again begun that we are delinquent in our contributions to World War II, although we have spent far more per capita and incurred more casualties than any other ally.

The Economic Question Involved

But aside from these emotional questions there is an economic question of first importance involved in the lending and repayments of these great sums between governments. Outside of some proportionately small movement of gold and services, these sums must in the end be translated into movement of commodities. Whatever we may loan in the future will in reality be goods. Whatever we get back will be goods. And here comes in a vast difference between ourselves and the European borrowers. Our economy is so self contained that we normally import roughly under 7% of the goods we consume and we normally export about the same percentage of what we produce. Any great imports and exports beyond certain limits tend to create unemployment in the United States by displacing our own workmen on one hand or overdraining our resources on the other. The borrowing nations however, normally depend all the way from 20% to 60% upon imports. Thus they can take far larger amounts of goods on loan without damaging their employment than we can take on repayment. Aside from the economic difficulties involved they naturally consider any opposition by us to receiving any of their goods in repayment as justification for repudiation.

Must Not Abandon Self-Sufficiency

I am fully aware that some of our economists disagree with this and contend that if we make loans to foreign governments we can secure full payment in goods provided we lower our tariffs and greatly increase our imports. I may suggest, however, that there is a serious danger to our national defense if we abandon our self-sufficiency in many of our products. I am not going to discuss the merits or demerits of free trade and protection. I may suggest also a little experience. Indeed, Old Man Statistics enters here with sardonic humor.

In the four years from 1926 to 1930 prior to the depression, the goods we imported annually averaged $33.60 per capita with our exports a bit larger at $39.10 per capita. In the four years from 1936 to 1940, after Mr. Hull's systematic lowering of American tariffs, our annual imports averaged only $18.79 per capita and our exports dropped to $24.40 per capita. Put on a quantity basis the showing is even worse. On an index number of 1913 equaling 100, our per capita imports before taking the lowered tariffs stood at 142, whereas after taking they stood at 127. The indexes for exports were respectively 115 and 92. Apparently this medicine does not work. And none of this takes into account the painful and politically potent remarks that our labor and farmers might make on this subject.

The economic reality is that the volume of goods we could supply, and the volume of goods we could absorb in turn, are so much less than the movement which these gigantic sums imply that we simply cannot be repaid in full tariff or no tariff.

Loans Do Not Create Good-Will

I might also emphasize that advances of money or credit by our Government did not seem to stimulate international good-will. Our greatest failure was Italy where our Government made over a billion of war loans and 800 million of post-war loans for reconstruction. She repaid less than 4% of the reconstruction loans alone and ultimately declared war on us.

All this experience with emotional and moral coloring and economics certainly should be of some guidance, as human nature is still about the same.

Lessons of World War I Loans

There are two positive lessons from all this. First: When our Government post-war loans exceed a few tens of millions they are going to be only partly repaid at best.

Second: Loaning money is a poor road to international friendship.

Despite all this there is one overriding necessity. We want our allies to recover. We want within our capacities to help them.

Europe is much more greatly impoverished by this war than the last one. But Europe should not ignore the fact that we also are far more greatly impoverished by this war than the last one. American recovery and financial stability is the first need of the world. Unless we recover, no one will recover. There is a limit to the aid 30 million American families can give to the 300 million families abroad who are hoping for our post-war help.

While we must provide some post-war credits, yet sooner or later most of these credits will come from our taxpayers. The burdens upon them are already gigantic. Even after the transition period our Federal expenses for many years will require from 20 to 25 billions annually. Such Federal taxes alone, spread over our 30,000,000 families, comes to from $600 to $800 annually per family. It is nonsense to claim that taxes are paid by the rich. A tax of 100% on all personal incomes over the level of a United States Senator would yield only about 20% of our future budget. It is foolish to believe that corporation taxes are not in the end passed on to all the people as a whole. Thus it is those who toil and those who produce who will pay these taxes.

We have already pledged billions of post-war aid to foreign countries through the International Bank, the Stabilization Fund, and the Export-Import Bank. We have rightly assumed great burdens to feed the hungry all over the world through UNRRA.

Even if all these already made post-war commitments are assumed to be repayable, yet our Government will have to increase our national debt by borrowing from the American people by just that much. That limits our own capital for conversion and puts that much more strain on our governmental financial structure.

Proposes 12-Point Policy

In the light of all this there are certain policies, certain safeguards, certain limitations we should observe in making any further commitments.

First: I should like to make a suggestion to dispose of the lend-lease and other war-period debts. Although I do not believe we shall be repaid much, if anything, from our 40 billions of lend-lease, yet we should not cancel it now. We should instead propose a world-wide moratorium on all inter-governmental war debts, and five years hence, when the shape of the world is more clear, we should join our allies in settling the disposition of all such debts. This should include the debt relations of mother countries with dominions, including our own relations with the Philippines. In the meantime we should demand that all the weapons we have sent on lend-lease should be destroyed.

Second: As to further post-war advances, loans or financial aid from our Government, we should remember that peace is not yet a month old. We do not know how our own reconversion will go. We

(Continued on page 1355)

Two Exch. Members Draw Suspension

Alfred L. Stamm and Albert Fried Found Guilty of Violating NYSE Constitutions.

John A. Coleman, Chairman of the Board of Governors of the New York Stock Exchange, on Sept. 14 made the following announcement from the rostrum of the Exchange:

"A charge and specification having been preferred against Alfred L. Stamm, a member of the Exchange and a general partner of A. L. Stamm & Co., and against Albert Fried, a member of the Exchange and a general partner of Albert Fried & Co., under Section 6 or Article XIV of the Constitution of the Exchange, the charges and specifications were separately considered by the Board of Governors at a meeting on Sept. 13, 1945.

"The substance of the charge against Mr. Stamm was that just before the close of the market he accepted and caused to be executed a customer's order to buy such amount of a listed stock on the Exchange as might be necessary to cause the last transaction in that stock on the Exchange on that day to be above a stated price. The execution of the order resulted in a one-half point increase in the price of the stock which was selling in the 20s.

"The substance of the charge against Mr. Fried was that, while acting as a broker on the floor of the Exchange, he executed the above order.

"Alfred L. Stamm and Albert Fried, having been found guilty of the charges and specifications, the Board suspended them for a period of six months."

* * *

Section 6 of Article XIV reads as follows:

"A member or allied member who shall be adjudged guilty, by the affirmative vote of a majority of the Governors then in office, of a violation of the Constitution of the Exchange or of a violation of a rule adopted pursuant to the Constitution or of the violation of a resolution of the Board of Governors regulating the conduct or business of members or allied members or of conduct or proceeding inconsistent with just and equitable principles of trade may be suspended or expelled as the Board may determine."

Canadian Securities

By BRUCE WILLIAMS

Every new economic age tends to cause gravitation towards new centers of world commerce. The era of steam-power created Britain's economic supremacy, based on vast coal resources; the age of the internal-combustion engine produced a new world economic power in this country, founded on huge oil reserves. What changes, therefore, will be induced by the commercial harnessing of atomic energy?

In the van of atomic research, this country should maintain its leading role, but there is one country, which has already made spectacular economic progress that should be most fundamentally affected. Possessing the largest known deposits of uranium, the only atomic-energy plant outside this country, and in the Laurentian Shield the greatest potential source of other radio-active elements, Canada now looks towards broader and brighter horizons.

The prophecies of the late Dr. Stephen Leacock, who foresaw, in spite of the gloomy scepticism of his fellow Canadians, a land of abundance supporting 100 million people, can no longer be considered as romantic fantasies but practical and logical probabilities.

Turning to the market for the past week, there were at last indications that previous bullish prognostications were not ill-founded. Activity was still restricted but the undertone was buoyant. The call of the Dominion 3s of 1968 duly materialized and this implies the probable redemption of the 3s of 1953, 1958 and 1967—an overall total of $155,000,000. This is a factor of utmost significance.

Apart from this important development, the market already had a firm tendency. Now a major replacement problem aggravates a situation where the scarcity factor was already acute. The choice of selection in direct Dominions is now narrowed to the 2½s of 1948 (possibly too short for replacement purposes), the 4s of 1960-50 and the 3¼s of 1961-56.

Thus the brunt of demand should fall on the longer Nationals, which have long been the most attractive of the Canadian high-grades. A favorable and curiously neglected feature of most of these bonds, especially in these days of currency doubts and speculations, is the option of payment in Canadian or U. S. dollars or sterling.

Consequently, high grade externals were strong but offerings were scarce. Montreals were in renewed demand but Albertas were inclined to ease. It was announced, by Premier Manning, that the deposit of bonds under the Alberta refunding plan was proceeding very satisfactorily and a registration statement was about to be filed with the SEC in connection with the proposed $26,000,000 public offering in this country.

Internals were steadier and free funds strengthened to 10%. Montreal Heat Light-Power stock was strong and active on the news that an arbitration board was being set up to fix and recommend a price to be paid by the Quebec Government to the stockholders.

With regard to future prospects, previous anticipations of the development of a strong trend in the external section can now be repeated with greater confidence. The purchase of internal Dominions is also to be recommended but it is advisable to await opportunities when cheap exchange is available.

Finance Minister Ilsley's recent statement dispels any imminent possibility of the restoration of the Canadian dollar to its old parity, but his accompanying comments on Canada's U. S. dollar position appear somewhat contradictory in the light of the retirement before maturity of a portion of Canada's indebedness in this country.

Jap Surrender in S. W. Pacific

The Japanese forces in the Southwest Pacific surrendered to the Australian commander, Lieut. Gen. Vernon A. H. Sturdee, on Sept. 6, according to a wireless received from Melbourne on that date by the New York "Times." Gen. Hitoshi Inamura, commander of the Japanese forces in New Britain, New Ireland, New Guinea, Bougainville, the Solomons and other lesser Pacific islands, together with Vice Admiral Jin-Ichi Kusaka, commanding the Japanese southeastern fleet, boarded the British aircraft carrier Glory outside Rabaul, the point where the Japanese made their first invasion of Australian territory, and signed the terms of surrender.

OUR REPORTER'S REPORT

With the investment market evidently in a distinctly receptive mood bankers encountered no trouble at all in distributing two large utility issues which reached market early this week.

Naturally in view of the situation which developed several months ago the bulk of interest centered around the sale by the North American Company of a block of 700,000 shares of common stock of the Pacific Gas & Electric Co., representing slightly more than half its holdings.

Last May when the stock was first offered for bids only a single banking offer was received and the Securities and Exchange Commission ordered it rejected on the ground that the element of competition had not been maintained.

This time two banking groups were in the field and the bids were close with the block of stock going to an underwriting group headed by a New York banking house. As things happened, the stock market has registered decided improvement in the interval and in consequence the P. G. & E. stock is commanding a price several points higher than at the time of the initial attempt to market North American's stock.

In consequence the selling company benefited, by the SEC's earlier action, to the extent of about $1,500,000. And quite evidently the higher price fixed for the public offering was no deterent as far as distribution of the big block was concerned. At any rate bankers were able to announce closing of the books within a very short time. Buyers, however, in the aggregate footed the difference between the price of $38.961 paid by the winning syndicate and that of $36.776 a share offered by the group whose bid was rejected several months ago.

Minnesota Power & Light

Equally as successful as the Pacific Gas & Electric operation from the standpoint of the underwriters was the marketing of Minnesota Power & Light Co.'s $26,000,000 issue of 30-year 3⅛% first mortgage bonds.

Three syndicates were in the field for this piece of underwriting and their bids revealed that all were thinking pretty much the same way. All three bid for the bonds to carry a 3⅛% coupon.

And less than 0.20 points separated the highest from the lowest of the bids received. The winning bid was 101.711 and the low offer 101.5199.

The successful group proceeded with public offering fixing a price of 102.46 for the issue. The bonds moved out quickly and were reported commanding a small premium soon after the books closed.

Big Offerings Clearing Up

In investment quarters it was reported that remnants of several of the larger issues brought out recently are still around but that good progress is being made in clearing away unsold balances.

There is no evidence of disappointment over the fact that these huge offerings have proven a bit slow. Bankers seemingly make allowance for a reasonable digestive period in figuring on such deals and they are pleasantly surprised when, on occasion, one of them moves out more rapidly than anticipated.

At the moment there are still bonds available out of the $113,825,000 of first mortgage 2⅞s of Consumers Power Co., offered by sponsors at 102.37. The same holds true in the case of Northern Pacific's $55,000,000 of 4½% collateral trusts which were brought out at 100. But they are both moving out and it is not expected to be long before syndicates are able to put out the all sold sign.

Not Much Choice

Were it not for the forthcoming Victory Loan some large institutional investors like the big insurance companies would be finding much more difficult their task of investing funds. As it is, buyers for these organizations have no bed of roses what with the market for high-grades staying right up near the best prices.

Worthwhile dips are few and far between and where bonds are really needed the purchaser has got to reach up for them. The underlying situation was strengthened a bit by the indications from London that the government there is quite firmly committed to an easy money policy.

With the world's two most powerful governments leaning in the same direction for the purpose of providing cheap credits to stimulate industrial recovery and trade, it looks as though low yields are destined to be with us indefinitely. Thus, except for the approaching Government Loan big investors have little choice but to take the market as they find it.

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of July 31, 1945, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $27,107,824,101, as against $26,746,253,483 on June 30, 1945, and $22,699,352,632 on July 31, 1944, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was $3,459,434,174.

How Far Should We Aid Europe?

(Continued from page 1353)

cannot for a year hence appraise either our domestic situation or the effect of the great foreign commitments we have already made. These new demands will come not from one foreign government but from many. We must in the interest of our recovery take time to consider how much further burdens we can assume in aid to others, remain solvent and recover.

Third: Both we and our allies need time to find out the actual needs of borrowing countries. Some of the Western European countries still have very considerable balances and assets in the United States. We cannot expect to open credits until these resources are exhausted. There is also a considerable amount of refugee assets in the United States. These things should be made known, in order to enable us to appraise the situation.

Fourth: We cannot afford to just make general loans or give unrestricted financial aid as our Government did in part after the last war. We cannot today afford having our resources used to keep up armies, to engage in non-productive enterprises, to pay debts to other countries, to subsidize social experiments, to go into business abroad in competition with us or to pay for propaganda to upset our Government.

Fifth: In the meantime there are certain commodities in all nations where there is a surplus that is needed by other nations. We have a surplus of wheat, cotton, machinery, some metals, etc. The British Empire has rubber, tin, etc. The Russians have manganese and pulp. The Dutch have rubber and tin. Exchange of these surpluses at once are in obvious mutual interest.

Sixth: All loans or credits should be reduced to terms of commodities. We should open a credit to the particular nation and that credit should be available to purchase commodities in the United States which we approve. This will assure the employment for our own people in producing these commodities.

The borrowing nations will be exporting goods to the United States in the ordinary course and will secure some needed supplies this way. A wise policy for the present should be to fill in deficiencies. Until we can see more clearly it is the part of wisdom to limit our credits to sums that would pay for temporary programs of commodities. Such a method will also determine the exact purpose to which our sacrifices are applied.

Certainly we should lower the sights as to size of these credits a long way from the current newspaper discussion of billions. Four hundred million dollars' worth of peacetime commodities beyond the natural result of trade is a lot of commodities. It is more than any one country took from us before the war in any one year.

Seventh: When the Allied Governments receive cotton or other commodities as a result of credit from us they will necessarily sell them to their people and thereby get cash in their own currencies equal to the amount of our credits. They should be credited to our account. While that cash possibly cannot be turned at once into dollars, it will purchase in their countries certain commodities which can be shipped to us without disturbing the economic situation of either side.

Obviously the amount of these goods needed by the United States which we could possibly obtain will be much less than we will be called upon to give.

Eighth: The whole world food and fuel program for next winter cries for organization that would abolish its horrid inefficiency and power politics.

Ninth: As we are going to get only a part of any advances for relief and reconstruction back, there are some indirect benefits which we could receive. We should insist that there be no quotas against us, no discriminatory tariffs against us, no dumping of goods upon us, no cartel operations against us.

Quotas and discriminatory tariffs are not equal opportunity. Dumping is selling below cost to the injury of our workmen and farmers. Cartels are monopolies for the purpose of fixing prices and driving free enterprise from business. We must have some protection from socialized foreign trade. Such trade contains both the essence of dumping and cartelization. There should also be agreement of no trade discriminations in spheres of influence against us in favor of the dominant power.

Tenth: There should be agreement that no propaganda against the American system of life will be carried on. Such agitation creates uncertainty in a free enterprise system that undermines domestic confidence in our own stability and lessens our ability to help.

Eleventh: If we would avoid the ill will which will arise among our respective peoples from the emotional and moral coloring of these transactions, it should be agreed on both sides that at the end of ten years we will reconsider the situation of these postwar credits by governments which may have been opened on all sides. That should prevent propaganda of hate against us for cancellation.

Twelfth: While I am not here discussing private loans from our bankers and others to foreigners, yet they must be regulated so as to prevent their being applied to any other than directly reproductive enterprise. Otherwise, American investors will not get their money back.

Again, I repeat, We must help. We should use common sense; we should limit our help to what our taxpayers can afford; we should consider our own employment situations; we should limit our aid to the minimum necessary; we should limit it to the direct purpose of restoring their domestic needs through commodities; we should organize it so as to minimize the ill will over repayment. We should do it with the knowledge that we are doing it at a loss to ourselves but to aid mankind to recover from the greatest disaster of all history.

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.

NEW YORK, N. Y.—**Thomas M. Malone** has returned to the trading department of **Gill & Co.**, 41 Broad St., after three years of service in the United States Navy as Chief Boatswain's Mate.

(Special to THE FINANCIAL CHRONICLE)
ATLANTA, GA.—**W. M. Parker** has become associated with **Hancock, Blackstock & Co.**, First National Bank Building. Mr. Parker in the past was with Bounds, Pool & Co.

(Special to THE FINANCIAL CHRONICLE)
CINCINNATI, OHIO—**Harry J. Hudepohl** is with **Ballinger & Co.**, Union Trust Building. In the past he was with W. E. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)
CINCINNATI, OHIO — **Samuel S. Allen**, who has recently been serving in the armed forces, has joined the staff of **J. A. White & Co.**, Union Central Building.

(Special to THE FINANCIAL CHRONICLE)
CLEVELAND, OHIO — **William F. Collins** is with **Merrill, Turben & Co.**, Union Commerce Building.

(Special to THE FINANCIAL CHRONICLE)
COLUMBUS, OHIO—**Ronald E. Bopp** has rejoined the staff of **Fullerton & Company, Inc.**, 8 East Broad Street. Mr. Bopp has recently been serving in the U. S. Army.

(Special to THE FINANCIAL CHRONICLE)
HOLLYWOOD, CALIF.—**Stanley K. Ewing** has become connected with **Merrill Lynch, Pierce, Fenner & Beane**, 6361 Hollywood Boulevard.

(Special to THE FINANCIAL CHRONICLE)
JOPLIN, MO.—**Francis M. Bennett, Jr.** is with **Slayton & Company, Inc.**, 111 North Fourth Street, St. Louis, Mo.

(Special to THE FINANCIAL CHRONICLE)
LONG BEACH, CALIF.—**Newell S. Hawley** has been added to the staff of **Halbert, Hargrove & Co.**, First National Bank Building.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.— **George D. Roberts** has become associated with **Buckley Brothers**, 530 West Sixth Street. Mr. Roberts was formerly with Nelson Douglass & Co.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF. — **Tad Travers** has rejoined the staff of **Crowell, Weedon & Co.**, 650 South Spring Street. Mr. Travers has recently been with Edgerton, Riley & Walter.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Gordon E. Buckhout** and **G. M. Douglass** have become affiliated with **Cruttenden & Co.**, 634 South Spring Street. Mr. Buckhout was previously with Samuel B. Franklin & Co. and Bankamerica Co. Mr. Douglass was with First California Company.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**S. S. Woodbury** is now with **Edgerton, Wykoff & Company.** He was formerly with Walston, Hoffman & Goodwin and H. R. Baker & Co.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Richard G. Kilgore** and **Frank A. Stanton** have become affiliated with **Samuel B. Franklin & Co.**, 215 West Seventh Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Harold M. Burditt, Fred J. Faerber,** and **Edith Hirschfield** have been added to the staff of **Investment Fund Distributors**, 650 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Paul R. Flynn** is with **Oscar F. Kraft & Co.**, 530 West Sixth Street.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.— **Charles W. Flesher, William D. H. Huttig,** and **Albert C. Murphy** have become associated with **Livingstone & Co.**, 639 South Spring Street. Mr. Flesher was previously with First California Company and Bankamerica Company.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**William M. Miller, Donald J. Mills, Albert N. Mougin,** and **H. M. Weatherford** have joined the staff of **Slayton & Co., Inc.**, 111 North Fourth Street, St. Louis, Mo.

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, CALIF.—**Robert W. Hudson** has become connected with **Sutro & Co.**, Van Nuys Building. Mr. Hudson was previously with Buckley Brothers, William H. Jones & Co. and E. F. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)
LOUISVILLE, KY.—**Eugene L. Hugger** is with **J. J. B. Hilliard and Son**, 419 West Jefferson Street.

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, MINN. — **Albert F. Johnson** has become associated with **J. P. Arms, Inc.**, Rand Tower.

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, MINN. — **Raymond W. Wilson** is connected with **J. W. Goldsbury & Co.**, 807 Marquette Ave.

(Special to THE FINANCIAL CHRONICLE)
MINNEAPOLIS, MINN. — **William F. Zeske** has been added to

(Continued on page 1360)

Sec. Commissioners to Meet in Chicago

The annual meeting of the National Association of Securities Commissioners will be held at the Edgewater Beach Hotel, Chicago, Illinois, Friday and Saturday, Nov. 16 and 17, 1945, it is announced by Clarence H. Adams, Connecticut Securities Commissioner, president of the Association. Members must conform with all applicable ODT Regulations, which at present limit out-of-city guests to not to exceed one hundred and fifty.

This is to be an all-important meeting due to the many problems confronting the securities business in the post-war period, and other matters relating to protection of war-time savings. An interesting program is being arranged, the details of which will be released as soon as available.

August Steel Lowest Output Since June 1940

Steel production in August fell to the lowest point in 62 months when the sudden coming of peace forced steel users and steel producers into a period of adjustment of production schedules, according to the American Iron and Steel Institute, which further announced:

"The total output of steel ingots and steel for castings in August was 5,712,770 tons, compared with 6,987,008 tons in July (revised), and 7,498,913 tons in August 1944.

"The August production was the lowest since June 1940 when output was 5,657,443 tons. Nevertheless, the actual tonnage produced in August exceeded output in all but two months of 1929, the best peacetime steel production year on record.

"The percentage of capacity operated in August was 70.4, lowest rate since April 1940, when operations were 61.2%. In July the monthly rate was 86.3% and in August 1944 the rate was 94.1%.

"Following the August 14 announcement of Japan's capitulation, steel operations dropped off very sharply. In recent weeks the rate has been improving, however."

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market reversed its inactive downtrend near the end of last week, as a good demand appeared for both the commercial bank eligible taxable bonds and the restricted obligations. . . . The recovery in the eligible taxable issues was led by the 2½s due 9/15/67/72, with the longer maturities of the 2s also being well taken. . . . The 2¼% due 1956/59, registered the largest gains for the restricted bonds, as this whole group showed a firmer tone. . . . The partially exempt bonds were steady, aside from some softness in the intermediate maturities. . . .

On the basis of the indicated financing policy of the Government and favorable developments that should be forthcoming in the money markets in the not too distant future, the Government bond market appears to be in a buying range at this time. . . .

The eventual return flow of currency from circulation and greater use of low income short-term obligations by the Treasury, should create a demand for the bank eligible taxable bonds, which should result in higher prices for these securities. . . . The market for these bonds will probably not be too dynamic, however, until the restrictions on purchases by savings banks and insurance companies in the Victory Loan have been made known. . . . This information should be available in the near future. . . .

STRONG DEMAND

Although there will be periods of irregularity in the market the opinion prevails that the demand for commercial bank eligible bonds should be great enough to absorb all the outstanding securities that may be sold, and still show better prices than those presently prevailing. . . .

It was pointed out that the market action and price pattern of the 2% due 12/15/52/54, following the Sixth War Loan, may not be dissimilar to what could happen in the future to certain of the bank eligible taxable bonds. . . .

This bond, outstanding in the amount of $8,662,000,000, is the largest marketable Treasury issue. . . . Nevertheless, it has been and still is the bellwether of the 2% taxable group. . . . When this obligation was originally offered in the Sixth War Loan, only the commercial banks with savings deposits were allowed to subscribe to it, to a limited extent of their time deposits. . . . These subscriptions amounted to $886,000,000. Also at that time holders of the called 4% due 12/15/44/54 were given the option of turning in these partially exempts for the 2% due 12/15/52/54 and other securities. . . . Out of this exchange came $737,000,000 of the December 2s due 1952/54. . . .

LARGE BUYERS

It is not definite as to the amount of these bonds that went to commercial banks in this exchange. . . . However, it has been estimated that more than 70% of the total exchanged went to these institutions, which would indicate that out of the $737,000,000 of 2s due 12/15/52/54, exchanged for the called 4s, about $516,000,000 went to commercial banks. . . .

Thus these institutions by direct subscription or through the exchange probably acquired about $1,402,000,000 of these bonds. . . .

During the Sixth War Loan subscriptions to the 2% due 12/15/52/54 by savings banks amounted to $2,018,000,000, insurance companies aggregated $1,339,000,000, other investors totaled $3,582,000,000, and Government Agencies $100,000,000. . . . By the end of May 1945 (the latest figures available), the commercial banks owned $3,462,000,000 of the 2% due 12/15/52/54, savings banks $1,170,000,000, insurance companies $1,140,000,000, other investors, $2,876,000,000, and Government Agencies $15,000,000. . . . The only buyer from the end of the Sixth War Loan to May 31, 1945 was the commercial banks, which institutions absorbed a very substantial amount of this bond. . . .

SHARP PRICE RISE

Despite the selling by all other holders of the 2% due Dec. 15, 1952/54, the price of this security advanced sharply from Dec. 18, 1944, the close of the Sixth War Loan, to May 31, 1945. . . . The bid price of the 2% due 12/15/52/54 on Dec. 18, 1944 was 100 9/32, and on May 31, 1945, it was 102 27/32. . . . This sharp price rise was caused by fears, later substantiated, that there would be no more intermediate term high coupon issues available for the commercial banks. . . .

Although there was heavy selling by non-commercial bank holders during this period, the demand from the deposit institutions was large enough to absorb all of this increased supply and still show improved prices over those prevailing on Dec. 18, 1944. . . .

Conditions were such in the money markets that it was possible for the commercial banks to take on this bond, as well as other eligible issues, which resulted in higher prices and a lower level of interest rates for commercial bank eligible obligations. . . .

HIGHER PRICES SEEN

Another of the eligible issues, that is outstanding in a much smaller amount than the 2% due 12/15/52/54, which advanced sharply during this period, is the 2½% due 9/15/67/72. . . . This bond moved up from 100 20/32 on Dec. 18, 1944, to 104 4/32 on May 31, 1945. . . .

It is apparent that conditions are again being brought about in the money markets that will eventually result in higher prices for the outstanding bank eligible bonds. . . .

The increase in supply that would result from sales by present holders will no doubt be as readily absorbed in the future as it was in the past, because the outstanding amount of these issues is not being added to by new Government flotations. . . .

Inflation Breeds Economic Insecurity

(Continued from first page)

that there is less security now than in the recent past, but perhaps not less than in many periods of past history.

Less than a generation ago it was common to speak of something very sound and safe as being as safe as a "bond." This signified the best of security. Certainly no one would speak so loosely of economic security today as to use a bond for comparison. It is true that some bonds, and indeed a great many bonds are safe and the buyer may be sure of getting his money according to contract. But can he be sure of the buying power of that money when he gets it?

This insecurity in bonds and money is certainly no less than in stocks and almost any other form of property.

But suppose we pass over the buying power of money for the present and examine only changing prices of investments. The defaults in bonds during the decade of the thirties ran into many billions. Among these billions would be found foreign governments, domestic municipalities, railroads, utilities, industrial corporations of no end, and even building and loan associations and farm mortgage banks. The fluctuating prices of common stocks and business properties would be even more startling. No doubt every observer of finance has seen building lots for residences and business property in his home community rising in prices until it seemed that one would never be able to own the property he needs, and within a short period of years these same properties have been sold for less than the accrued taxes. Who does not remember when Auburn Motors sold at $600 a share? Kreuger and Toll was a rich man's investment and the bonds were bought by banks with the public's money; South American Government bonds at par were regarded as cheap, the Michigan Railway 6% guaranteed gold bonds were a rare bargan at any price. Any investor who did not own Hupp Motors, Middle West Utilities or United Founders was just not acquainted with values. New York Central at 200 was a bargain and Steel could never be had again under 250. This list could be extended to fill the leading investment manuals. What are some of these securities worth today? It is not impossible that these old record prices will be reached and even surpassed again by some of these securities. But then what will you do with your money? Will you watch prices decline again or will you take your profits, and what will you do with your profits and capital?

ARE THESE CONDITIONS NEW OR ONLY A REPETITION OF MEN'S GREED AND LACK OF FORESIGHT?

More or less these conditions have been repeating themselves ever since commerce began and as far back as we have records. Many things are different now from what they were a few generations ago but change goes on in about the same way and with just as little warning. Surely the changes and uncertainties of financial conditions in this age are not due wholly to the mere complexity of modern life and the great variety of luxuries and necessities we have. The South Sea Bubble in England more than 200 years ago was perhaps one of the worst financial collapses the world has ever known. The rich were made poor in a very short while. Prosperous corporations failed in a few weeks. The inability to buy turned into the inability to sell almost overnight. That financial collapse which seems to have come from greed and the abuse of credit was not much different from those we have experienced. Certainly living conditions were less complex in those days. The average laboring man today has more luxuries than a king could have in those times. Motor cars, radios, electric lights, airplanes, and even railroads had not yet been invented.

In 1822 the Rev. John Kirkland addressed the Harvard College graduating class in as dreary a tone as a modern commencement address. In addition to the wise counsel, reference was made to "a complex world" in which these young men were entering. The simplicity of the old days had gone. Life had become involved and bewildering. By comparison today we wonder what the complexities of those day were for the average man. I believe it was in 1837, just about the time those young men had settled securely in their business life, that we had in this country one of the worst depressions we have had in our history, perhaps even worse in some respects than that of 1929 which is almost forgotten by some people.

Speaking at Johns Hopkins in 1876, Thomas Huxley said: "I cannot say that I am in the slightest degree impressed by your bigness, or your material resources, as such. Size is not grandeur and territory does not make a nation. The great issue about which hangs a true sublimity and the terror of overhanging fate is, what are you going to do with all these things?"

But since the days of Mr. Huxley the materials of welfare have multiplied until the modern American would be far from comfortable with the humble conditions and luxuries of those days. Mechanical inventions and speed have changed all of life's daily activities and it seems for the better. But have mechanical and scientific inventions outrun our social, economic and financial intelligence to manage these inventions for the common good? I am afraid that our economic intelligence and control of all these things for the best interest of society have lagged far behind. In fact, we seem to be in the dark ages economically and financially. At any rate we still have the same old troubles and apparently no more ability to cope with them than the peoples of many generations back. If no blames are to be levied, it would seem that the problems at least could be laid squarely in front of the door of those who are politically and economically responsible for management and research in the social sciences. In other words, our education in the economic and financial sciences needs examining and perhaps overhauling.

Uncertainties of the Past Similar to the Present

In 1832, J. B. Say said of inflation and its effects:

"It (the debasement of the currency) occasions a violent dislocation of the money-prices of commodities, operating in a thousand different ways, according to the particular circumstances of each respectively, and thereby disconcerting the best planned and most useful speculations, and destroying all confidence between lender and borrower. Nobody will willingly lend when he runs the risk of receiving a less sum than he had advanced; nor will anyone be in a hurry to borrow, if he is in danger of paying more than he gets. Capital is, consequently, diverted from productive investment, and the blow given to production by deterioration of the coin, is commonly followed up by the still more fatal ones of taxation upon commodities, and the establishment of a maximum of price.

"Nor is the effect less serious in respect to national morality. People's ideas of value are kept in a state of confusion for a length of time, during which knavery has an advantage over honest simplicity, in the conduct of pecuniary matters. Moreover, robbery and spoilation are sanctioned by public practice and example; personal interest is set in opposition to integrity; and the voice of the law to the impulse of conscience."

The American Civil War, which was accompanied with inflation in the United States, as well as currency inflation in many parts of Europe, verified Mr. Say's advice. The Rt. Hon. Viscount Goschen, of the Bank of England, in 1868, when money was 2% and could not find borrowers, said:

"The immense deposits in the hands of the Bank of France, the Bank of England, and the strongest of our joint-stock banks, tell their own tale. How these establishments are likely to deal with such funds, and what differences are likely to ensue from this employment of them by bankers instead of by the public itself, or by intermediary establishments, we will endeavor by and by to explain. The important point at this moment is the attitude of those to whom the funds belong, and the displacement, if we may so speak, of investments. What has become of the usual accumulation of savings? Is the present abundance the result of profits and economy? Have we been growing so rich and so prudent that we don't know how to employ all our surplus capital? Not at all. 2% does not result from the abundance, but from the disgust of capital. Harassed by the misuses to which it has been put, by the disappointments it has suffered, by the impositions of which it has been made the dupe, capital, in high dudgeon, has retired to its tents."

The present conditions in the United States and throughout the world, with respect to the rates for money and the uncertain conditions in industry and trade, merely repeat the experiences following the War of 1812 and the Civil War on a world-wide scale. Unemployment and poverty were perhaps greater when this war began than at any other time in the world's history. Despite our higher standards of living and the great progress that had been made, a larger number of people found it increasingly more difficult to gain employment or find a market for their labor and materials. The causes do not seem to be new. They seem to be the same economic and financial causes which have plagued civilized society as far back as we have history of money and trade.

The causes alleged were the disequilibrium of commodity prices and the unbalance of relationships between the purchasing power of producers and consumers. These were the result in a large measure of currency debasement, inflation schemes, trade restrictions, and other political and economic devices designed with good intention but without knowledge of their destructive effects instead of the benefits claimed for them. Inflations and price advances cause excesses in business and overstocking of goods. These conditions promote extraordinary activity for a few months and the aftermath is a collapse, with unemployment and closed markets caused by unbalanced purchasing power with the resultant hard times and demands for social change which will relieve these conditions. The real relief is to prevent the occurrence of conditions which make for these business and financial collapses. One of the most powerful forces in preventing the recurrence of these conditions would be the maintenance of sound and stable money and credit. By sound money we mean a money convertible into a known quantity of gold, such as the people of the United States and England have been accustomed to most of the time for more than 100 years. During this 100 years the world has made its greatest strides, benefiting all classes of humanity and most of all the living conditions of the industrial classes. Further proof of the benefits of stable currency could be drawn from the history of finance, but the limits of space forbid.

Savings and Investment

All of our capital goods today are the result of saving and investment on the part of individuals and corporations. We hear much about cheap money and no doubt many people wonder why with the low rates for money of the thirties corporations did not borrow and expand their plants and restore employment. The real reason was the uncertainty of the future value of money. Corporation managers are much concerned with their ability to pay back borrowed money. That ability depends upon a market for the products and the market for the products depends upon the purchasing power of the masses of people who consume those products. That purchasing power, in turn, depends upon the employment of those people in useful occupations, producing products which will furnish them with income with which to buy the products which they need. Uncertainties and maladjustments and fears created by currency depreciation, discourage well-meaning and thoughtful industrialists from undertaking obligations with other people's money. In turn, the investor has reservations about what he wants to do with his money. He sees the low return on capital invested and in many cases no return but a deficit. Observing these factors, he naturally wishes to buy only the highest grade securities. In this matter he has been schooled to believe that a government bond is the safest investment. For the past 150 years that has been a truism in this country. In spite of the uncertainty of the future value of the money, the average investor still clings to this tradition. Only corporations which could offer the highest grade of credit, and that included only a small percent of the total corporations, could borrow successfully at reasonable rates in the thirties from the investing public. This was largely because of the fear resulting from the maladjustment and uncertainty in industry, which was a repercussion from currency debasement and trade control throughout the world.

Purchasing Power and Money*

The extent to which the purchasing power of our wages and salaries will be maintained in the future depends entirely upon the amount of inflation or the amount of currency debasement.

Our problems at the present time do not differ materially from the problems of other countries which have gone through more extreme inflations. The German inflation was extreme, but as a result of this inflation the declining volume of domestic business in Germany, caused by the loss of purchasing power, was so large that business came almost to a standstill at the peak of the inflation. It was at that time that unemployment was largest. When currency could be picked up in the streets, working capital for industry could not be found. It was only by extraordinarily clever management that a corporation succeeded at all. Corporations that kept out of debt and as the inflation progressed discouraged business expansion and waited for the restoration of a stable money succeeded best. The savings of the middle classes were wiped out. The expected increase in export trade resulting from cheap factory production was a myth and never materialized. The value of savings bank deposits, government bonds and first mortgages declined almost to the vanishing point. The value of insurance policies was virtually wiped out. Insurance companies had left, for the most part, only their physical assets. The recovery of valuable assets by estates, endowments and universities depended entirely upon their physical properties and in some instances was as low as 2%.

The investor in common stocks was not much more successful. Only a few of the well-managed corporations were able to avoid financial reorganization and their stocks and bonds for the most part were valueless. Some of the well-managed corporations succeeded, but the average investor had little chance of being able to select these particular securities. It is not possible to state that investing in particular industries would protect one's capital. While the industry was an important consideration, it was even more important to select carefully the management. Some potash mines that were well managed were successful in preserving a portion of the investors' capital and in some cases in enriching the investor. Other equally good mines, with less capable executive and financial management, had to be reorganized and all classes of securities were pretty nearly destroyed in value.

The French Inflation Compared with the Trend in the United States

The pattern of the French inflation more nearly parallels that in the United States. We devalued 41% before this war and France devalued 80% after the last war. The experience of investors in France was very striking in that the value of the currency was reduced about 80%, and, likewise, the purchasing power of government bonds and income from investments in insurance, endowments, savings banks, were reduced almost in the same proportion, following the first period of stability and revaluation of the currency. Nevertheless, this did not bring stability. It only brought more uncertainty. The confusion in French industry and finance after the first revaluation of the currency was even greater than before. According to the information available, the cost of living in France after the revaluation was roughly 650% of the cost of living in 1914. The index of production in France was less than in 1914. The cost of living declined sharply from the peak of 1928, after the inflation speculative bubble but remained several hundred percent of the cost of living in 1914. The rise in the cost of living did not keep pace with the depreciation in the French currency very long.

Both the investor and the businessman suffered beyond description in France as a result of the maladjustments caused by the inflation.

Taking the average prices of 45 commodities, the French Government wholesale price index of July, 1914, as 100, commodity prices rose from 102 in 1913 to 718 in 1926 and declined to 347 in 1935, then advanced to above 700 in 1939. During this same period and as of these same dates, the French internal debt rose from 32.9 billion francs to the peak of 395 billion francs. In 1926, when the French price level was the highest, the French internal debt was 292.9 billion francs. During this same period an index of 20 industrial stock prices, using 1913 as 100, rose to 507 in 1929 and

(Continued on page 1358)

*All reference to the conditions of foreign countries antedate the present war.

Mutual Funds

A New Day

Distributors Groups heads up a current Investment News with the prophetic title, "A New Era For The Investment Man." Here are some excerpts from the bulletin:

"At the beginning of the war the liquid wealth of this country—cash, bank deposits, Government bonds, etc.—owned by individuals amounted to $60 billion. Moreover, 90% of all this liquid wealth was owned by only 10% of the people.

"Today the liquid wealth owned by individuals has reached the staggering total of $160 billion—an increase of $100 billion in the last five years! And no longer is it largely in the hands of only a small percentage of the people. Today 90% of the people own 40% of this vast sum. . . .

"All signs point toward an era of unprecedented service and prosperity for the investment man."

"Full Speed Ahead"

"That's the battle cry today in Detroit," writes **Hugh W. Long & Co.** in a current bulletin on the **Automobile Industry Series of New York Stocks.** There's no need to worry about price uncertainties, reconversion expenses, markets, or higher prices for cars, according to the bulletin. The ingenuity of the automobile manufacturers and the magnitude of pent-up demand for new cars are counted on to insure highly profitable operations in this industry for a number of years to come.

Immediate Outlook for Corporate Earnings

Keystone's current Keynotes discusses the advantages which will accrue to American industry as a result of the war's termination.

These advantages are described as two potent stabilizers for the reconversion period of the next few months: (1) The excess profits accumulated during the first eight months of 1945, of which 85½% would have been paid in taxes, and (2) The "carry-back" provisions of the tax law under which refunds are obtainable if earnings fall below normal base.

Keystone summarizes as follows: "In view of the enormous pent-up demand for all types of peacetime goods, and the huge sums which have been saved by the American people during the past five years, there is every reason to anticipate a high level of business activity in 1946."

"New Words, New Worlds—and New Opportunities"

National Securities & Research Corp., in a memorandum on **National Industrial Stocks Series,** points out that "every major conflict in recent years has brought a material acceleration in the rate of scientific and technological progress."

"World War II is no exception. Atomic energy, radar, electronics, and a host of other war-born miracles still to be fully disclosed promise drastic changes in our whole way of living. For the past 144 years, new inventions, new products have helped expand our economy and there is no reason to believe that this experience will not be repeated. . . .

"A practical way in which the investor can share in the growth opportunities of industry over the next several years is through the purchase of Industrial Stocks Series Shares."

Incorporated Investors

The Parker Corporation announces that George C. Cutler will join **Incorporated Investors** at the end of September as Chairman of the Finance Committee and Treasurer.

During the past 10 years Mr. Cutler has been identified with many businesses and educational and public institutions, including Trustee of St. Timothy's School, Trustee of the Walters Art Gallery, Treasurer of the Peabody Institute, Director of the Safe Deposit & Trust Co., which he headed, Director of the Baltimore "Sun," the Baltimore Transit Co., the Baltimore Savings Bank, the Atlantic Coast Line Railroad, the Louisville and Nashville Railroad, and Dun & Bradstreet. He has retained his directorships in the last three companies. He is also a member of the Harvard Fund Council and a Director of the American Arbitration Association.

"Load"

"Fifteen times in three and a half years," is the way **Selected Investments Co.** describes the market action in **Selected American Shares** in making up its initial distribution charge.

This charge, or load is justified by the diversification, elimination of burdensome detail, availability, high degree of marketability and numerous other important services performed. "Moreover," writes the sponsor, "in periods of rising markets, the cost can be made up quickly."

Affiliated Fund

Last June **Lord, Abbett,** sponsor of **Affiliated Fund,** announced a policy of reducing the senior capital in this Fund at stated levels on the Dow-Jones Industrial Average ranging from 175 to 300. Last week, with the Average above the 175 level, the management of Affiliated Fund announced that $500,000 of Fund's $10,000,000 2½% notes will be retired as of Sept. 20, 1945. In taking this action, the Lord, Abbett management "continues of the opinion that 'the probabilities favor a continued substantial increase in security prices.'"

* * *

In a current Investment Bulletin on **American Business Shares,** this same sponsor expresses its fundamentally bullish outlook as follows: "There seems to be . . . a basic momentum underlying security trends which is beyond the influence of any day-by-day event. Today's force is strongly upward. It is, if anything, accelerating."

The Situation

Edward E. Hale, of **Vance, Sanders & Co.,** writing in the current issue of Brevits, compares the over-all advance in the current bull market with the gains which took place in the 1923-1929 and 1932-1937 bull markets. The present advance amounts to 87.5% as compared with 344.5% and 371.6%, respectively, for the last two bull markets.

"Certainly, the rise which has taken place to date would seem to indicate that there is only a comparatively moderate interest in stocks on the part of the general public and that we are far from the point of danger which seems to be worrying the public officials today."

Mutual Fund Literature

Broad Street Sales Corp.—Current issue of Items analyzing relation of stock yields to bond yields. . . . **Calvin Bullock**—Revised leaflet on **Dividend Shares** giving all pertinent data. . . . **National Securities & Research Corp.**—Current issue of Investment Timing discussion "The Impracticability of the Full Employment Bill;" a news bulletin on **National Selected Groups Series.** . . . **Hugh W. Long & Co.—Manhattan Bond Fund** portfolio folder showing investment holdings as of Sept. 4, 1945. . . . **Distributors Group—Group Securities'** current Investment Report listing the recommended groups as of Aug. 31, 1945; an Investment News quoting Moody's on the relative merits of stocks and bonds at current prices; revised portfolio folders on **Railroad Bond Shares, Geenral Bond Shares** and **Low Priced Shares.**

Dividends

General Investors Trust — A quarterly dividend of 6¢ per share payable Oct. 20, 1945, to shareholders of record Sept. 29.

Investors Mutual, Inc.—A dividend of 26¢ a share payable Sept. 26, 1945, to holders of record Sept. 12.

Inflation Breeds Economic Insecurity

(Continued from page 1357)

then declined to the level of 191 in the spring of 1938.

The investor in France had a most unfortunate experience. If in 1913 he had invested in the common stock of five textile companies, using his investment at that time as 100%, and had held these investments until 1929, they would have been worth 989% of his invested capital. But in the years following 1929, the decline in the value of these investments would have reduced his capital to 133% of his investment in 1913, and at the beginning of World War II, 202%, while the index of the price level was 620%. The investor in any class of French securities fared badly. There are, of course, those lucky people who were able to select shrewdly the right securities before the inflation and who were able to sell out at the peak of the inflation and hold money and bonds while prices declined and business stagnated. These lucky investors were much better off than the average man. But most of us have to work on our job. We do not have the technical knowledge nor the time to hedge against inflation or secure the information to protect our investments. Our paramount task is that of producing more efficiently better products and enabling the average man who has labor to sell to acquire income with which to provide him and his family with these products in order to raise his standard of living and comfort. This is the job of industry and industry can do this job and do it well if those in control of other factors will cooperate. One of the most important factors is that of money. A sound money and confidence in the future value of that money is as essential to stability and progress in industry as are tools and raw materials and the skill of workers.

Dislocations of Industry and Business Resulting from Inflation

The experiences with inflation in foreign countries prove that there is no dependable protection, for either corporations, workmen or investors. The management of corporations proved to be the most important factor in those that live through periods of inflation without financial reorganization.

One of the characteristics of industry during periods of inflation is that of rapid rise in prices and sudden collapse. This makes it extremely hazardous for the manufacturer or any other businessman. If inventories are purchased at high prices and prices suddenly collapse, the loss may bring a financial reorganization in the business and result in great loss for the investor as well as unemployment for labor and hardship for the consumer. On the other hand, if prices rise sharply and inventories are not acquired at reasonable prices, the producer operating from hand-to-mouth in order to be conservative, may find that he cannot compete. He may be compelled to do business at a loss. In other words, inflation forces producers and merchants into the business of speculating on the future of prices. Maladjustments created by this speculation and the ups and downs of business cause unemployment and a general decline in business in all directions, with attendant reduction in consumer purchasing power.

Engineers and builders cannot make long-time future commitments on contracts because if they do, and provide themselves at present with the materials and equipments to meet these contracts, they may find their costs of carrying out the work so increased that they will lose money in the end. If they do not provide themselves at present with materials and equipment to meet long-term future contracts they may find the prices of these materials so advanced that they are unable to complete the contracts.

The control of inventory and the problem of business management resulting from price changes caused by periods of inflation and deflation are provocative of the most destrictive influences upon manufacturing and business in general. One of the primary causes of these ups and downs is uncertainty of the value of money and the debasing of the currency.

Any industry that borrows new capital before an inflation and expands its plant to produce necessary products may find that it is unable to market these products and pay off the borrowed capital over the next few years, because of the dislocation of consumer purchasing power resulting from the rapid changes in prices caused by the inflation and deflation of money and credit. It is the fear of these conditions that brings the capital markets to a standstill. Every country is in need of vast new industries. Material goods are adequate and labor will want these jobs. But the uncertainties of the future of the market and the uncertainties of the future value of money and the uncertainties of the ability of the industries to borrow money and carry through industrial expansion and pay that money back, may deter necessary plant expansion, and new industries.

Because of the changing values of monies for peoples who have been accustomed to buy our products, these people may be unable to make new purchases. Many products which we use in our industries must be purchased abroad. The prices of these products rise and fall sharply with changing values of foreign currencies in relation to our currency. When the French franc was worth 20 cents, an American motor car worth $700 was worth 3,500 francs. With the French franc at 2 cents, a motor car worth $700 in this country will cost the Frenchman 35,000 francs.

The American farmer who needs a foreign market for his products today can well afford to reflect the disadvantage to him of the depreciation of the foreign currencies. When wheat was a dollar a bushel and the franc was worth 20 cents, five francs would buy a bushel of American wheat. Today it requires 50 francs to buy a bushel of American wheat at a dollar a bushel. Is there not safe reason to believe that under these conditions, with depreciated currencies, foreigners will curtail their buying of American agricultural products and as a result we will have a vast surplus of agricultural products for which

Germany After the Debacle

(Continued from first page)

where once the Nazis lorded it, there now functions a transplanted bit of the Pentagon Building.

The Reich building itself was not too heavily damaged, but in the surrounding neighborhood the destruction wrought by the Allies is severe. One must, however, walk from the central railroad station—thronged with sober and shabby people, especially the old and the young—toward the Port of Bremen to realize what modern pre-Atom bombing can do to a city. Here, where the block-busters fell, is utter devastation by the acre and square mile as far as the eye can see. Here was the great port, where docked the liner Columbus with its tourists of the 20's. Here is the real heart of the Hanseatic City-State of Bremen.

There lie the submarine shipyards with a dozen or more U-boats partly finished on the ways. There still tower the great cranes that unloaded the cargoes that armed Hitler for his scourge and everywhere about is rubble as far as the eye can see. If Germany is ever permitted to trade again across the seas Bremen, by its location, must come back.

But even if Germany were liberated today it would perhaps take four years to just clean the place up, and another six years, according to our "gesstimate", to erect a new city. Only this week was Bremen's harbor officially opened for ocean vessels. Heretofore, supplies for the American armies in Germany have been unloaded in Bremerhaven, about 40 miles away.

The Bremen enclave is a piece carved out of the British zone of occupation for the use of the United States mlitary forces. Here is the only place in the American zone where the military gets preference in all matters. Here, no reconstruction work is permitted, no materials being supplied to repair the damage unless the military authorities deem such repairs necessary. Outside of some dilapidated street cars, a recently started bus route and a very few bicycles or horsedrawn carts, the only traffic on the streets, is military.

Among the ruins here and there, householders have boarded up a cellar room or built a shack to live in. Right next door to headquarters of the military government are the walls of what once was a city mansion. Its former tenant has now carved out an abode in the ruins of the basement. The eastern part of Bremen, containing the residences, is relatively little damaged.

Bremen is a sad and seemingly "docile city." The military government has encountered no trouble from dissident elements. The much-touted werewolves so far have proved to be only a shadow on the wall. There are still in existence fragments of the once all-powerful Nazi's structure. It is by many taken for granted such organization, if it exists, is believed to be fragmentary. For example, it is rumored that at Kassel the military government has as its top civilian advisor a former Nazi fingerman. Whether this is true only an investigation could disclose.

By contrast with Bremen, Hamburg has a seemingly more normal air. Hamburg is in the British zone of occupation and there is much activity on the streets of what is left of its business district. Although the Elbe River City also has been most severely bombed, especially around the docks and in the industrial and commercial Altstadt and Neustadt districts, the city as a whole is so large that extensive residential areas have suffered only spotty destruction. One sees the people going about as if they had business to do.

There is merchandise in many of the shop windows even though what one buys is rationed and doubtless also ersatz. This is quite different from Bremen where, as one German put it to the writer, "you cannot spend 100 marks on anything but bread or potatoes." There just are no goods, no amusements, not even music, for the orchestras have been taken over by our forces. In general, the people of Hamburg appear well clothed and quite well fed, as is to be expected in a country which for years has been denuding its neighbors of all kinds of goods. The misery and destruction which the war has visited in Bremen is somewhat ironical if the stories are true that this city was always lukewarm, if not hostile, to Nazism.

At Bremen, in the American enclave, the people generally give the impression of simply enduring the occupation.

Between the G.I.'s and the Bremen girls, however, fraternization is going full blast. Chewing gum stretches a long way in buying entertainment, as do candy and cigarettes. A single American cigarette has a black market value of six marks in Bremen. One can see people going around the streets gathering the cigarette butts the soldiers discard. There are other unusual scavengers, such as the quite well-dressed housewife the writer saw today in the street collecting horse manure with a dustpan and broom, presumably for use as fertilizer in her garden. A common sight at almost any time of the day are the people pulling carts of fire wood they have collected in the outskirts, or of salvaged equipment such as a stove from a bombed building. These quite obviously are middle and upper-class people to judge by their neat and well conditioned attire. The most depressed and rundown-looking persons in Bremen are the discharged German soldiers. Their uniforms now in slovenly condition, slowly they are coming home to contemplate through the wind swirled dust what seems a hopeless outlook. There can be no doubt that the citizens of Germany's large cities know today what war means.

One of the wartime stories out of Hamburg, by way of Sweden, that turns out not to have been true was the tale that the Elbe Tunnel had been hit during an air raid while occupied by refugees from the bombing. The Elbe Tunnel is, in fact, in good working order. The big railroad and highway bridges in Hamburg also came through the war in working order.

Morale of the American troops is generally very good. Those who have points above the critical score are very anxious to get home, preferably by Christmas. Those enlisted men who are low-pointers are reconciled to the fact that they must remain with the occupation forces for some time to come. With the officers, the situation is somewhat different. The field grade officers display weakened morale because their point requirements for redeployment home and for discharge are so high. As for Bremen's 91 WACs, almost all of them want to stay here because they like it, and they do not look forward with any anticipation to the reported scheduled disbandment of the WAC organization next February.

Every possible facility for entertainment and relaxation is provided American enlisted personnel here. The food is the best America can supply, cooked by excellent German cooks requisitioned from the Burgomeister. The meals are served in a rathskeller atmosphere of pre-1914 Germany with orchestral music and courteous service. A series of ice cream parlors is being started, the first already open, to serve ice cream, coca cola and coffee to GI's at extremely nominal cost. The enlisted men have among Bremen's silent and, at night, somewhat gruesome ruins, their own place of relaxation. It is a former elegant night club which escaped bombing and the boys have christened it Shangri-La. There they are entertained by German and American musicians, may get food and drink, and otherwise relax. The prices are fantastically low. For example, in Shangri-La a GI can get beer or coke for half a mark, equal to five cents, and mixed drinks for two marks. There is no overhead. Service is by the German local government.

Since, with the absence of merchandise and of non-military economic activity, together with the abundance of purchasing power lying about unused, there is no demand for credit, the banks of Bremen have little to do. Many of them, bombed out of their original quarters, are now located in temporary premises. In Bremen there is a branch of the Reichsbank, but Germany's central banking system today is a decapitated structure. The regional branches are operating independently with no central board to determine and coordinate their policies, according to Herr Schact, director of the Bremen branch of the Reichsbank. The Giro system is not functioning adequately. There is no single centralized clearing with the Russian occupied zone, therefore no Giro relations at all. With the French-occupied part of Germany, there are Reichsbank branch Giro relations, but these have to be carried on by courier since there is no postal service to the French zone at present. Clearing houses for the Giro system exist in Stuttgart, Karlsruhe, Darmstadt, Frankfurt and Warburg, but none in Bremen. Under the military government regulations, the commercial banks are required to block the funds of any Nazi organization. Foreign exchange transactions are prohibited and all gold, silver, foreign exchange and foreign securities must be turned over to the Reichsbank where they are impounded, in contrast with the Nazi system of paying in local currency for such assets turned in by German citizens. The chief problem of the banks here, according to Herr Schact, revolves about the uncertain business outlook and the uncertainties as to personnel. The banks of Bremen have lost a considerable number of their trained employees and are in many instances finding it difficult to carry on their business.

About 150 persons among Bremen banks' personnel have been "denazified" from their jobs.

On Sept. 1, the military government closed the Bank der Deutschen Arbeit. This event has been followed by some disquiet among bank depositors, resulting in the withdrawal of some 13,000,000 reichsmarks from Bremen banks during the last 10 days.

This withdrawal of currency by the public, chiefly from savings accounts, left the banks with only 59,000,000 reichsmarks in their tills. In anticipation of a possible demand for more currency notes, the Bremen branch of the Reichsbank has ordered an additional 50,000,000 marks of Allied military currency. The military government authorities concerned with financial matters do not view this situation as serious. The Bank der Deutschen Arbeit was closed because of its Nazi identity.

Another financial problem encountered here relates to the Jewish properties which were in the hands of the Nazis and others when the war ended. Such properties are taken over by the Control Commission, which will have to decide what to do with them. The biggest problem in this connection is to find the legitimate owners.

The one thing that the people of Germany seem to have plenty of is currency. Both notes of the former Nazi Government and Allied military notes are in circulation. The American forces, of course, use only Allied military currency. These notes are available in denomination of one-half, one, five, ten, twenty and 100 marks. Each note bears in German the inscription, "Alliierte Militaerbehoerde in Umlauf Gesetzt in Deutschland," together with the denomination of the note in number and figures, and a serial number. The British, Canadians and Americans all use the same military currency.

The military currency being put into circulation by the Rus-

(Continued on page 1360)

there is no market? It would be of paramount importance to the market for the American farmer to have the stability of foreign currencies restored and with it full and free trade relations between the United States and foreign countries in both agricultural and industrial products.

Because of the declining values of currency in the thirties, foreign countries sought to protect their home market by restricting imports to their ability to pay with their exports. As a consequence, American-foreign trade fell to a very low level and so did the foreign trade of most other countries. A restoration of this trade requires first a restoration of dependable money exchanges between the United States and other countries. The importance of restoring exchange values of monies and in turn trade between the United States and foreign countries can be illustrated by the marketing problems of the cotton farmers. The United States has an actual advantage in producing cotton. Using this advantage we have increased our production of cotton until about 60% of our average production must be sold abroad. Or, in other words, we have an average use for only about 40% of our production. With the restriction of the foreign market, resulting from the conditions described, foreign peoples who would buy American cotton are unable to buy, and as a result the cotton farmer is dependent upon the government and when this government aid to the cotton farmer is not forthcomnng, one can foresee the plight that will befall the cotton farmer. It is a truism that a small surplus depresses the price wholly out of proportion to that surplus. The large surplus which the cotton farmer provides makes him entirely dependent upon a world market. The conditions indicated in the surplus production of cotton in this country might be illustrated in many other industries, including that of motor cars. In the motor car industry, we have learned to depend upon a large export trade and have built our plants accordingly. The future of that foreign trade is largely dependent upon the restoration of sound currencies and the free exchange of both industrial products and raw materials between the United States and other countries.

The Securities Salesman's Corner

A Good Laugh Is Sometimes Worth A Hundred Arguments.

By JOHN DALTON

Time and again a salesman is faced with the problem of making a point of logic when his prospect disagrees. Sometimes it's better to "laugh it off." There are people in this world who like to assert their viewpoints just for the inner satisfaction which they derive from the exercise. When you meet them it is better to give them their lead and let them blow off their steam. If they like you there is a chance you can do business with them, if they lose an argument and you win it, they won't like you MUCH.

For example, we know of a fellow who is a pretty good lawyer. Most of them like to talk a lot. This one is not only a good talker but he's an able lawyer. The other day he was at lunch with a certain salesman. He began to rib him about a particular security that the salesman had sold him about two months ago. He went into the facts. He mentioned the low book value of the stock as compared with the price he had paid, the low wartime earnings, and several other factors that were true—but he didn't mention any of the other favorable considerations which prompted the salesman to offer the stock in the first place AND WHICH WERE THE OBVIOUS REASONS WHY HE ORIGINALLY AGREED TO BUY IT. Then he said, "You know darn well I paid too much for that stock, here it is almost two months since I bought it and it's still selling at the same price which I paid for it." Now this is a pretty good dose of castor oil for any salesman to swallow without gagging. But this salesman didn't argue, instead he smiled, lifted his coffee cup and said, "Well here's to the dogs I sell you, the only thing wrong with them is that it takes them a little longer than two months to get going, but I think you'll find out that eventually I'll be right, and when you do make your profit the tax collector will have just that much less and you can pocket the difference." No argument, no sweat and no strain. The lawyer found out he didn't have a judge and a jury to appeal his case, so he finished his dessert and all was happy.

This salesman judged his man correctly. This investor knew his business, he had bought many securities in his past life, he had taken some losses and some profits. He knew he had a pretty good stock when he bought it — he also had considerable confidence in the salesman. He was looking for a chance to put the salesman on the defensive. Some people are funny. If the salesman had gone into a lengthy argument about the merits of the stock he would have weakened his position in the future. He didn't try to resell that security. He assumed (in a nice way) that he knew more about that situation than his customer. The reason he assumed such an attitude was also very proper. HE WAS CONVINCED THAT HE KNEW MORE ABOUT IT THAN HIS CUSTOMER.

It takes confidence in yourself, in your own ability as a judge of values, and confidence in your capacity as an investment specialist and your own degree of knowledge of markets, values and economic conditions BEFORE YOU CAN MEET EVERY MAN ON A BASIS OF EQUALITY. If you believe that you know this business (AND YOU DO KNOW IT AND CONTINUE TRYING TO LEARN MORE) there are no sales hurdles you'll ever have to meet that you can't overcome. A well oiled brain, constantly alerted by study and factual knowledge, plus the ability to meet and judge the human animal in all his frailties IS ALL THAT YOU NEED TO SELL SECURITIES. THAT'S ALL BOYS—THAT'S ALL!

E. M. Edwards Co. in Phila.

PHILADELPHIA, PA.—E. M. Edwards Co. has been formed with offices at 1500 Walnut St. Officers are Edward M. Edwards, President and Treasurer, and Ira J. Williams, Jr., Vice-President and Secretary. Mr. Edwards was formerly with H. M. Byllesby & Co. and recently has been active as an individual dealer.

Roy Kemp Re-Opens

LITTLE ROCK, ARK.—Roy M. Kemp will shortly engage in a general securities business from offices at 1601 North Harrison St. In the past he did business as an individual dealer in Little Rock, was a partner in Kemp-Lokey Co., and prior thereto was an officer of Traylor-Jones Co.

Germany After the Debacle

(Continued from page 1359)

sians in their zone of occupation differs from that just described only in that there is a minus sign in front of the serial number. Considering the manner in which the Russian military are here reported to be putting this currency in circulation, the minus sign may be prophetic. There is not time for the passing visitor to check the stories he hears in the officers' mess at Bremen. It is not without interest, however, to report some of the dinner-table conversation as heard by the writer in the American officers' mess in the rathskeller here.

One thing seems to be clear from these conversations: The Russian officers and men in Berlin are supplied with seemingly inexhaustible quantities of occupation marks and they are spending these marks like Brewster's millions. According to stories here the Russians don't know what to do with their marks. This occupation currency has no value at home in Russia and American officers here are saying that, unlike the American system, the Russians do not enable their soldiers to transmit money home for payment to relatives in rubles. It may be this or it may be that the Russians cannot find anything at home to be bought with the rubles they would obtain for such remittances. Whatever the reason or the policy of Moscow in this matter, the fact is that the Russians with whom Americans come in contact in Berlin are spending marks like water.

In Berlin, it is said American cigarettes are being sold at $10 a pack. Some American truck drivers making the run between here and Berlin, according to rathskeller rumor, have been paying $15 for a carton of American cigarettes in Bremen, with the object of reselling them in Berlin at fabulous figures. At that, there are few cigarettes to be purchased here.

I heard the story of an American lieutenant, recently in Bremen from Berlin, who asked his table-mates the time and then, indicating their watches, inquired how much they would take for them. He bought all the watches he could get because, so he said, they could be sold at very fancy prices to Russians in Berlin. It is further affirmed that the Russians who buy the watches in Berlin don't care whether the watches are good or bad, expensive or cheap. If a watch has a black face and luminous figures, it will bring more money. It is said one can get $700 for a Mickey Mouse watch in Berlin.

One officer relates he saw Russian officers coming out of an officers' mess in Berlin and simply picking up handfuls of occupation marks on their way out, with seemingly no accounting. American officers here believe—although this may be an unconfirmed rumor—that the Russian Government can obtain any amount of occupation marks from the United States that it may wish to obtain and that in this the United States is being "rooked."

One enlisted man in Berlin is said to have accumulated a small fortune by trading in the Russian black market in that city and, because he was unable to transmit home his trading profits, purchased two Berlin apartment houses. One lieutenant in Bremen is reported to have said that one of his enlisted men has engaged a German concern here to build him a yacht for a cost which, translated into dollars, amounts to only a few hundred.

The Russian black market in Berlin is largely a matter involving Russians and Americans. When the Russians want something that the Germans have they simply take it. A tale told here relates to the landlady of an American officer who was visiting Berlin. He saw her ride by on a bicycle. After a while she came in greatly disheveled and with a bayonet gash in her arm. A Russian soldier had demanded her bicycle and she had refused to give it up. This incident took place in the American zone in Berlin. If an American wanders about in the Russian zone of Berlin he is rather a rash person, American officers here believe.

The Russians have taken all the gold, jewelry nad other valuables they could find in other parts of Germany, it is reported here. They are also said to be doing a much better job of demilitarizing than we are, according to rathskeller conversation.

Incidentally, the British are not bashful about taking what they want. As mentioned earlier, this enclave was carved out of the British zone. By arrangement, it was evacuated at noon one day last May. When the British left they took with them all sorts of property, not only of military but non-military nature. The Americans that morning could only stand in the streets and chafe as they watched the truckloads of booty depart.

The writer was billeted one night in a very fine house in the better residential section of Bremen. The house was in an excellent state of repair and is still quite comfortably furnished. The present housekeeper, daughter of the former owner, states that when the British were in Bremen they took away the best furniture, ornaments and books from this house.

Most Germans here all seem to be very glad that the Americans now occupy their city, rather than the British or the much-feared Russians. It is the American way to treat others civilly. A consequence is that many American officers are saying that we are too soft-hearted. One complaint I heard at the officers' club relates to the way that equipment we seized in the submarine shipyards here is being released. Such material, of course, has become the property of the American Government. But when the military government wants some necessary construction work done and the designated contractor states that his cranes, trip hammers and the like are in the sub yards, "some lieutenant signs an order releasing the property to him for keeps." Apparently, there is no machinery set-up to make a charge for such released equipment.

Another rathskeller conversation I had was with a 75-year-old attendant in the washroom. He told me of the terror of the bombing, especially toward the end of the war, and expressed great relief that the war is now over. I asked him when Germany would be ready to start another war. "Never, never," was his vehement reply. An American captain states that whenever an American fighter plane buzzes over Bremen. as happens every so often, the girl stenographers in his office shed tears. On the other hand, there is the reported conversation with a 14-year-old boy who said he would be grown up when he reached 16. The boy was asked what he wanted to do when he grew up. He replied that he wants to be a soldier, "because soldiers are conquering persons." He did not seem to realize that soldiers also can be defeated.

I heard an officer complaining at mess about a replacement who had been reported by an MP for having a tunic button open. The officer did not think the man should be disciplined for this. The officer was concerned about the blot on the previously good record of his company up to the time of the open button. A button seems like a small matter, yet for want of a button, discipline can become lax and many consequences follow in a conquered country. An officer tells me he notices lately that civilians do not get out of the way of American vehicles or American pedestrians like they used to and that in fact he is convinced that some of the former German officers deliberately time their pace so as to arrive just in front of a walking American officer, counting on his American courtesy to cause him to slow down and let the German pass first. This, if true, may also be not without significance as to the effectiveness of the American occupation of this traditional land of warmakers. In the Russian zone such tactics would bring a bayonet slash.

Before my billet the other evening a couple on bicycles were passing a bench occupield by a woman and child. The woman threw a remark at the bicycle riders, which eventuated in a hot argument, causing some Americans nearby to intervene. It developed that the woman bicycle rider was the sole survivor of a Jewish family. She, because of her race and her loyal Christian husband, had been in concentration camps in Czechoslovakia and were now coming home. The woman on the bench had called "Jew" as they passed. The Americans who interrogated the participants in the resultant argument discovered in the local woman's pocketbook a photograph of Hitler tenderly preserved in the pages of a notebook.

Broker-Dealer Personnel Items

(Continued from page 1355)

the staff of **Keenan & Clarey, Inc.,** National Building.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND MAINE—**Philip C. Derrah** is with **R. H. Johnson & Co.,** 30 State Street, Boston, Mass. In the past Mr. Derrah was with J. Arthur Warner & Co. and Clyde F. Frost & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, MAINE—**Charles W. Leonard, Jr.**. recently in the U. S. Army, is now with **C. W. Leonard & Co.,** Masonic Building.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**Ellsworth B. Burgi** has become associated with **Walston, Hoffman & Goodwin,** 265 Montgomery Street. He was previously with Bankamerica Company.

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, CALIF.—**William H. Pabst** is with **First California Company,** Bank of America Building.

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, OHIO—**Louis J. Reimer** has rejoined **Stranahan, Harris & Co., Inc.,** Ohio Building. Mr. Reimer has recently been serving in the armed forces.

(Special to THE FINANCIAL CHRONICLE)

TAMPA, FLA.—**Cleveland L. Short** and **Malcolm Neuwahl** are epresenting **Herrick, Waddell and Co., Inc.,** 55 Liberty Street, New York City.

C. C. Fields Dies

C. C. Fields, prominent Canadian grain official, died at Winnipeg, on Sept. 13. Mr. Fields, who was born in the state of Kansas, was president of the Norris Grain Company of Canada. Mr. Fields, a member of the Winnipeg Grain Exchange for 40 years, was president of the Exchange in 1924 and again in 1934.

The Road to Peace

(Continued from page 1339)

by force of arms alone. Nor can it be assured merely by the establishment of a world organization. It can only be maintained by continuing world cooperation in the same spirit of devotion, mutual help and trust which animated our war effort. We must jointly wage peace as we have waged war.

In this battle for enduring peace the stakes are high. Last time we botched the job. If we botch it again we may, at best, lose the last chance to preserve our system of political freedom and economic opportunity; we may, at worst, face a new war with all the terrible destruction which this war has foreshadowed.

It takes little imagination to foresee the character of another war. Atomic power, launched from great distances by robot bombs or suicide planes, contains the seed of the complete destruction of civilization. The bloodshed, agony and horror of this war have ended. Peace is here. Yet at this moment we are standing on the edge of an abyss.

We have taken one great measure to keep the world from falling into that abyss. We have drawn up a charter for a United Nations Organization; and this time there is no doubt about the full, wholehearted participation by the United States. But political arrangements are not enough. The treaty of Versailes contained provisions that could have kept Germany impotent for a thousand years. The League of Nations, with all its defects, could have forestalled aggression. But the treaty was not enforced; the League was allowed to sink into impotence. The principal reason for these failures was that the nations were distracted and divided by economic strife.

Private Enterprise Has Not Failed

We are often told that the experience of the 1920's and 1930's proved that the system of private capitalist enterprise is all washed up—that it has lost the power to sustain itself; that it cannot be counted on to give us our goal of full employment and a rising standard of living. That is, I submit, a profound misreading of history. The breakdown of the 1920's and 1930's cannot fairly be said to have been solely or even primarily the result of the failure of the system of private enterprise. It was primarily, if not solely, the result of the failure of governments after the last war to solve the economic and political problems resulting from the war.

The allied countries which had been held together in the common cause of war fell apart; each sought to pursue its own interests, regardless of the interests of others. They failed to settle the problems of war debts and reparations; they erected prohibitive tariffs; they engaged in a nationalistic struggle for self-sufficiency. Inexorably, these errors led on to the breakdown of currencies, competitive devalution, quotas, exchange restrictions, clearing agreements, blocs, preferences and a progressive tangle of authoritarian controls over every aspect of international commerce. Military conflict had been succeeded by economic warfare. Small wonder that we were overtaken by depression and continued unemployment.

The system of private competitive enterprise is, by its very nature, internationalist in character. It cannot flourish in a world of economic warfare. Economic warfare leads inevitably to totalitarianism and totalitarianism leads ultimately to war. The choice, to my mind, is plain. If we want to keep the enterprise system, we must have real peace. If we want real peace we must avoid like the plague all the devices of totalitarianism.

Now let's look at the conditions which confront us here at home and the problems we must face abroad. But, first, what is it we want in the peacetime years ahead? All over the world people are demanding a greater measure of economic security. The goal of full employment is everywhere proclaimed. It has been written into the charter of the United Nations. Supplementing this goal, there is a well-nigh universal demand for broad social security—insurance against unemployment and old age. In short, the universal insistence is that men and women who live in an industrial society shall be protected against the hazards and hardships to which that type of society exposes them through no fault of their own. I certainly have no quarrel with all this. I share and fully approve these universal aspirations. But how are we to achieve full employment, greater social security and a rising standard of living for all people?

More Production, Not Government Spending

There is only one answer. If we are to have more of the good things of life we must produce them. They cannot be obtained by mere government spending. They can only be obtained if the productive genius which has crushed the Axis is given a chance to turn its unlimited abilities toward the production of peacetime goods. If that course is followed we have within our grasp, I believe, a period of prosperity that cannot only benefit ourselves but give a lift to the rest of the world.

Consider some of the facts. To begin with, there is the enormous, accumulated deferred demand for durable goods. For years the bulk of our productive capacity has been devoted to war. Hundreds of articles of everyday use have been unavailable. A great backlog of demand has piled up. Right now, if they were available, there is a market for ten million automobiles, four million washing machines, five million refrigerators, twenty million radios. The potentials in the field of housing and construction are enormous. Even before the war we had fallen far behind in the construction of new homes. We shall need to build a million and a quarter new homes a year for the next ten years. This is a sample of the market that is waiting for American business. Industry also has plans. Manufacturers alone expect to spend for capital equipment during the next 12 months an amount 50% greater than was spent in the boom year 1929. To this must be added the amounts which will be spent by railroads and public utilities.

Paralleling this great deferred demand there exists a huge volume of accumulated purchasing power. It is estimated that the American people today have almost $200 billion of liquid funds with which to finance the purchase of these new homes, automobiles, radios, refrigerators and industrial equipment. Nor should it be overlooked that this great volume of purchasing power does not tell the whole story. The mere process of producing and merchandising all of these things that people want will itself create great new sources of purchasing power and give rise to still further wants.

On the side of production there is scarcely room for argument. The miracles that have been performed in war production are a vivid recollection. As a result of the war our nation's productive capacity has been increased about 40%. Tremendous strides have been made in the development of new materials, new processes, new techniques. We have the capacity to produce; we have the potential demand; we have the available purchasing power to bring together production and demand. We have, in short, all of the conditions which, together with one other condition, are necessary to create prosperity.

Must Have Confidence

That one other condition is confidence. In the United States we hear dire predictions of mass unemployment. Demands are being made for a huge "make work" program. We have just proved that free men can out-produce, out-general and out-fight the regimented military machines of totalitarianism. Yet, in the face of that triumph, we still hear it said that the system of free enterprise cannot sustain itself and that in peace we must turn more and more to a system of government control and support of our economy.

Here is a strange paradox: Neither of our two countries was prepared for war. Our enemies had been preparing for years. Yet, unprepared as we were, none of us had any doubts about the outcome. Even in the darkest hours we knew we were invincible; we had complete confidence in our strength. Now, in the full flush of victory, we hear widespread doubts whether we can succeed in peace as we have succeeded in war.

Inevitably there will be a period of dislocation as industry converts from war production to peace production. But I am confident that this period will prove to be extraordinarily brief. I am confident that it will be succeeded by great prosperity. Indeed, our greatest danger at this moment is not unemployment and depression. The danger is that the coming upsurge of business activity may run away in an excessive boom.

The one thing that could bring on that boom would be to start priming the pump. This pump does not need priming.

Indeed, to pour into our economy at this stage additional billions of government expenditures for public works would be the most dangerous possible course. Pump priming authorized now would only begin to make itself felt well in the future when business activity and employment are already strongly on the upgrade. Coming at such a time it could easily tip the balance, turning post-war recovery into post-war inflation with all its aftermath of runaway boom and subsequent collapse.

There may come a time when public works to help create employment opportunities will have their uses. But that time is still far off—probably years from now when the forces of post-war recovery have spent themselves. For the present the factors making for recovery are so powerful that our wisest course is to give them an opportunity to get to work.

The International Picture

So much for the near-term domestic situation. The international picture is far more complex. Much has been accomplished in the political field through the establishment of the United Nations Organization. Here is a program which is good enough to succeed if men have the will and wisdom to make it succeed. Without that will and wisdom no instrumentality, however perfect on paper, is worth a rap. On the vital economic side everything remains to be done.

The Bretton Woods agreements have been drafted and are already ratified by the United States. Ratification by other countries, especially Britain, faces serious obstacles. But even if Bretton Woods is adopted all around, it is no more than a beginning. It provides no final solution to the problem of currency stability; but merely a method and an organization through which men can work toward a part of the solution. Basically stability of exchange rests upon trade and financial relations.

We emerge from the war with enormous power and prestige. In spite of our huge government debt and inflationary potentials we have no financial problems that we cannot solve for ourselves. Our productive plant is intact, bigger and more efficient than ever. Before long we shall be turning out in great quantities the goods which not we alone, but all the world needs and desires. In contrast our good allies have suffered deeply from the occupation of enemy forces and the destruction wrought by bombs and shellfire.

It has been our good fortune that the physical destruction of war was kept far away from our homes and factories. But we cannot wash our hands of responsibility for or concern in the destruction visited upon the homelands of our allies. It will not profit us to leave them to struggle unaided to repair the terrific havoc and destruction caused by the war. Moreover, the crash of brick and mortar is not the only damage that has been done. There have also been financial ravages. This is especially true of Britain. The British people made an immeasurable contribution to the winning of the war. They did so at great cost.

In spite of some $29 billion of Lend-Lease sent to Britain by the United States and additional billions of mutual aid furnished by Canada, the United Kingdom has had to sacrifice much of its foreign investment. It has incurred an enormous short-term debt represented by some $16,000,000,000 of blocked sterling owed chiefly to India, Egypt and the Dominions, including Canada.

These grave financial inroads can only be repaired by greatly increased productivity on the part of Britain. Yet much of her industry is in need of rebuilding, her foreign trade has been disrupted and her shipping partly destroyed. Add to this the fact that Britain is in need of large imports of food and raw materials.

In the light of these conditions it is not surprising that an influential section of British opinion favors the creation of a tightly-knit sterling bloc and that the urge toward bilateralism and other special protective devices which limit and control international trade is being strongly felt in what was once the home of free trade.

I lay stress upon the problems of Great Britain not merely because of the ties of common heritage, ideals, and tradition which we share, not merely because of the debt of gratitude and admiration we owe her heroic people in the war, but because I believe a solution of Britain's pressing problems is vital to world stability. It would be a tragedy of unforeseeable magnitude if Britain should find herself forced to lead the world back toward the system of exchange restrictions, quotas, clearing agreements and currency blocs which throttled international economic relations in the period before the war.

If such a gloomy outcome is to be avoided the United States will certainly have to give leadership and help.

A Proposed Program

Here are some of the steps that need to be taken:

1. **Prompt Cancellation of the Old War Debts**—These are dead and gone and uncollectible, but they are still a potential source of friction and misunderstanding. Let's get rid of them. With this should go, of course, repeal of the Johnson Act which forbids private loans to countries in default on their debts remaining from World War I.

2. **Settlement of the Lend-Lease Obligations**—We shall have to cancel at least a major part of the financial obligations under Lend-

(Continued on page 1362)

International Through Bills Of Lading

(Continued from page 1340)

that the clauses of the contract of sales were gradually developed, under which a large part of international trade is carried on at the present time.

Finally, as a last stage of this development, there was obtained a document of conveyance — the bill of lading—which is negotiable and which gives such rights to the buyer that the latter may, without excessive risk, on receiving this document, pay the price of the goods together with the cost of forwarding them to their place of destination and the cost of the insurance, unless under the contract those costs are to be borne by the seller. This document gives to its holder the right that the carrier who issued it, shall be liable not only for the care of the goods during the voyage but also, to a certain extent, for the statements which the document contains as regards the numbers and the condition of the goods. Together with the insurance policy and the bill of exchange, this bill of lading is the basis for a considerable part of the oversea trade of commodities. The great importance of this document of carriage for the international trade is especially instanced by the unceasing efforts which have been made not only by the International Chamber of Commerce in order to obtain a negotiable document of title in respect even of goods carried by rail, but also by the representatives of the seaborne trade, for more than half a century, to obtain an international regulation concerning the sea-bills-of-lading. These efforts have led, on the one part, as regards rail-carried merchandise, to the modifications of the Berne Convention of 1933, providing the possibility to bring about, by way of agreements between States or Railway Administrations, the creation of negotiable documents for transport by rail, and, on the other part, in regard to the carriage of goods by sea, to the International Convention on Bills-of-Lading (the so-called Hague Rules) now adopted by almost all the maritime nations of any importance.

Problem of Multi-Carrier Participation

However, even assuming that such a negotiable document of title is introduced not only for sea-borne trade, but for all kinds of carriage of goods, the object we have in view would not be attained. The carriage of goods is not always effected for the whole distance by the carrier who first received the goods and issued the document for the conveyance thereof. When the goods are carried by rail, the carriage between two or more countries is always to be effected by means of conveyance owned by different carriers. And in the case of an international shipment by sea or by air, it may often happen that the goods cannot be conveyed to the place of destination by the carrier who first received them. Such is, of course, as a rule the case when different means of conveyance are to be resorted to, for instance ships, railways and aircraft, in order to get the goods to their destination. When a change of carrier is unavoidable, the merchants are faced with inconvenient problems which so far have not been solved in a satisfactory manner. The shipper cannot—where through bills of lading covering the whole transport are not available—have the goods conveyed to their destination by one single contract of carriage. At the place where the intervention of another carrier is required, the shipper must either himself or through a forwarding agent take care of the goods and then, after having entered into another contract of carriage, have the goods reforwarded. When merchandise is conveyed by different carriers in succession, this entails serious inconveniences also for the final consignee, who has, as regards damage to the goods or delay, to address himself to each carrier for his part of the voyage. He has not the possibility of enforcing the liability of the last carrier in respect of the whole voyage.

One can therefore easily perceive what trouble and expenses there would be involved for a shipper who has, for instance, to send goods by railways which run through the territory of several states. This is the reason why—long before a negotiable railway through-bill-of-carriage was introduced in 1933—the difficulties now mentioned have as regards most of the European railways been dealt with in the Berne Convention of 1878 in cases where the international conveyance is effected solely by rail, or by railways and ferry-boats connected with same. In respect of aerial transport, when the goods are conveyed by several aerial carriers, the problem has been solved to a certain extent by the Warsaw Convention of 1929. But for carriage by sea, there do not exist any international provisions unless one should consider the Bills - of - Lading Convention (Hague Rules) as applicable to a through-bill-of-lading. However, it is chiefly in regard to combined direct transport that the absence of regulation is especially felt. When goods, in order to arrive at their destination, have to be carried by means of conveyance of different nature, rules for facilitating the transport and for the protection of the owner of the goods are lacking everywhere, with the exception of the United States and Canada; and even the Through Export Bill of Lading there in use does not give the trade all the facilities desirable. An international regulation would seem to be natural and advantageous.

Private Agreements Fixing Liability

However, a satisfactory solution of the present problems arising with respect to combined through-traffic of goods, is not easily obtained by way of an international convention without the previous existence of such a through-traffic which, established by private agreements of more or less permanent character, has acquired some degree of stability. An agreement fixing between the carriers themselves an international through-carriage of goods, either by means of conveyance of the same kind or by different means of carriage, seems to be a necessary preliminary basis for a regulation by an international convention of the following questions, viz: the obligation of the successive carriers as against the consignor and the consignee to perform the contract of carriage for the whole of the voyage entered into with the first carrier; the responsibility on the side of the last carrier as against the consignee for damage which may have been caused to the goods also during the transport by the other carriers, as well as for the statements and indications in the through-bill of carriage issued by the first carrier; the rights which a document of through-carriage confers regularly to the holder; the effects of a local bill-of-lading if such be issued in connection with the through-carriage document; the possibility of avoiding a different regulation of liability in respect of the various sections of the whole voyage, and other questions which are of special importance for through - carriage, whether by combined means of conveyance or not.

As to through-carriage of goods by rail or by air, the desired stability may be secured, in the first case by the very fact that the railways often do belong to the States themselves or are under the control of the States, and in the second case, owing to the fact that the aerial carriers are or will be united into powerful international organizations which regulate the relations between the carriers. The establishment of international regulations on combined through-traffic by rail and by air ought not to give rise to great difficulties, in view of the above-mentioned facts.

Conditions Relating to Ocean Transport

In oversea transport, however, involving thousands of shipowners, conditions are not so favorable for obtaining the desired basis of an international regulation on through-traffic whether combined or not. This is owing not only to the great number of carriers and the consequent difficulty to arrive at some kind of regular cooperation, but probably also to the circumstance that, ever since the time when such cooperation between carriers was yet unknown, or at any rate altogether exceptional, the forwarding agents have acquired such a strong position and organized their activities in such a manner that the need for such cooperation did not appear so urgent as e. g. in the field of international transport by rail. But this does not prevent that as the various means of transport in the trafficnet goes on encircling the globe, the necessity for the carriers themselves, for the greater benefit of world's trade, to take over the responsibilities of the forwarding agents—whether or not they take over the work themselves or make use of existing forwarding agencies — for reasons above mentioned becomes more urgent every day. Not only the difficulties and the expenses of the owner of the goods are under such an arrangement considerably reduced but it is also then possible for the consignee to call the last carrier to account in respect of the care to be taken of the goods during the whole time of the voyage, and of delays and any other defects in the fulfillment of the obligation of the contract of carriage generally. The merchandise needs then no longer during interruptions of the voyage owing to change of carriers, to be entrusted to forwarding agents who are no party to the contract of carriage and consequently have no responsibility for its proper performance.

Carrier Cooperation Essential

A well - organized cooperation not only of carriers using the same means of conveyance but also in the case where the transport is carried out by different modes of carriage is, as has been said, for reasons above stated, a necessary condition for a satisfactory solution of the problem by international legislation. It seems, however, doubtful whether such a legislation can be attained by an international convention of the usual type.

In 1928, as a member of the Permanent Juridical Committee the Organization of Communications and Transit of the League of Nations, I presented to that Committee a memorandum concerning a uniform contract for international transport, in which I stated namely: "For my part, I believe it is a wise caution to touch as little as possible on the Berne Convention, which has just been ratified in its new form. The consequence is that it is not possible to take the Berne Convention as a fundamental document regulating the uniform document of transport. Another international convention is required and an additional protocol to the Berne Convention could embody the alterations to that convention which are needed to avoid a conflict between the two conventions. This new convention, in my opinion, ought to have a character quite different from the Berne Convention. The chief object is to create a document for through-carriage of goods under which each of the successive carriers is held liable towards the holder in respect of the whole transport, so that this document would, in international trade, have the same value as a bill-of-lading has at present.

"Of course, it will be equally useful to have some rules as to the apportionment of liability between the carriers themselves. It is not possible to render the last carrier—who may be a small shipowner—liable towards the holder of such document in respect of the whole damage, unless there be a previous agreement between all the carriers concerned in the voyage. If no such agreement exists, it would be rather difficult, juridically, to give to the holder of such a through-traffic document, issued by the first carrier, a remedy against all the other carriers merely in virtue of such document. Therefore the convention should be applicable only where such an agreement of through-carriage between the carriers in question does exist, and these carriers have voluntarily accepted the stipulations of the convention. An American railway company, a regular transatlantic shipping concern and a European railway enter into an agreement of through-transport. There should be set up an International Registration Office where the existence of such an agreement could be registered. By the very fact that the existence of the agreement is registered, the convention on through-way-bills and its regulations as to the liability towards the holder of the document should automatically come into force as regards this agreement.

"The same should be the case where different shipping lines are involved. I believe that such an arrangement of voluntary adhesion is the only scheme which might decide English shipowners to come into line. The obvious advantages which such a document will represent for their clients will, owing to competition, soon compel the carriers generally to adhere to the convention. If it were possible to follow in such a convention the principles embodied in the American Act relating to bills of lading in interstate and foreign commerce 1916 (Pomerene Act), this would obviously facilitate the adhesion of the Americans. This act is applicable to railway and to oversea traffic."

The Berne Convention

Since this memorandum was written, the revision which the Berne Convention has undergone in 1933 has afforded the possibility to pass contracts on car-

The Road to Peace

(Continued from page 1361)

Lease. But this does not necessarily mean getting nothing in return. Article VII of the Mutual Aid Agreement provides that the arrangements for settlement shall be directed to the expansion of production, employment and the exchange and consumption of goods; to the elimination of all forms of discriminatory treatment in international commerce and to the elimination of other trade barriers. The United States is entitled to ask that its partners live up to the letter and spirit of this part of the agreement.

3. **New Credits** — With the clearing away of the old debts and the settlement of Lend-Lease it will be necessary to provide new credits and possibly some grants-in-aid to help restore as going concerns the economies of our friends nad allies.

4. **Tariffs**—We in the United States hear a good deal of talk these days about great export markets. It is true that there exists throughout the world an enormous need for goods which at present can only be produced in any quantity here in America, but the real question is how those goods are going to be paid for. In the long run they can only be paid for if we are prepared to receive in exchange an equivalent amount of imports from other countries. The foreign trade problem of the United States is not a problem of promoting exports, rather it is a problem of promoting imports. If we can find the way to buy a sufficient quantity of goods from other nations to supply them with dollar exchange we shall have no difficulty in selling them all of the goods they have dollars to buy. If we do not find the means of increasing our imports then we shall find other nations taking measures to protect themselves by the imposition of import quotas and the development of bilateral trade agreements, currency blocs and preference areas.

Among the first peace conferences that ought to be held is an international conference on tariffs to lay the basis for peaceful and profitable trade among the nations of the world.

In all of these things it will be obvious (at least it will be obvious to the Americans here) that the United States is going to be called upon to make the biggest contribution toward the establishment of world economic peace. It cannot be otherwise. I know that many of my compatriots will recoil from such a program. The trading instinct is strong. It is not easy to see the advantages involved when one nation helps another to its feet—helps a competitor to compete, if you will—without any tangible quid pro quo.

Yet we must find a way to re-establish among nations a broader, more active exchange of goods and services. Economic interdependence is essential to continued international collaboration.

In the war just ended our two countries have been united by common ideals and a common goal. It was not for love of conquest or for any material gain that the young men of Canada and the Untied States went forth to spill their blood upon the far-off beaches of Dieppe and Okinawa. Certainly it was not for glory and the love of fighting. It was because there had been turned loose in the world savage, ruthless forces which were the enemies of everything in which we believe. Faced with the brutality of Germany and the bestiality of Japan the issue was as plain as black and white. It was a simple moral question—the sheer difference between right and wrong, between civilization and savagery.

But now the issues become blurred, more difficult to understand. less easy to dramatize. The unifying cause of war is broken.

In our two countries we have present the conditions which can produce a great post-war recovery. But let us not delude ourselves. We cannot have here on this continent any lasting prosperity while the rest of the world is plunged in economic distress. For our own sake we must continue in peace as we have in war to work together. We must join with other nations to restore the basis for world-wide trade and economic progress. We have won a great victory in war; now we must go forward to win the victory of peace.

iage by rail based on rules which liffer entirely from the Berne Convention (Comp. arts: 2 § 4 and 61 § 3), without infringing this convention, where the railway transport is a part of a through-carriage of goods. The main obstacle to such an arrangement as I have suggested in 1928 has, therefore, as regards the railways, disappeared. Unfortunately, the Warsaw aerial convention does not contain similar provisions; but it should not be difficult to introduce an amendment in this direction. In the resolution passed at the general meeting of 1933 in regard to the question of combined carriage of goods effected partly by air and partly by another means of conveyance (railway, motor lorry or ship), the International Technical Committee of Experts on Aerial Law (Citeja), which has drafted the convention, stated that it would be less satisfactory to accept a regulation which would only apply to transport by air; that the problem ought to be examined as a whole and in connection with the other means of conveyance, and that this ought to be effected with the assistance of experts who are competent in respect of all the means of transport involved.

However, neither the Citeja nor the International Chamber of Commerce, which also has taken an interest in these problems, have gone beyond the preliminary stage of the question. For reasons which I have stated above, it is especially in the field of transport by sea where arise the greatest difficulties, but also the greatest advantages for the introduction of international regulations in respect of through-carriage and more especially combined carriage of goods. I asked in 1937, as President of the Swedish Association of International Maritime Law, that the International Maritime Committee should put the question in its agenda-paper and appoint a sub-committee for the purpose of investigating into the possibility of bringing about a cooperation with the institutions representing the clients and the carriers using different means of conveyance. According to my information, it would seem that the International Chamber of Commerce also was interested in such cooperation. The International Maritime Committee passed a resolution in accordance with this proposition, but the outbreak of the war made further steps from the side of the Committee impossible.

In the United States there has always been a considerable interest for through bills-of-lading. The Interstate Commerce Commission introduced in 1920 a Through Export Bill of Lading for a combined transport from places within the United States to an American port and from there by sea to foreign countries.

The advantages and conveniences of such a combined through-traffic under a through bill-of-lading have been discussed at 30 conferences convened by the United States Department of Commerce in 1928 in different parts of the United States.

The report published by the Department of Commerce shows, as a result of those discussions, that in the general opinion, the use of such through bills-of-lading ought to be encouraged. The report says that the shipments from the central western part of the United States via Pacific Coast ports to the Orient are general effected under a through bill-of-lading of such kind and that there are no difficulties. It was held that the shipments across the Atlantic towards the East, ought to be effected regularly in the same manner. Payment could then be obtained immediately against delivery of the bill-of-lading and there was no necessity of employing agents at the port of exportation. The goods can be sold c.i.f. and the seller is enabled to calculate all expenses beforehand. The bankers in the interior parts of the United States, it is said, agree in fact that the through bill-of-lading in question is a desirable document appropriate for shipments from the inland to foreign countries. No doubt, such document is considered abroad with a certain amount of distrust, but that is only because it is not sufficiently known; such distrust will disappear when it will be found that the system gives satisfaction. On account of that distrust, the New York bankers have agreed hat they will only accept "railroad through bills-of-lading" when the buyer approves of that document. The report of the Department of Commerce further states that in the European countries—especially in Belgium, Italy, the Netherlands and Germany—the document in question is frequently used and has been accepted favorably by merchants, bankers and charterers. In England, it is used largely in some parts of the country and not at all in others.

Also for the import into the United States of goods shipped from Europe, says the report, there are cases in which the through bill-of-lading is used. For example, the "Pennsylvania Railroad Company's import bill-of-lading", which is signed by that railway company's agents in France, Switzerland and Italy.

When the United States adopted the Hague Rules in 1936, provision was made in the statute to adapt the Through Export Bill of Lading to the new statute. I do not know if the Interstate Commerce Commission has as yet taken up this question.

Anyhow, it is to be supposed that, as soon as the international trade again is going to flow in its ordinary channels—or perhaps even before as a desirable preparatory step — the Interstate Commerce Commission will again make the Through Export Bill of Lading an up-to-date instrument of trade. If the United States authorities who have shown a great foresight and a real interest for this important question would take the initiative to an international convention of a kind as indicated above, introducing an international Through Bill of Lading, covering transport all over the world by air, by rail, by motor lorries and by sea, they would give a satisfactory solution to a problem important to the whole world.

Municipal News & Notes

The rapid distribution that attended last week's offering of $7,500,000 Port of New York Authority series J, 1¾% terminal bonds of 1985 was a source of considerable satisfaction to the municipal trade. The underwriting group, headed by Harriman Ripley & Co., Inc., acquired the loan on a bid of 96.1099, and reoffered the obligations to investors at a price of 98% and accrued interest, the yield to maturity being about 1.82%.

Contributing importantly to the success of the undertaking was the attractive price tag at which the issue was offered. In this connection it may be recalled that the previous new Port Authority loan, which was brought out on March 28, was speedily placed by the underwriters at a price of par and accrued interest. In this instance, the coupon rate was 1½%, although the maturity date of 1985 was the same as that contained in the recent financing.

As for the terms achieved by the bi-State agency on the earlier occasion, they were naturally much more favorable than was the case with respect to last week's award. The March transaction, which involved a total of $12,000,000 ninth series general and refunding bonds, resulted in a net cost to the Authority of 1.5345%. This compares with the net cost of 1.9056% achieved in the sale of the $7,500,000 series J obligations. It is also of interest to note that whereas six bids were entered for the issue sold in March, only three tenders were submitted at the recent offering.

However, despite the more generous yield afforded on the new issue, in deference to the present level of municipal bond prices, the sharp success that attended distribution of the issue was no less impressive.

Moreover, as stated, it undoubtedly served to give a strong measure of confidence to the municipal trade in general, an ingredient, incidentally, that has been largely in absence since V-J day.

It cannot be said, of course, that the municipal market has as yet recovered from the uncertainty and confusion with which it has been engulfed since V-J Day. Actually, there has been little evidence to support any such conclusion To begin with, the supply of new bonds in recent weeks has been extremely small, with the result that there has been no opportunity to test the strength of the present price level.

It is this factor, moreover.—the question of future supply, that has been principally responsible for a large part of the present uncertainty. The other main consideration, of course, deals with the question of taxation, or to be more precise, the probable level of Federal taxes.

With reference to the supply factor, it would appear that a volume, on an annual basis, of at least twice the output during the war years can be expected. The question still to be answered, naturally, is when the increased output will get under way. Our guess is that nothing of consequence will develop in this respect until, and unless, Congress acts on President Truman's recent recommendation that the Federal government lend financial assistance to States and local taxing units for the purpose of permitting such bodies to engage in various public works programs.

In view of Mr. Truman's proposal, the prospect is that many public bodies will delay taking the initiative, particularly where new borrowing is concerned, in light of the possibility that the Government will shoulder a substantial portion of the required outlay.

Thus, it would appear that Congress will determine in large degree the extent and possible imminence of any substantial flow of municipal issues. Similarly, the matter of the future level of Federal taxes will likewise be subject to Congressional decision and, incidentally there is every reason to believe that the burden will, of necessity, continue heavy for an indefinite period.

Meanwhile, the municipal bond market, in the absence of any definite signposts, will probably continue in a lethargic state, both insofar as new business is concerned and with respect to trading activity. It may be that an extended drought of new offerings may have the effect of generating a much greater degree of investor interest in existing inventories than presently is in evidence.

Such a development would, it may be added, be most welcome to dealers, many of whom have been unable to lighten their positions despite substantial price concessions from previous offering levels.

Alberta Debt Refunding Plan Expected to Be Placed in Operation Shortly

Present indications suggest that the debt refunding program for the Province of Alberta will soon be placed in operation. The plan, which was offered to creditors by the Province on July 16 last, had already been approved by holders of more than $77,000,000 obligations as of Sept. 15. This figure represented more than 90% of the assents required before the plan can become operative.

Latest advices on the status of the program came from Norman S. Taber & Co., New York, financial advisors to the Province. Under the plan, the government will pay in cash and full the approximately $33,000,000 obligations matured and unpaid to June 15, 1945. This figure includes an adjustment of interest for the past nine years, during which period the Province has paid bond interest at only 50% of the contractual rate.

As for the $88,000,000 of bonds maturing subsequent to June 15, 1945, these will be exchanged, par for par, for new serial 3½% bonds, maturing from 1961 to 1980 incl. An additional $21,000,000 will be paid to such bondholders representing an adjustment of unpaid interest during the past nine years and an adjustment of higher contract interest rates contained in the original debt. The interest adjustment in this case will be paid partly in cash and partly in non-interest bearing talons maturing over the next three years.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1342)

my belief however, that whatever correction is witnessed will run deeper than generally anticipated for a number of reasons. First of all floating supply has dwindled. Margin accounts are practically nonexistent because of the freeze restrictions. And last there is a continued reluctance to take profits because of the tax situation. All these factors have a tendency to increase the market swings. So reactions run deeper and rallies come easier.

In last week's column readers were given specific advice regarding the five stocks held and where they would meet selling. It was further suggested that holders of these stocks close out half of their positions, when these issues reached resistance zones. Stocks were as follows: A. M. Byers bought at 19, stop at 16, half to be sold across 21, or the 21 area. Stock made a high of 20⅜. Profit accepted isn't tremendous. But no matter how small it was better than a loss. Jones and Laughlin bought at 35, stop 33, met obstacles in the 41 area, managed to touch 40 before it turned down. I consider a point either way a selling zone. So profit in this one is a little better, and you still hold a partial position. Paramount, in at 30½, stop 28½, indicated a selling area beginning at 35. Stock got to 35⅜ before it stopped. So half was sold at a profit giving you more room to turn around in. U. S. Steel, for those who still have it, was originally bought at 56, stop 65 (allow a full point break on this one) began feeling barriers at 74, where half selling was suggested, advanced to 75 before it stopped. This represented another profit and still permitted the maintenance of half positions should it start advancing again.

Final stock in the list was White Motors which was bought at 29½ with a stop at 28. Its trouble zone, as indicated in last week's column, began at 35. Like the other stocks in the list this one too managed to slip into the area by a half point getting to 35½ before the selling wave hit it. Profit in White is nothing to sneeze at and besides the gain in it, added to the ones mentioned above, takes care of the losses incurred in the sale of the rails some weeks ago.

Selling half holdings of any given positions is nothing new. It pre-supposes a reaction, not necessarily a major one, and permits repurchase at a later date at a better price and at the same time cashing in on some profits. The advantage in such a plan lies in not abandoning completely an advantageous position. And if it becomes necessary to sell the other half at some later date, if a stop is broken, part of the original profit still remains. Of course if the plan is to be workable the profits on the half sold must be substantial, otherwise the commissions, taxes and odd lot differentials (if odd lots are used) will eat up any advantage.

How soon the current reaction will stop and a new rally get under way, present action doesn't indicate. So until sufficient signs appear the advice is to hold on to your half positions and make no new purchases until advice to that effect appears here.

* * *

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.]

"Now One Party Against Another"

(Continued from first page)

We ought to be very proud of the part that our State played in the Convention last year at Chicago. We ought to be proud of the choice that was made then, and proud of the wisdom of that choice as it is being demonstrated now.

Of course we did not know, in July of 1944, that the hand of fate hovered so closely over us, that within a few months the man whose leadership had saved America from fascist aggression would no longer be here to build a future for America safe from all aggression, that the man who had led America out of the depths of peacetime depression and unemployment would not be able to carry on to a new security in a new peace.

Democratic Party Program

But we did know that the Democratic Party had a program. It was a program for winning the war, for lasting peace, and for full employment after the war. And we did know that there were men, members of our party, who could and would carry out that program.

Roosevelt knew that Harry Truman was such a man. And today, my fellow-Democrats of Missouri, taking stock of ourselves and of the state of the nation, appraising the brand of leadership that Harry Truman has given us since he took over the Presidency, today I ask you, how many Americans do you think there are—whatever their party affiliations—who publicly or within the privacy of their own homes and their own consciences are not ready to thank God for the foresight that was shown by Franklin D. Roosevelt when he made his choice of a running mate last year in Chicago?

But being thankful is not enough. We Democrats cannot be content with sitting back now and congratulating ourselves on the high calibre of a national ticket we succeeded in electing last November. For us, for the membership of the Democratic Party throughout the nation, there is a continuing obligation. It is the obligation to go on giving our active support to the man whom we have charged with the tremendous responsibility of carrying out our party's program, the program that was outlined in our platform in 1944.

I have pointed this out at every Democratic meeting I have attended since the election, and I want to emphasize it here in Missouri. I want to emphasize to you my strong feeling that the party's job—your job and my job—is not only to support a slate of candidates at election time. It is to support policies too, the policies for America which our party has pledged itself to carry out. And that is a job that goes on between elections. It is to support our President continuously as he carries on from day to day with the huge tasks that face him. That remains your party's responsibility, and therefore your own individual responsibility as well.

The great majority of Americans who elected the Democratic ticket last November have been giving President Truman this needed support. Among these citizens, you know, there were a large number of Republicans who last November deserted their own party because they saw that neither the party nor the candidate had a constructive program for America. Today those Republican voters who joined us in electing our national ticket are rejoicing with us in the record that Harry Truman is making.

Attitude of Republican Leaders

But there remains one group, a relatively small group of leaders in the Republican party, who are unhappy about America. Oh, they are glad that their own skins have been saved, that the war has been won—won in spite of the obstructions to preparedness and victory which they themselves stupidly threw in America's path.

But now they are ready to forget all that. In fact, they are only too willing to forget it and they would be very happy indeed if the American electorate would forget it too.

During the war years a whole army of rank-and-file Republicans turned against this leadership. They were disgusted. They were frightened. In the anti-preparedness voting of their party members in Congress, they saw a threat to the safety of the nation. In the speeches of some of these same Republicans on the floor, they heard an ominous note—ominously like defiance of Government policies and Government emergency regulations in time of war, ominously like a deliberate attempt to alienate us from our own allies, ominously like appeasement of our enemies, ominously like pressure for a negotiated peace.

The Democratic administration was attempting at that time to enlist the energies and abilities of Americans of both political parties in the defense of this nation, for victory, and for lasting peace. Those aims were put above party politics. We needed national unity, and we crossed traditional party lines time and again in our resolve to achieve it.

Meanwhile, certain individual members of the Republican Party leadership were giving one of the most shocking demonstrations of party-line voting in a time of war emergency that has ever gone down in the annals of our country. And these men who were directly and personally repsonsible for that shameful performance are able to stand brazenly before the electorate and call themselves Republicans today.

"Now, One Party Against Another"

Well, the war is over now. There is no further need for the Democratic Party, the party in power, to lean over backwards in covering up disruptive or disunifying elements in the opposition. In the interest of national unity, both for military victory and in those critical days when the administration's program for world peace was at stake, the Democratic Party set party politics aside. Those emergencies were America's emergencies, not those of one party as against another.

Rather than say that this is something we should be proud of, I say that if we had not done it we should have been ashamed. But under Roosevelt, and then under Truman, the Democratic Party has kept full faith with America. To the last letter, it has discharged that obligation to hold the destiny of America among nations of the world above and beyond the destiny of any political party.

With this duty fulfilled, today we are no longer obliged to coddle reluctant Republicans into going along with America. The Administration was elected on a platform that was simply stated and made clear to every American. The objectives stated in that platform express the will of the majority of our people.

The opposition either wants to attain these objectives or it does not want to attain them. And hereafter, when it attempts to thwart or circumvent the will of the majority, no longer must we, the majority party, refrain from exposing that opposition relentlessly to the light.

Shares President's Optimism

For my part, I regard this as a welcome change. We are faced with the third problem that we promised to tackle in our 1944 platform—full employment after the war. The solution to that problem will not be easy. But you have read the message of President Truman to Congress, in which the President expresses his confidence that with proper action now, not only can we succeed in reconversion, but America will be able to fill a huge backlog of orders, orders that mean prosperity for industry and jobs for all.

I share the President's optimism. I also believe, as he does, that action by Congress is necessary now. We Democrats mean business, we know we have a workable program, and it has now been put before the Congress. On this issue of jobs for American workers, we are not going to mince words with the opposition.

Either the members of that opposition are for full employment of American workers at all times, or they are not for it. If they are not, let them say so. Then we shall see to it that their position is fully revealed to the American people.

This time we are not going to let them conceal their final objectives behind platitudes or counsels of perfection. As legislation to carry out President Truman's domestic program comes up, we are not going to let Congressional members of the minority party get by with indorsements "in principle" and amendments that would cancel out the principle they have indorsed. We are not going to let them say, "sure, we think any American who wants to work ought to have a chance,"—and then proceed to undermine every effort to create and insure that chance.

That is a technique, you know, which has become very popular among the Republicans. Having no program of their own, they hope, by employing this technique, to be placed on record as favoring the objectives of the Democratic Party, at the same time subverting its program.

Sometimes it works. Sometimes that technique succeeds in masking the real purposes of these Republican leaders who are very long on general principles and very short on specific action. Well, this time we are going to expose those purposes to the light of day, where the American electorate can have a good long look at them between now and November in 1946.

Republican Opposition to Unemployment Policy

Already there have been indications that the sentiment in Congress on legislation to protect America from post-war unemployment is running to the old familiar party lines.

It is a familiar picture. And it looks as if there are going to be all the old familiar trimmings to it. The Republicans are not against jobs for all our people. Oh no—they are merely against doing anything to make these words mean something. They are not against unemployment compensation. No—only against taking any action to make that compensation available and adequate.

Already the President's message to Congress on the domestic postwar situation has caused the Republicans to come out in their true light. The Old Guard leadership already has taken its stand against the 21-point program that President Truman has put forward to meet and solve the problems facing America here at home. Yes, they are against it, but you will search in vain if you want to find out what, specifically, they are for.

And so, once again, the Republican Party is forced back by its leaders into the complete political bankruptcy of its old position, the position of opposing all progressive efforts to keep America safe and prosperous, and at the same time of being without anything constructive to offer. That is a position on which the Republican Party has held a complete monopoly since 1932.

Its leaders call this "conservatism." They are going back now, they say, to old-fashioned conservatism." These were the exact words they used. Harry Truman's message to Congress, they say, has given them their cue. They know where he stands. Now they can formulate their party line.

Well, we know where they stand too. So far as I can see, they need not exert themselves with any great amount of new formulating. It's the same old party line which the people of America have rejected in four national elections.

Yes, it is the old-fashioned conservatism of old-fashioned Republicans. Nothing has been added except another four years of hoping—hoping that the American people will turn back the hands of history to those good old days of the '20's which the Republican leadership can never forget.

"Old Fashioned Conservatism"

When this leadership speaks of "old-fashioned conservatism," all the world knows what it means. It means reaction, the nation thrown into reverse gear, the crumbling and collapse of that whole structure of present-day democracy which has been built to protect the incomes, homes and children of our people. It means the ruinous turn-and-turn-about of boom and depression that threatened the life of American democracy within the memory of this present generation.

That is not "conservatism" as we Democrats use the word. That is reaction. Our own Democratic Party has its "conservative element." We are a big party, and we have room in our party for all good Americans whose heads are not attached to their necks in reverse so that they must always be looking backward.

Well, the American voter who has followed Republican propaganda all the way around the circle since 1932, may now be saying to himself, "This is where I came in." But at least the party leaders are making no bones about it. If you know what they mean when they say "old-fashioned conservation," then you know just where the two parties stand—and which way they face.

What this means is that the Republican Old Guard has abandoned the "Me too" strategy that failed to elect Tom Dewey last year. Dewey, you may recall, promised to give the people Roosevelt's program—only more so. He could do for America everything that Roosevelt was doing—but he could do more of it.

Well, the Old Guard went along with Dewey, but it was only a case of temporarily shelving one false front—the mask of "conservatism" which covers Republican Party reaction and backward-looking—for another false front.

It makes me think of the man who was hired to take the lion's part in the circus when the lion died. He got into the lion's skin and went into the cage. The crowd gathered around, and he roared aloud and acted the part of the lion. But suddenly he saw, in the same cage, a tiger. Whereupon the king of the jungle gave forth a very unkingly cry for help, and backed into a corner. The tiger advanced upon him. But when he was very close, the tiger said out of the corner of his mouth, "shut up, you big fool, or we'll both lose our jobs!"

Well, that seems to be what has happened inside the Republican Party. The "me too" lions have been shut up by the "conservative" tigers. But it is our job, the job of the Democratic Party in the elections of 1946, to take the masks off both of them and show the people of this country just what the Republican leadership brings forth.

Urges Support of President

That brings me back to the theme I am trying to hammer home wherever I go among my fellow-Democrats. I say to you again:

It is our job to support our President and his policies. He has come out most courageously with a program of action to keep the promise we made America in our platform of 1944.

A vote for Roosevelt and Truman in that 1944 election was something more, as I see it, than a vote for personalities, for individuals to hold office. It was a vote for a whole program for America and it was a personal pledge on the voters' part to see America through the crisis of war and peace, through the economic problems of a post-war era. It was your pledge and mine to do what we could, personally, individually, and as members of our party, to speed victory in war, to support a lasting peace, and to maintain jobs for our people.

Harry Truman has shouldered his part of this Democratic obligation. He has been keeping the promises of the platform on which he ran for office. He has worked hard. And from every part of the country, the word is spoken and reechoed—"well done!"

Under his administration great strides have been made towards the cooperative peace that Roosevelt had promised. And now, with a program to maintain jobs for American workers, he has started on the fulfillment of the third great pledge in the Democratic platform.

If we, the members of the Democratic Party, are to do all in our power to discharge our own responsibility, we must work hard to elect a Congress in 1946 that will share these hopes for America. With the exception of the Old Guard Republican bloc that I have been discussing, we have such a Congress now. That bloc is in the minority and we are going to keep it there.

But the Republican Party leadership itself has given us a tip-off which I think we ought to take very seriously. If the reactionaries have their way in the party—and there is now every reason to expect that they will—then the Republican candidates in the 1946 Congressional elections are pretty sure to be men of their own stamp.

This means that the consequences to America in a Democratic defeat would be doubly disastrous. In other words, if the Republican Party were allowed to capture control of Congress with the type of candidates now favored by the Old Guard, every move made from that time on by the Administration to protect the interest of the great majority of Americans against a favored few would be relentlessly sabotaged. The nation would be swept back into the economic chaos that brought upon us the boom of the '20's and its tragic aftermath.

America does not want that again. The people have four times given expression, at the ballot box, to the mandate for something better. The Democratic Party producing that something better has four times been indorsed, four times returned to power.

In going back to the same old stand after these repeated rejections by the electorate, the reactionary leaders of the Republican Party once more prove the old description that has been given of all reactionaries: They never forget anything and they never learn anything.

The people of America did learn. In 1930, 1931 and 1932 they learned the costliest lesson of our peacetime history. But now, fifteen years later, with our country victorious in war, hopeful of lasting peace, and with the depression far behind it, the bitter meaning of that fifteen-year-old lesson must not be allowed to fade.

New voters have come into th

electorate, voters who were so young in 1930 and 1931 that they did not bear the brunt of joblessness, helplessness and hopelessness which three Republican administrations had brought upon America.

If the Republican Party proposes to give us more of that kind of government, these young voters should know precisely what it means. They should be reminded of what it did to this country. They should be warned that what happened to their fathers and mothers in 1930 and 1931 can happen to them now. The fact that we have today a secure and prosperous nation, successfully weathering the two-edged crisis of war and peace, should not be taken by them as something that has come about automatically. It didn't just happen. And if it was good government that has brought it about in the course of those thirteen years, bad government could undo it within a single session of Congress.

That is something for all American voters, old and young, to think about. Our job is to keep them thinking, and when the time comes to express these thoughts at the ballot box a year from next November, to see that they go out and vote.

In a subsequent address in St. Louis, Mo. on Sept. 18, Mr. Hannegan stated that "consistent with good government in time of peace." there will be less Federal control than in war and now "it is a time of less regulation, less Government in business, lower Government expenditures, easement of taxes. It is a time to expand civilian markets and to create trade, profits and jobs in private industry."

He answered the charge that the President was "turning to the left" by saying that: "in tackling the nation's problems Harry Truman makes it a point to guide himself by the answer to only one question, and he is very particular about that one question. It is not, 'Am I going right or left?' but 'Am I going right or wrong?'

"We are a nation with a two-party system. What the one represents is not communism. What the other represents is not fascism. And to bandy charges of communism and fascism back and forth among sane and reasonable Americans is not only to speak in error; I believe it is worse than that, I believe it is being un-American."

Mr. Hannegan asserted that the present Administration will assist businessmen "to the limit in producing material goods, creating new jobs and making legitimate profits."

Dillon, Read Offers Pacific Gas Com. Stock

A nationwide group of investment bankers headed by Dillon, Read & Co., Inc., on Sept. 17 offered to the public 700,000 shares of Pacific Gas & Electric Co. common stock, $25 par value, at 40 per share. The stock was awarded to the syndicate at competitive bidding on a bid of 38.96 1/10 per share.

Constituting one of the largest public utility common stock offerings of recent years, this block of shares is a part of the 1,348,-92 shares of Pacific Gas & Electric Co. owned by The North American Co. Sale of the shares by The North American Co. is in line with its program to dispose of its public utility investments in compliance with the Public Utility Holding Company Act of 1935.

SEC Decision on NASD By-Law Amendments

(Continued from page 1339)

The Commission contended itself with oral argument, letters and telegrams instead of legal and the best proof which should be by testimony, under oath, affording to adversaries the right of cross examination.

We believe that if no joint venture existed between the Commission and the NASD there would be little question about the granting of such an application.

The Commission agreed with the NASD's contention that there is need for registration of salesmen, traders, etc. Here again the proper method to have pursued would have been by taking testimony under oath to determine whether any factual basis exists for the alleged need.

The Commission answered claims of "pressure methods" in bringing out the vote, by saying it saw nothing improper in urging members to vote. The Commission said in effect that even though the member had been urged to vote, he could vote against the proposal and that members could use all their persuasive power within the Association and get others to vote negatively.

This we say is arrant nonsense. It evades the issue.

The hearing before the Commission disclosed that the Board of Governors of the NASD had the instant amendments under consideration for more than year before passing them. The NASD officials therefore were in a position to, and in fact did, prepare the ground work, as was evident from the letter of transmittal which accompanied the ballots, to create the erroneous impression that it was in the interest of the membership that they be adopted. On top of this, the Association officials had large funds and the necessary personnel at their disposal to further their objective.

Now consider the position of those who realized the import of the by-law changes after they took the trouble to analyze them. They were not conversant with the amendments until they arrived at their office one morning, as did all members, to find a copy of them on their desks, accompanied by the above-mentioned letter urging them to vote affirmatively. Those opposing the amendments had no opportunity for organizing opposition, and therefore the claim that they could "use all their persuasive power within the Association to get members to vote negatively" is a stupid, if not a wilful evasion of the facts.

An interference, too, with the voting by those in the Association having disciplinary power, either directly or on review, is coercive and constitutes duress, the SEC opinion notwithstanding.

If, as is claimed by the Commission, the members have the same right to use persuasive argument, at least the same opportunities should be given to the members. This is required by a spirit of fair play. Does the Commission contend that it is parity for the Board of Governors to have the matter under consideration for a period of considerably more than a year, and then after passing it en camera, give the members a short opportunity to vote?

If the NASD had given the members at least 90 days' notice, evidence of a developing opposition would become clear. Even then, it cannot honestly be said that the members would have the same opportunity to be persuasive as the Board had. The members themselves as such have no power to discipline and to impose penalties. The knowledge of the existence of that power in the Board and in its representatives through the Business Conduct Committees can be and is a much more persuasive element than all oral arguments.

The Board gave the member firms the rush act. The SEC did the same at the hearing.

Under the present setup, because the Commission has the power to suspend or revoke the registration of the NASD for certain specific causes, the latter must continue to be the supine and subservient agent of the former.

Here is a typical piece of SEC wisdom: "Salesmen who have been the cause of harm to investors because of their conduct, while employed by members, and who have been discharged upon discovery may, as a practical matter, be hired by other members and attempt to carry on the same practices in their new employment."

Has the Commission ever heard of a Bishop's, a Proudfoot's or other similar agency report? Does the Commission know that from such a report an employer before hiring a man can gain full knowledge of the reasons for his previous discharge?

What justification is there for the restraints placed upon employees, salesmen, traders, etc., who are merely associated with member firms.

Why must they register as a condition to working? Since when have the SEC and NASD acquired the right to impede employment?

One piece of Commission reasoning is truly ironic. It points out that the Amendment dealing with the subject of unreasonable profits, unreasonable commissions, and other charges, is already a part of the statutory law and is contained in Section 15-A (b) (7).

The Statute says in Subdivision (b): "An applicant Association shall not be registered as a National Securities Association unless it appears to the Commission that the rules of the Association are designed to * * *."

In other words, these provisions should have been considered at the time that the SEC had under advisement the approval of the NASD. At such time the authority cited was either overlooked or waived by the Commission.

Again we may ask if, as the Commission claims, such authority to control profits, commissions and other charges was already a part of the law, what need was there for submitting the question to a vote. The law as established by Congress needs neither SEC nor NASD approval.

Does membership in the NASD amount to a surrender of all one's constitutional rights? If it does, that's one thing; but can the NASD and the SEC compel such surrender on the part of employees of member firms? Can it exercise upon them the famous restraints, impediments and monopolistic practices that it now exercises upon member firms?

The following part of the opinion is significant:

> "These considerations do not, we believe, imply that NASD is without power to adopt a program of registering representatives. They do, however, underline what is otherwise implied in the nature of Associations intended by Congress—the necessity of assuring that the proposed program will not be operated oppressively against registered representatives. The direct statutory benefits of membership are not accorded to them, nor is full membership available to them. But they are, under pain of discontinuing in their livelihood, required to assume certain of the obligations of membership. Unless the program is fairly operated in respect of registered representatives, it will be subject to serious question under Section 15-A (b)."

In that paragraph alone is contained the statement demonstrating that both the NASD and the SEC are exercising powers in violation of the constitutional rights of proposed registrants.

Without attempting to do so the paragraph says that both of these organizations are exercising unlawful restraints.

The foundation upon which the Commission and the NASD rest is bad. The exercise of a trichotomy of powers, that of Judge, Jury and Prosecutor, prevents the achievement of just results.

Immediate investigation of the SEC and NASD by a Congressional Committee armed with subpoena powers would best serve the public interest. Searching light upon the interplay of both these organizations is an urgent necessity.

All this should be done with the ultimate view of abolishing the NASD.

We have repeatedly expressed grave doubts as to whether the NASD is a legally constituted body. This should be put to the test as early as may be.

During a period of world reorganization when the democratic pattern is so much in the public eye, the interoperation of the SEC and NASD and their behind-the-scene activities constitute a sad commentary on our own limited ability to give meaning to the American way of life.

E. V. Mayer Heads Pyne, Kendall Dept.

Pyne, Kendall & Hollister, 52 Wall Street, New York City, members of the New York Stock Exchange, have announced that Edward V. Mayer has been appointed manager of their research department. Mr. Mayer will specialize in field analyses of industrial companies as part of the firm's servicing of institutional clients. For the last seven years he has been doing field analyses for F. S. Moseley & Co., and has been manager of that firm's research and statistical department for the last three years. Prior to that he was engaged in investment trust work and before that was employed in an engineering capacity by several Detroit companies.

Business Man's Bookshelf

Effect of Federal Taxes on Growing Enterprises—J. Keith Butters and John Lintner—Division of Research, Graduate School of Business Administration, Harvard University, Boston, Mass.—paper—$3.00.

Farms for Veterans—Lowry Nelson—National Planning Association, 800 21st St., N. W., Washington 6, D. C.—paper—25¢.

Rebuilding the European Transportation System—Gustav Pollaczek—The American Labor Conference on International Affairs, 9 East 46th Street, New York 17, N. Y.—paper—$1.00.

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. 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. on Sept. 9 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.

Details—See issue of Sept. 13.

Offering—The offering prices will be filed by amendment.

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.

MONDAY, SEPT. 24

PENNSYLVANIA - CENTRAL AIRLINES CORP. on Sept. 5 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.

Details—See issue of Sept. 13.

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

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

TUESDAY, SEPT. 25

MURRAY CORP. OF AMERICA on Sept. 6 filed a registration statement for 104,500 shares cumulative preferred stock, 4% series, $50 par.

Details—See issue of Sept. 13.

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.

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

GRAY DRUG STORES, INC. on Sept. 6 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.

Details—See issue of Sept. 13.

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

Underwriters—Merrill, Turben & Co., Cleveland, heads the underwriting group.

CROWN ZELLERBACH CORP. on Sept. 6 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.

Details—See issue of Sept. 13.

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.

Underwriters—Blyth & Co., Inc. principal underwriter.

THURSDAY, SEPT 27

SOUTHWESTERN BELL TELEPHONE CO. on Sept. 8 registered $75,000,000 40-year, 2¾% debentures, due October, 1985.

Details—See issue of Sept. 13.

Offering—Offering price to be filed by amendment.

Underwriters—To be sold at competitive bidding.

CINCINNATI GAS & ELECTRIC CO. on Sept. 8 registered $45,500,000 first mortgage bonds due 1975 and 280,000 shares of cumulative, $100 par, preferred stock.

Details—See issue of Sept. 13.

Offering—Offering price of bonds to be filed by amendment. The dividend and interest rate on preferred and bonds will 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 our preferred stock on a share for share basis. New preferred not taken in exchange will be sold to underwriters.

Underwriters—To be sold at competitive bidding.

SATURDAY, SEPT. 29

WILSON & CO., INC., on Sept. 10 filed a registration statement for 250,000 shares of cumulative preferred stock and on unspecified number of common shares.

Details—See issue of Sept. 13.

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.

F. L. JACOBS CO., on Sept. 10 filed a registration statement for 60,000 shares of 5% cumulative convertible preferred stock, par $50.

Details—See issue of Sept. 13.

Offering—Price to public to be filed by amendment.

Underwriters—H. M. Byllesby & Co., Inc., and E. W. Clucas & Ca. head underwriting group.

MILLER MANUFACTURING CO. on Sept. 10 registered $600,000, 5% sinking fund debentures, dated Dec. 1, 1945 and maturing serially from 1952 to 1970.

Details—See issue of Sept. 13.

Offering—100% plus interest as to $288,000 of debentures maturing 1952 to 1960, inclusive; 99¾% as to $160,000 maturing 1961 to 1965 inclusive, and 99½% as to $152,000 maturing 1966 to 1970 inclusive.

Underwriters—P. W. Brooks & Co., Inc.

SUNDAY, SEPT. 30

MOORE-McCORMACK LINES, INC., on Sept. 11 registered 100,000 shares of $10 par common stock.

Details—See issue of Sept. 13.

Offering—Offering price to be supplied by amendment.

Underwriters—Kuhn, Loeb & Co. principal underwriters.

HAWAIIAN ELECTRIC CO., LTD. has registered $5,000,000 first mortgage, Series E bonds due Oct. 1, 1970 and 150,000 shares of Series C, cumulative preferred stock. The interest rate on the bonds and preferred stock will be filed by amendment.

Address—900 Richards Street, Honolulu, Hawaii.

Business—Electric company.

Offering—Offering price of bonds and preferred stock will be supplied by amendment. The Series C cumulative preferred stock will be offered for sale to common stockholders on the basis of one full share of preferred for each 2⅓ shares of common stock held on record date of Sept. 29, 1945.

Proceeds—The proceeds will be used to pay off $3,000,000, 1½% promissory note obtained to retire on Sept. 1, 1945 $3,000,000 first mortgage bonds, Series B, 4% due Sept. 1, 1970, by paying redemption premium of $150,000; to pay $1,800,000 first mortgage bonds, Series A, 4% due Dec. 1, 1958 to be redeemed on Dec. 1, 1945, and to pay or reimburse the company for a portion of the expenditures for additions, improvements and properties included in company's $9,917,730 construction program. Company states approximately $4,200,000 additional securities will be issued to complete this construction program.

Underwriters—Dillon, Read & Co., Inc. and Dean Witter & Co. will each underwrite one-half of the issues.

Registration Statement No. 2-5906. Form S-1. (9-11-45).

MONDAY, OCT. 1

CONNECTICUT LIGHT AND POWER CO. has registered $15,000,000 first and refunding mortgage 3% bonds, series K, due 1980.

Address—36 Pearl Street, Hartford 1, Conn.

Business—Public utility.

Offering—Offering price to be filed by amendment.

Proceeds—Net proceeds will be applied toward the redemption on Dec. 1, 1945, at 107, of $15,000,000 first and refunding mortgage 3¼% bonds series H, due Dec. 1, 1968.

Underwriters—Putnam & Co. and Chas. W. Scranton & Co. named underwriters.

Registration Statement No. 2-5907. Form S-1. (9-12-45).

RAYTHEON MANUFACTURING CO. has registered 100,000 shares of $2.40 cumulative preferred stock.

Address — 55 Chapel Street, Newton, Mass.

Business—Radio tube manufacturer.

Offering—Offering price to be supplied by amendment.

Proceeds—Application of proceeds to be supplied by amendment.

Underwriters—Reynolds & Co. named underwriter.

Registration Statement No. 2-5908. Form S-1. (9-12-45).

TUESDAY, OCT. 2

WARNER CO. has registered 137,592 shares of common stock, par $1.

Address—219 North Broad St., Philadelphia 7, Pa.

Business—Ready mix concrete and sand and gravel.

Offering—The shares of common will be offered in exchange to holders of company's presently outstanding 22,932 shares of 7% first preferred stock on the basis of six shares of common for each share of 7% cumulative preferred stock and accumulated and unpaid dividends thereon.

Proceeds—Stock not taken by 1st preferred stockholders will be taken by underwriters and proceeds used to retire remaining unexchanged shares of 1st preferred stock.

Underwriters—Hemphill, Noyes & Co. is named principal underwriter.

Registration Statement No. 2-5909. Form S-1. (9-13-45).

AMERICAN COLORTYPE CO. has registered 39,221 shares of 4½% cumulative convertible preferred stock (par $50).

Address—9 Brighton Road, Clifton, N. J.

Business—Color printing company.

Offering—The company is offering to holders of common stock rights to subscribe at $50 per share for the 39,221 shares of 4½% cumulative preferred stock at rate of one share of preferred for each four shares of common stock held. Preferred shares not taken by common stockholders are to be offered to holders of company's 5% preferred stock in exchange for their present holdings on the basis of 2 1-10th shares of 4½% preferred stock plus $5 in cash for each share of 5% preferred presented for exchange.

Proceeds—Net proceeds from preferred sold to common stockholders will be used to redeem remainder of 5% preferred stock and the remaining proceeds estimated at $1,040,000 will be added to general corporate funds.

Underwriters—White, Weld & Co. named principal underwriters.

Registered Statement No. 2-5910. Form S-1. (9-13-45).

WEDNESDAY, OCT. 3

INDUSTRIA ELECTRICA DE MEXICO has registered 197,500 American shares with par value of approximately $20 or 100 pesos.

Address—For America: Hardin, Hess & Eder, 74 Trinity Place, New York 6, N. Y.

Business—Purpose is to establish an electrical goods manufacturing business Mexico under Westinghouse licenses and to distribute Westinghouse products.

Offering—Offering price will be supplied by amendment.

Proceeds—Part of initial financing.

Underwriters — Underwriters headed by Kuhn, Loeb & Co., include A. G. Becker & Co., Inc., Blyth & Co., Inc., Glore, Forgan & Co., Harriman Ripley & Co., Inc., Lee Higginson Corp., Lehman Brothers, Merrill Lynch, Pierce, Fenner & Beane, Smith, Barney & Co., Union Securities Corp., and White, Weld & Co.

Registration Statement No. 2-5911. Form C-3. (9-14-45).

DEVOE & RAYNOLDS CO., INC., has registered 40,437 shares of Class A stock (no par).

Address—787 1st Avenue, New York 17, N. Y.

Business—Paint and varnish manufacturer.

Offering—35,827 shares of new class A stock will be offered for subscription to holders of presently outstanding class A and class B stock, at offering price to be filed by amendment, on the basis of one share of new class A for each 4 shares of class A held and one share of new class A for each 20 shares of class B held. Shares not taken by present shareholders and the remainder not offered present shareholders will be sold to public.

Proceeds—The proceeds will be used to reimburse the company for funds expanded in the recent acquisition of Beckwith-Chandler Co. and Truscon Laboratories, Inc., and the balance will be added to working capital. Following the issue and sale of the registered class A stock, the company reports it will split-up the class A stock on the basis of 2½ shares for one with new stock having $12.50 par value. Company also reported it proposed to issue $3,500,000 in debentures.

Underwriters — Shields & Co. named principal underwriter.

Registration Statement No. 2-5912. Form S-1. (9-14-45).

THE ADAMS EXPRESS CO. has registered a maximum of 450,000 shares of common stock (par $1), certificates of deposit for a maximum of 601,100 shares of common stock of American International Corp.

Address—40 Wall Street, New York 5, N. Y.

Business—Express forwarding business.

Offering—Adams Express Co. which now owns 398,900 (39.8%) of the outstanding stock of American International Corp. will offer holders of the remaining 601,100 shares of common stock outstanding of American International on the basis of the relative net asset values of the two companies as of Oct. 31, unless the exchange offer shall be extended for 30 days in which case the relative net asset values of the two companies as of Nov. 30 will be used. The initial exchange offer will not become effective unless a minimum of 301,100 shares of American are tendered. On the basis of the relative net asset values of the two companies as of Aug. 31, 1945 each share of American would have been exchangeable for 0.71 of a share of Adams.

Underwriters—None.

Registration Statement No. 2-5913. Form S-4. (9-14-45).

SATURDAY, OCT. 6

NASHUA MANUFACTURING CO. has registered an unspecified number of common shares without par value.

Address—48 Franklin Street, Boston, Mass.

Business—Manufacturer of textiles.

Offering—The offering price will be supplied by amendment. Company will offer present common holders right to subscribe to new common on basis of ½ share of common for each share held. Company would have to utilize 31,001½ shares of common to make this offer.

Proceeds—Proceeds will be utilized to pay off bank loan incurred for retirement of first preferred stock on Oct. 1, 1945.

Underwriters—J. Arthur Warner & Co. named principal underwriter.

Registration Statement No. 2-5914. Form S-2. (9-17-45).

CHASE CANDY CO. has registered 50,000 shares ($1 par) common stock.

Address—400-402 South Fifth Street, St. Joseph 1, Missouri.

Business—Candy manufacturer.

Offering—Stock to be offered to public at $8 per share.

Proceeds—$50,000 of proceeds will be credited to stated capital in accordance with underwriting agreement, the balance of proceeds remaining together with proceeds from sale of $450,000; 4% debenture serial debentures to F. S. Yantis & Co., Inc., will be used to retire 5-year 4½% promissory installment note issued to F. S. Yantis & Co., Inc. which was outstanding in the amount of $765,000 on Aug. 31, 1945, and the balance will be added to working capital.

Underwriters—Herrick, Waddell & Co., Inc. named principal underwriter.

Registration Statement No. 2-5916. Form S-1. (9-17-45).

GEORGE W. BORG CORP. has registered 150,000 shares of capital stock (par $1).

Address—902 Wisconsin Street, Delavan, Wisconsin.

Business—Electric and electronic devices and knitted wear.

Offering—Offering price to be filed by amendment.

Proceeds—No proceeds to corporation. Entire proceeds to Mr. George W. Borg who is selling stock.

Underwriters—Paul H. Davis & Co. named principal underwriter.

Registration Statement No. 2-5917. Form S-2. (9-17-45).

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.

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.

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.

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 Invited—Bids are to be received before 11:30 a.m. on Sept. 24, 1945, at company's office, 195 Broadway, New York, N. Y.

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.

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.

ARMSTRONG CORK CO. on Aug. 25 filed a registration statement for 161,522 shares of $3.75 cumulative preferred stock (no par).

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 $102.75 per share. Rights expire Sept. 25. 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.

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.

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.

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.

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 head the underwriting group.

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 100.50.
Underwriters—Boettcher & Co., Peters, Writer & Christensen, Inc., and Sidlo, Simons, Roberts & Co.

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.

INDIANA GAS & WATER CO. on Aug. 17 filed a registration statement for $6,000,000 first mortgage bonds due 1970. The bonds were sold at competitive bidding Sept. 17.
Details—See issue of Aug. 23.
Offering—The price to the public will be filed by amendment.
Bonds Awarded—Issue awarded Sept. 17 to First Boston Corp. on bid of 101.489 for a 3⅛% coupon.

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.

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.

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.
Details—See issue of Sept. 6.
Offering—The price to the public will be filed by amendment.
Underwriters—Names will be filed by amendment.
Bids Invited—Bids will be received by the company at Room A, Central Hanover Bank & Trust Co., 60 Broadway, New York, up to 12 o'clock EWT, Sept. 24, the interest 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—Blyth & Co., Inc.

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., 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.

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 is offering 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.

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 90,000 shares which are to be offered 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.

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.

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.

Broker-Dealer Recommendations

(Continued from page 1343)

National Radiator Co.—Analysis, for dealers only—**C. 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.

Old Ben Coal — Descriptive data—Scherck, Richter Company, Landreth Building, St. Louis 2, Mo.

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.**

Public National Bank & Trust Company—Analysis—for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1 N. Y.

Sheraton Corporation vs General Realty Corporation—Descriptive circular—du Pont, Homsey Co., Shawmut Bank Building, Boston 9, Mass.

Simplex Paper Corp.—report—White, Noble & Co., Michigan Trust Building, Grand Rapids 2, Mich.

Southeastern Corp.—special analysis—Allen & Company, 30 Broad Street, New York 4, N. Y.

Sterling Engine — Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.**

United Printers & Publishers—Memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **National Paper & Type** and **Eastern Corporation.**

Wellman Engineering—descriptive memorandum — Wm. J. Mericka & Co., Union Commerce Building, Cleveland 14, Ohio.

Weyerhaeuser Timber Company—appraisal of the situation—Amott, Baker & Co., Inc., 150 Broadway, New York 7, N. Y.

The Steel Wage Controversy

(Continued from page 1341)

possible. Industry cannot employ, much less expand employment, except as it is permitted to earn a fair return.

"United States Steel has on many occasions declared in favor of high wages, and wages today are certainly far from low in the steel industry. The average steel worker with an average hourly rate ranging about $1.15 per hour, without any consideration of overtime, will take home $9.20 for an eight hour day. Considering overtime, which in the steel industry is still very much in the picture, the average hourly rate is about $1.30 an hour. When you consider that two out of every three steel workers make more than $1.00 an hour at present rates, without overtime, it ought to be clear that steel wages are not low.

"The wage dollars which go into pay envelopes do not grow on trees. They come from the people who buy steel products. The man who buys a washing machine, refrigerator, automobile, house, farm implements and a host of other things, will have to pay any steel workers wage increase through increased prices for steel.

"Wages in steel have been raised many times in the past. I hope conditions are such that wages can be raised in the future. The answer is greater productivity. If we, the steelworkers and management can produce more, this greater productivity and efficiency will show an over-all result which will enable us to pay higher wages, and we will be glad to do so. When we do, the steel workers will receive dollars which will buy more, not less, of the things the steel worker wants.

"Cost and prices vary among steel products but I am convinced that on the average there has been a net change since 1940 of at least $7.00 or $8.00 per ton to the disadvantage of the steel producer. During the war period, some steel companies were able to stand these increased costs because of war products which they made. But the war is over. Anyone should be able to see what is bound to happen; any business man or head of a family can understand very quickly that you cannot go on paying out more money than is taken in. It is just as simple as that.

"On top of this $7.00 or $8.00 penalty already incurred, the Union wants wage increases which will raise the cost of producing steel at least $6.00 a ton on the average. Furthermore, the Union wants the steel industry to absorb this additional cost, along with all other increased costs since 1940, without raising prices.

"We cannot today think in terms of more wage increases in steel, except in terms of material price increases. That is, we can't if we are to stay in business, because staying in business means staying out of the red. The matter accordingly is distinctly a question of government policy. If that government policy involves wage increases, it must also involve the responsibility for the necessary increase in prices. I am speaking,

(Continued on page 1368)

DIVIDEND NOTICES

The Steel Wage Controversy

(Continued from page 1367)

of course, of increases in wages which do not flow from generally improved methods of manufacturing.

"There is no sense in shadow boxing about this matter. Recent Executive Orders provide that wages cannot be raised voluntarily if the increased cost would result in a price increase. Can collective bargaining have any meaning when the outcome depends on the national policy adopted and necessarily affects every person in the country? To hold out through extended bargaining any hope to employees and to the public that this important wage issue can be settled between the Union and ourselves under existing Government controls would not be honest."

Statement by Murray

Mr. Murray's statement, issued from the headquarters of the CIO in Washington on Sept. 17, was accompanied by a publication entitled "Five Years of War Profits," a study prepared by the steel workers union's research department, which countered the claims of Mr. Fairless.

"Never before have the steel companies been so rich," Mr. Murray's statement began. "For five years of war production the steel industry has charged the American people over two billion dollars in open and concealed profits. About one billion of these war profits have been kept by the industry—added to its total financial resources, while other millions have been concealed. 765 million additional dollars—more than three-quarters of a billion—have been paid out to stockholders.

"Contrast this with the financial position of America's 475,000 steelworkers. In five years of war work, they have accumulated only a total of $285 million in savings, or $600 a worker."

Summarizing the study of steel profits, the Steelworkers report declared:

"Profits before taxes during the five war years, 1940 through 1944, rose 276% over the peacetime level of 1935-1939, from $933 million to over three and one-half billion.

"Profits after taxes rose 113% from $576 million to one billion and 225 million.

"Total assets rose 22%, from $4.86 billion at the beginning of 1940 to almost six billion by the first of 1945.

"Dividend payments rose 82%, from $419 million to $765 million.

"Net current assets (working capital) between January, 1940 and January, 1945, rose 68%, from $1.2 billion to two billion.

"General reserves rose 283% from $103 million at the start of 1940 to $395 million by the first of 1945.

"Undistributed profits rose 81%, from $585 million at the start of 1940 to one billion dollars five war years later.

"Total financial resources (excluding statutory and potential tax refunds) rose 131% in five war years, from $689 million to $1.6 billion.

"Funded debt decreased 28%, from $903 million to $652 million.

"The excess of net current assets over funded debt in five war years rose 353%, from $308 million to one billion and 383 million.

"The industry earned over two billion dollars in open and concealed profits in the five war years.

"Open profits acknowledged in 1944 were $190,366,000, and concealed profits in 1944 were $271,165,000, making a total of $407,531,000, in actual profits after the payment of all taxes.

"Tax refunds amounting to $149 million, or 29% more than peacetime profits can be collected by the steel industry in 1946 if it breaks even.

"1945 profits continued high. As this study goes to the printer the steel companies report greater profits in the first half of 1945 as compared to the first six months of last year. These reported profits are (1) after all taxes and (2) do not reflect concealed earnings which, as revealed in this study, are important in steel as compared to acknowledged profits."

INDEX

Dollar Diplomacy

Merryle S. Rukeyser Warns Against Visionary International Monetary Schemes and Miracle Delusions Based Upon "Breathers" Represented By Subsidies, Gifts and Manipulative Schemes.

Merryle Stanley Rukeyser, economic commentator for International News Service, in an address before the New York Society of Security Analysts, on Sept. 13 warned against a tendency to delay postwar economic readjustments through visionary schemes for international monetary manipulation.

Merryle S. Rukeyser

Talking on the topic of "Dollar Diplomacy—1945 Style" Mr. Rukeyser recalled that between the two wars a similar illusion concerning the power of money misled the world. Instead of solving problems of balancing trade and putting national financial houses in order, the world in 1924 turned to the miracle of the Dawes Plan, which temporarily provided purchasing power at the expense of the American investor. By 1929, this manna from on high, he said, ran out, and the international maladjustments and disparities became more unmanageable than before.

Referring to the current Keynes Mission to Ottawa and Washington, Mr. Rukeyser, who is author of "Financial Security in a Changing World," said that the layman should not be confused by Lord Keynes' ingenious use of seductive theoretical language.

Mr. Rukeyser added, that, with a need for a multitude of imports during the years of physical reconstruction, when no exportable surplus is in sight, Britain, which already is confronted by $15 billion of frozen sterling claims, wants to make arrangements to buy on the cuff. The problem should be sympathetically discussed on this platform of candor, and should not be beclouded by specious talk in high sounding theoretical language about an international equilibrium and managing the currency.

"Certainly, in light of world political conditions and prospects, a solvent Britain would be desirable. The practical goal should be to think the subject through, and draw up a blueprint and bill of materials for British solvency, and not merely postpone inevitable consequences through a 'breather' based on subsidies, gifts, and manipulative schemes."

Mr. Rukeyser further said that world opinion was deluded by the myth of a coming export bonanza. The economist said that, while economic trade among nations was greatly to be desired, forced shipments would in the long run only tend toward instability.